



# Teachers' Retirement System of the State of Kentucky

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## TRS 1, TRS 2 and TRS 3 Service Retirement

This Service Retirement informational bulletin is for members in TRS 1, TRS 2 or TRS 3.

### Service Retirement Eligibility

The requirements for an unreduced retirement benefit are either any age with 27 years of service credit or age 60 with at least five years of service credit.

TRS Account Types		
TRS has four account types based on date of entry.		
TRS 1	TRS 2	TRS 3
Entry before July 1, 2002	Entry on or between July 1, 2002, and June 30, 2008	Entry on or between July 1, 2008, and Dec. 31, 2021
TRS 4 is for members who entered on or after Jan. 1, 2022. Information for those members is on a separate bulletin.		

TRS 1 and TRS 2 members are eligible for a reduced retirement benefit at age 55 with at least five years of service credit. The reduction is 5% for each year under age 60 or under 27 years of service, whichever is less.

TRS 3 members are eligible for a reduced retirement benefit at age 55 with at least 10 years of service credit. The reduction is 6% for each year under age 60 or under 27 years of service, whichever is less.

Age eligibility is reached on the first of the month following a member's birthday.

### How to Calculate Retirement

TRS uses a formula set in law to calculate annuities. For a straight life annuity with refundable balance (Option I), the formula is:

$$\text{Service Credit} \times \text{Multiplier} \times \text{Final Average Salary} = \text{Annual Benefit}$$

### Formula Definitions

**Service credit** is the total number of years in TRS, including part-time service after July 1, 2002. Any service credit awarded for unused sick leave counts in the total years (except it cannot be used for retirement eligibility).

**Multiplier** is the value assigned to each year of service earned in TRS. Higher multipliers set by law are used as service milestones are achieved. Multipliers vary based on entry date, years of service and employer type. Higher multipliers mean a greater retirement annuity. Refer to the charts for multipliers.

**Final average salary** is the average of the highest five salaries until the member reaches at least 27 years and age 55, when the average of the highest three salaries are used. Any lump-sum payouts at retirement of accumulated unused annual leave (for members who joined before July 2008) and unused sick leave are counted in the final year's salary calculation. Lump-sum payments prior to retirement cannot be included. When calculating the final average salary, increases in compensation in the last three years prior to retirement are limited, by law and administrative regulation, to the highest percentage increase generally available to a district's or agency's TRS-covered employees. The details of this limitation, which prevents actuarially unsound annuities, are in 102 KAR 1:340.

## Multipliers

Non-university			
Years of service	TRS 1	TRS 2	TRS 3
1 – 10.0	2.5%	2%	1.7%
10.01 – 20.0	2.5%	2.5%	2%
20.01 – 26.0	2.5%	2.5%	2.3%
26.01 – 30.0	2.5%	2.5%	2.5%
<i>For TRS 2, the 2.5% begins at 10.0 years. For all three account types, when a higher multiplier is attained, all prior years convert to the higher multiplier, up to 30 years of service. Any years above 30 (and only those years) use the 3% multiplier.</i>			
<i>Years prior to 1983-84 are at 2% regardless.</i>			

University		
Years of service	TRS 1 and TRS 2	TRS 3
1 – 10.0	2%	1.5%
10.01 – 20.0	2%	1.7%
20.01 – 26.99	2%	1.85%
27 +	2%	2%
<i>For each higher multiplier, all prior years convert to the higher multiplier. The maximum multiplier used for university members is 2%.</i>		

### Retirement Estimates

Benefit estimates may be done or requested any time, but one should be obtained a year before retirement. Estimates may be obtained using Pathway (<https://mss.trs.ky.gov>) or by contacting TRS.

### Service Retirement Application

Service retirement applications must be completed on Pathway or on TRS forms. Copies of your official government-certified birth certificate, signed Social Security card and marriage certificate are required. If selecting a lifetime option for your beneficiary, copies of the beneficiary’s Social Security card, birth certificate and signed spousal acknowledgement form (if applicable) are required.

An additional monthly benefit of \$200 is available to a member’s adult disabled child whose mental or physical condition is sufficient to cause dependency on the member. Eligibility for this payment shall continue for the lifetime of the child, until the time the mental or physical condition creating the dependency no longer exists, or until the child marries. Required documentation must be submitted at retirement to qualify for these benefits.

All TRS retirements occur on the first of the month, and the retirement application deadline to TRS is one month before the retirement date. See examples in chart.

For reciprocal service in Kentucky Public Pensions Authority or Judicial Form Retirement System, a separate application must be filed with the appropriate system(s) by that system’s (or systems’) required deadline(s). The retirement date must be the same for all systems. Contact the reciprocal agency for eligibility, applications and filing information.

Application Deadline Examples	
Retirement	Application Deadline
Jan. 1	Dec. 1
June 1	May 1
July 1	June 1

### Payment of Annuities

Retirement annuities are payable at the end of each month. Monthly annuity payments are deposited by electronic funds transfer (EFT) to the retiree’s financial institution.

### Taxes

Annuity payments are subject to federal taxes and possibly state taxes, including if residing in Kentucky. Annuity payments to Kentucky residents are partially or completely exempt from state tax depending on when the work that earned the annuity occurred. Only the portion of a retirement annuity that is based upon service earned after Jan. 1, 1998, is subject to Kentucky income tax after an exclusion of \$31,110. TRS will withhold for federal taxes based on the most recent W-4P on file. A separate Kentucky state tax withholding form is available. TRS does not withhold for other taxing jurisdictions.

*This is general information. The law prevails in the event of a conflict with this publication. Contact TRS prior to making retirement decisions.*