



# Teachers' Retirement System

ACTIVE  
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From the Executive Secretary

## TRS Benefits Better at Lower Costs Than Social Security Plus Other Plan

By Gary L. Harbin, CPA

With some frequency, I hear concerns about Kentucky's teachers and Social Security that I want to address because some common perceptions aren't reality. For teachers as individuals, the value of the TRS retirement benefit in almost all cases outweighs any reductions on Social Security benefits because of federal law. While the water-cooler talk may be that these transfer teachers are losing something, the truth is they're gaining much more.



Let's take the example of a mid-career teacher who started in 2023 outside Kentucky at age 24. After teaching 20 years contributing to Social Security, this educator moves to Kentucky and works 18 years in Kentucky as a TRS 4 member without having to pay Social Security tax. The teacher retires at age 62 in 2051. This teacher likely also will have retirement income from the prior state and or an individual retirement account, but this comparison will exclude those. These examples also are in today's dollars – salary inflation will increase what this person sees.

The TRS benefit for this teacher is about \$27,000 at retirement. Retiring at 62, this teacher also will get about \$11,300 in Social Security benefits. The Social Security amount is reduced \$5,000 by a federal law, called the Windfall Elimination Provision (WEP), from the \$16,300 it would have been. The total initial retirement income combining TRS and Social Security would be \$38,300.

*See From the Executive Secretary, page 2*

# Reemployment Certification Required Before Returning to Work

A Reemployment Certification must be on file before returning to work with a TRS employer. This form certifies that no agreement was made before you retired for you to return to work. The form is signed by you and your new employer and must be on file with TRS prior to your return to work. The certification form can be found on the TRS website under Forms for Retired Members at <https://trs.ky.gov/wp-content/uploads/2019/12/Reemployment-Certification-for-Bona-Fide-Retirement.pdf>.



Also, the required break in service is mandatory even if the new job with the TRS employer is not a TRS position. The breaks in service and the reemployment certification form are required for all TRS retirees returning to work with a TRS employer, including university members.

Following these rules is required so that contributions to TRS can continue to be tax-deferred and to protect your retirement benefits. Detailed information is on the TRS website at: <https://trs.ky.gov/retired-members/returning-to-work/>.

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## *From the Executive Secretary, from page 1*

Even if the person had remained in Social Security their entire career and without any WEP reduction, the Social Security benefit at 62 would be about \$25,000, still less than the combined benefits of \$38,300 they'll get from TRS (\$27,000) and the reduced Social Security (\$11,300).

This example also assumes that the normal retirement age under Social Security – currently 67 for all but the oldest current workers – doesn't change. And that may not be a good assumption because Social Security is headed toward not having enough money in a decade to pay promised benefits. The choices to fix Social Security include increasing Social Security taxes, lowering benefits, raising retirement eligibility ages and or any combination of these. If Social Security retirement ages are increased, the benefits of being in TRS would be even greater.

One more aspect to remember: TRS provides this teacher with access to retiree health care because they have 15 years or more of service. Medicare in most cases wouldn't be available until 65.

Not being in Social Security isn't only better for teachers – it saves them as taxpayers and all Kentucky taxpayers. Studies have shown, currently, that the cost of an equal benefit from Social Security and a supplemental retirement plan requires about 25% of pay compared to requiring 15% of pay in TRS. That would cost the state at least \$500 million more annually if all teachers were subject to Social Security, assuming their take-home salaries wouldn't be cut.

In conclusion, the advantages of TRS for the mid-career teacher shown above are even greater for the full-career TRS Kentucky teacher. The average Social Security benefit in Kentucky is \$18,842 a year compared to the average TRS annuity of \$40,697. Social Security's website warns that "Social Security was never meant to be the only source of income for people when they retire." The great news for teachers is that the TRS benefit is designed to be sufficient as a sole source.


# Update Estimates, Consult Checklist Before Making Final Decisions About Retirement

TRS recommends all members receive new estimates of retirement benefits before making any final decisions about retirement. This is true even if you've previously obtained an estimate. Also, TRS has published a checklist to assist members in the 12 months prior to retirement. The checklist is at: <https://trs.ky.gov/wp-content/uploads/2018/05/12-months-to-retirement-checklist-Final.pdf>.

Members considering retirement also should be aware of a state law limiting how compensation increases from the last three years prior to retirement can be used in the final average salary. In broad terms, the limit is the highest percentage compensation increase generally available to a district's or agency's certified employees. Specifically, increases used in determining an annuity are limited to either the greatest percentage increase for any one rank and step on the certified salary schedule of the school district or the percentage increase received by all other members employed in the agency. These commonly are referred to as 9b limitations because the state law is KRS 161.220 (9)(b).

For more information, a video is available on the TRS website's videos page at <https://trs.ky.gov/home/seminars-workshops/videos/#acc9b>.

Estimates can be requested through Pathway, the member online account access website (<https://mss.trs.ky.gov>), or by calling 800-618-1687.



**TEACHERS' RETIREMENT SYSTEM**

## Retirement Preparation Checklist

The date on the calendar for retirement is closer than it appears.  
This checklist is a guideline as you in prepare for retirement.

12 months to retirement	6 months to retirement	3 months to retirement	1 month to retirement
<ul style="list-style-type: none"> <li><input type="checkbox"/> Create a retirement file for yourself</li> <li><input type="checkbox"/> Review your TRS annual statement</li> <li><input type="checkbox"/> Attend or watch a TRS retirement presentation</li> <li><input type="checkbox"/> Request an estimate of your retirement benefits</li> <li><input type="checkbox"/> Discuss your retirement estimate and benefit options with your family</li> <li><input type="checkbox"/> Learn the rates for TRS health insurance and consider the possibility of cost increases in deciding when to retire</li> <li><input type="checkbox"/> Prepare a retirement budget</li> <li><input type="checkbox"/> Talk with your deferred compensation representative</li> <li><input type="checkbox"/> Research long-term health care</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Certify what service credit can be purchased</li> <li><input type="checkbox"/> Find required documents for you and your beneficiary: signed Social Security card, certified birth certificate and marriage certificate, if applicable</li> <li><input type="checkbox"/> Know and comply with your employer's retirement notification policy</li> <li><input type="checkbox"/> Determine if you have a reciprocity account with another Kentucky retirement system, obtain a verification of total service credit and request a retirement application (along with information about deadlines)</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Complete retirement application on TRS Pathway member portal or request a paper application. Be sure to complete health insurance enrollment as well</li> <li><input type="checkbox"/> After completing your portion of the application, ask your human resource office to complete the employer certification.</li> <li><input type="checkbox"/> Talk to your employer concerning lump-sum or rollover payout options for sick, annual and/or compensatory leave</li> <li><input type="checkbox"/> Contact Social Security if you are, or will be, at least 65 in three months</li> <li><input type="checkbox"/> Talk with a tax adviser if needed</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Make sure your TRS retirement application is complete and submitted by the deadline, which is required one month prior to your retirement date</li> <li><input type="checkbox"/> Submit all required documents</li> <li><input type="checkbox"/> Make sure all reciprocity account applications with other state retirement systems are complete and submitted with the same retirement date as the TRS application</li> <li><input type="checkbox"/> Remove personal items from your workspace by your retirement date because regulations forbid it once retirement begins</li> </ul>

Checklist available at: <https://trs.ky.gov/wp-content/uploads/2018/05/12-months-to-retirement-checklist-Final.pdf>

### Reminder: TRS Account Type Names

TRS has four account types based on date of entry.

TRS 1	TRS 2	TRS 3	TRS 4
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	Entry on or after Jan. 1, 2022

# In-Person Counseling by Appointment

In-person counseling appointments can be made by calling 800-618-1687.

Video and phone counseling appointments can be made by calling the number, emailing [info@trs.ky.gov](mailto:info@trs.ky.gov) or through Pathway (<https://mss.trs.ky.gov>), the secure, member-account-access website.

Appointments allow counselors to prepare and better address members' specific questions.

As a reminder, TRS prioritizes retirement counseling appointments during the busiest months (June and July) for members considering a retirement date in the next five years. This is because of the large volume of summer retirements and counseling requests.

Members can access Pathway at any time, including creating benefit estimates for any retirement date.

## Name a Beneficiary If You Haven't Already

Many TRS members have not named a primary beneficiary, which could result in the loss of valuable benefits for survivors in the event of the death of a TRS member.

In the event of an active member's death, beneficiaries receive both the contributions to the member's TRS account and the TRS life insurance benefit. A beneficiary is not required to be a relative and members may designate their estate or a trust as beneficiary.

If married and no beneficiary is named, the member's spouse is the primary beneficiary. If the member marries after previously naming a beneficiary, the spouse automatically becomes the primary beneficiary and any previous primary beneficiary designation is void. Divorce voids any previous designation of the spouse as a beneficiary.

If not married and no designation is made, the estate becomes the beneficiary.

Forms to designate or change an active member's beneficiaries are available on the TRS website: <https://trs.ky.gov/active-members/resources/forms-active/>.



# Make Sure You're Talking to TRS When Offered Retirement Benefits Counseling

Don't be fooled. Occasionally active members and even retirees may receive unsolicited emails and letters offering appointments to review retirement accounts. The emails come from third parties with no affiliation to TRS but may contain references to TRS such as "KTRS Retirement Review."

While the sender may be offering a legitimate financial service, these offerings can be misleading.

TRS does not offer financial counseling or retirement estimates through third parties. These appeals may be sent to you because your (current or former) employer has a business relationship with the third party that is contacting you. In some cases, it could be a phishing scam to obtain your confidential information.

TRS employees:

- Have an email address ending in @trs.ky.gov,
- Will never meet at your home and

- Do not sell insurance products.

For active members, the best estimates of retirement benefits come from TRS directly. The rules that govern retirements are too complex for outsiders to give accurate estimates. Estimates that come from elsewhere have been inaccurate.

The preferred method for getting estimates is through Pathway, the TRS member account access site (<https://mss.trs.ky.gov>). Because this is for members only, the estimate calculator will have your actual account information.

For retirees, retiree health insurance is provided through the assistance of several authorized partners. Look for the TRS logo on many communications from these partners, and don't hesitate to call and ask if you're not sure.



## Deadlines for Purchasing Credit and General Information on Purchases

Contact TRS about eligibility to obtain full service and or salary credit. TRS also has a service credit information page on the website at <https://trs.ky.gov/active-members/retirement-planning/acquiring-service-credit/>, where a link can be clicked to obtain a brochure about credit purchases.

To find out how much service credit your account has, the details are provided, both cumulatively and by school year, in Pathway and on each member's annual statement.

### Leaves of absence

Deadline for purchase of fiscal year 2023 service credit is June 30, 2024. Under certain circumstances, you may be able to buy this at a higher cost later.

The leave of absence form must be submitted to TRS by your employer, along with a copy of the board minutes or other verifying documentation. The form can be completed in Pathway.

### Unpaid Days

Deadline for purchase of unpaid days from fiscal year 2024 is Dec. 31, 2024.

The form for this must be submitted to TRS by your employer and can be completed through Pathway.





Teachers' Retirement System of the State of Kentucky  
479 Versailles Road  
Frankfort, KY 40601-3800

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## Keep Contact Information, Including Emails, Current

Keeping your contact information current ensures that active and retired members receive important communications from TRS, such as annual statements, newsletters, trustee election ballots, payment stubs, tax forms and retiree health insurance updates.

Besides your physical address, keep email addresses and telephone numbers up to date, especially for active members who are about to retire. TRS is starting to use email more often to keep in touch with members. Make sure your primary email address is the one that can be used by TRS.

Even if you change your address with the school district where you work (or worked), the school district doesn't report that change to TRS. So, TRS needs to be notified of the change independently by members and retirees.

TRS offers multiple ways to update personal information, including online using Pathway at <https://mss.trs.ky.gov>. Also, members and retirees may mail or fax a signed letter to TRS with your name and TRS ID and the new information. Finally, a downloadable form also is available from the website. The fax is 502-848-8599.

### Contacting TRS



#### Address

479 Versailles Road, Frankfort, KY 40601



#### Facebook

<https://www.facebook.com/KyTeachersRS>



#### YouTube Channel

<https://www.youtube.com/@trskentucky>



#### Hours

8 a.m.–5 p.m. ET Monday–Friday



#### Website

<https://trs.ky.gov>



#### Pathway

<https://mss.trs.ky.gov/>



#### Toll-free

800-618-1687



#### Email

[info@trs.ky.gov](mailto:info@trs.ky.gov)



#### X (Twitter)

@KyTeachersRS