



# Teachers' Retirement System

RETIRED  
MEMBER EDITION

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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*

# Reminder: Annuity Deposit Date Change for Greater Consistency Begins in February

As was announced in the October newsletter, TRS now will use the 30th of each month as the normal date for payments. Because of leap year, the February payment is Feb. 29. The 2024 dates were communicated in the December and January annuity pay stubs, on the TRS website and through TRS's social media channels.

Teachers' Retirement System of the State of Kentucky					
2024 Payment Dates					
<i>Dates of annuity deposits and, if applicable, any health insurance premium withdrawals.</i>					
Jan. 29	March 29	May 30	July 30	Sept. 30	Nov. 27
Feb. 29	April 30	June 28	Aug. 30	Oct. 30	Dec. 30

TRS's No. 1 duty is the retiree payroll each month, and this change is to simplify the dates when retirees receive their TRS funds.

Under the change, annuity payments will be dated the 30th of each month (or the last day of February) unless that date is a weekend or a holiday when state offices are closed. In those cases, annuity payments will be dated the last weekday state offices are open prior to the 30th.

The prior system resulted in pay dates that varied up to six days based on the U.S. Postal Service's delivery days. Like many other retirement systems, TRS's payments now are based on a specific date.

TRS will continue to publish the dates on the website and include them at least once a year in the payment stub that retirees receive.

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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.

# Important Personalized Medicine Program Update

Recently it was discovered that a specific gene is important in helping to detect a very rare, but potentially severe, reaction to some medications used to treat certain cancers.

The TRS Personalized Medicine program with Coriell Life Sciences (CLS) and the Know Your Rx Coalition (KYRx) will include this gene, called DPYD, on all new testing done as part of the program.

If you are new to the Personalized Medicine program and have not yet been tested, this important gene will be part of the results and analysis you receive.

If you previously have been tested by the program and your oncologist or physician plans to prescribe medications like Capecitabine (Xeloda), Fluorouracil (5-FU), Flucytosine (Ancobon) or any medication influenced by DPYD, you can be tested again at no cost.

TRS is committed to making sure you receive the most advanced care possible.

For more information about how to enroll, or how to be retested if you and your physician feel it would help direct your care, contact KYRx at 855-218-5979.



## 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

## 2–Page Section for You and Your Tax Preparer

# 2023 Tax Year Information

These two pages of the newsletter are intended to help you complete the pension-related parts of tax returns. Any information on these pages should not be considered the only advice needed. Rules and forms likely will differ for retirees who now live outside Kentucky. Retirees may want to confer with a tax adviser for tax form preparation. TRS has no liability in providing this general guidance. It is a member's responsibility to declare the proper amount of taxable income on income tax returns.

## 1099-R

TRS mails 1099-R tax forms at the end of every January.

The tax statement contains confidential information and only can be mailed to the member's address that is currently on record with TRS. For TRS to send the form to a different address, the member, beneficiary or power of attorney must submit a written, signed request to TRS. The written, signed request may be mailed to TRS or faxed to 502-573-0254 and should specify if the address change is permanent. The address change form is available on the Retired Member forms page at [trs.ky.gov](https://trs.ky.gov). Duplicates 1099-Rs are available using Pathway ([mss.trs.ky.gov](https://mss.trs.ky.gov)), which provides members online access to account information, or by calling 800-618-1687. The TRS information center staff will verify your correct name and address for mailing the duplicate form and for the permanent record file.

The graphic below highlights the different components of the 1099-R.

CORRECTED (if checked)      COPY B: Report this income on your Federal tax return. If this form shows Federal income tax withheld in Box 4, attach this copy to your return.

Form 1099-R 2023		OMB No. 1545-0049 Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. This information is being furnished to the Internal Revenue Service.		Payer's Federal Identification Number 61-0600439	FEDERAL Copy B-File with Recipient's FEDERAL Tax Return
Recipient Information		1. Gross Distribution <b>1</b>	2a. Taxable Amount <b>2a</b>	2b. <input type="checkbox"/> Taxable Amount Not Determined <input type="checkbox"/> Total Distribution	<b>5</b>
		3. Amount in Box 2a Eligible for Capital Gain Election	4. Federal Income Tax Withheld	5. Employee Contributions	
Recipient Identification Number		6. Net unrealized appreciation in employer's securities	7. Distrib. Code <b>7</b>	IRA/SEP/Simple <input type="checkbox"/>	8. Other
Payer's Full Name & Address TEACHERS' RETIREMENT SYSTEM 479 VERSAILLES ROAD FRANKFORT, KY 40601-3800		9a. Your Percent of Total Distribution	9b. Total Employee Contributions <b>9b</b>	10. Amount allocable to IRR (within 5 years)	11. First Year of Design. Roth Contribution
		14. State Tax Withheld	15. State/Payer's State Number KY 077156	16. State Distribution	State Taxable Percentage %
<b>Bottom box</b>					

**Box 1:** Shows total pension benefit before withholding.

**Box 2a:** Shows taxable portion of benefit. If blank, "Taxable Amount Not Determined" in Box 2b should be marked.

**Box 5:** Shows the amount member personally contributed to what was received. The Box 5 amount is nontaxable and is **not** used on personal returns (i.e. IRS Form 1040, Ky. Form 740).

**Box 7:** Generally, the box 7 value is defaulted to "7" for most benefit types. However, depending on the member's individual circumstances, the distributions may have been coded differently. Refer to the following distribution codes for more detail:

- 1 – Early distribution, no known exception
- 2 – Early distribution, exception applies
- 3 – Disability
- 4 – Payment to beneficiary or beneficiaries based on death of active or retired member
- 7 – Normal distribution
- G – Direct rollover

**Box 9b:** Only used in first year of retirement to show amount of previously taxed contributions.

**Bottom box:** Includes insurance premiums paid.

## Kentucky state tax laws

Many TRS members who are Kentucky residents do not owe Kentucky state taxes on TRS benefits. TRS strongly recommends you seek the advice of a qualified tax preparer for any specific questions concerning Kentucky income taxes on your pension. You may want to take a printout of this page to your tax preparer.



With the understanding that no pension income from Kentucky public service before Jan. 1, 1998, is taxable, Kentucky law also excludes up to \$31,110 in pension income from state tax. Don't forget to apply the Kentucky pension income exclusion against the amount taxable by the state.

Here's how:

The Kentucky return begins with the federal adjusted gross income, which is on line 5 of Form 740. But that figure can be lowered using the above-referenced pension-income deduction.

If you have Kentucky service before Jan. 1, 1998, use Schedule P to calculate the amount of your pension income that is exempt from Kentucky taxes.

For retirees, regardless of when the service occurred, the amount of the pension deduction is reported on Schedule M along with any other deductions.

Tax forms may be obtained through the Kentucky Department of Revenue (<https://revenue.ky.gov/Get-Help/Pages/Forms.aspx>). Make sure to look for Schedule M (adjusted gross income modifications) and Schedule P (pension income exclusion). Also, the telephone numbers below can provide more information.

## Federal taxes

Upon retirement you must report your federal taxable income to the IRS. Under federal tax law, members must pay taxes on their tax-sheltered annuities. If you made contributions prior to August 1982 or made personal payments to the retirement system, TRS will calculate the amount of your contributions upon which you already have paid federal income tax and will report on the 1099-R the amount of your annuity that is still subject to income tax.



## Need help?

Tax forms may be obtained through the Kentucky Department of Revenue at <https://revenue.ky.gov/Get-Help/Pages/Forms.aspx>.

- TRS: 502-848-8500, toll free at 800-618-1687
- KPPA: 502-696-8800, toll free at 800-928-4646
- Kentucky Revenue Cabinet: 502-564-4581
- IRS: 800-829-1040.



# Paying Medicare Part B Premiums

Upon becoming eligible for Medicare and enrolling in the TRS Medicare Eligible Health Plan (MEHP) through UnitedHealthcare and Express Scripts, you must pay the Part B monthly premium to Medicare. The 2024 monthly Part B premium is \$174.70.

## How to pay the Part B premium

If you get Social Security or Railroad Retirement Board (RRB) benefits, your Part B premium will be deducted from that monthly benefit payment. If you don't get these benefit payments, you'll get a bill for your Part B premium. Typically, Part B premiums are billed quarterly (every 3 months).

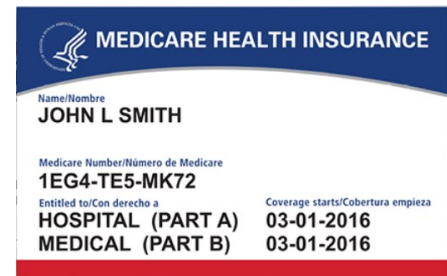
There are four ways to pay your premium bill:

1. Sign up for Medicare Easy Pay. This is a free service that automatically deducts your premium payments from your savings or checking account each month. This allows you to pay monthly instead of having to pay a quarterly premium bill that totals three months of premiums. Visit [Medicare.gov/medicare-easy-pay](https://www.Medicare.gov/medicare-easy-pay), or call 1-800-MEDICARE to find out how to sign up.
2. Pay online by credit card, debit card, savings or checking account. To do this, log into (or create) your secure Medicare account at [Medicare.gov](https://www.Medicare.gov).
3. Pay directly from your savings or checking account through your bank's online bill payment services. Ask your bank if it allows customers to pay bills online — not all banks offer this service, and some may charge a fee. Your bank will need information such as your Medicare number and the Medicare Premium Collection Center address.
4. Mail your payment to Medicare. You can pay by check, money order, credit card or debit card. Write your Medicare number on your payment and fill out your payment coupon. Mail your payment and coupon to:

Medicare Premium Collection Center  
PO Box 790355  
St. Louis, MO 63179-0355

If you have questions about your premiums, call 1-800-MEDICARE or visit [Medicare.gov](https://www.Medicare.gov).

Remember that you must pay your Medicare Part B premium to remain eligible for the MEHP. If at any time while enrolled in the MEHP, your Medicare coverage lapses due to non-payment or any other reason, you will be terminated from the MEHP and you will be responsible for the actual cost of any claims. Upon termination, you may be ineligible for future reenrollment.



# Turning 65 in 2024?

TRS is hosting webinars in the coming months geared toward the many retirees who find turning 65 to be daunting as they approach Medicare eligibility. Let TRS help with a full presentation and walkthrough on the features and benefits of the TRS Medicare Eligible Health Plan (MEHP).

The webinars, which can be viewed on your computer, are March 6, Apr. 3, May 1, June 5, July 3, Aug. 7, Sept. 4, Oct. 2, Nov 6 and Dec. 4. Registration, which is required, can be done by visiting <https://trs.ky.gov/home/seminars-workshops> and clicking the appropriate link for the desired webinar date. A video of a recorded version of the presentation also is available at <https://trs.ky.gov/retired-members/turning-65>.

# Remember to Complete the LivingWell Promise

Don't forget to fulfill your LivingWell Promise by the July 1 deadline. Retirees insured through the KEHP can earn up to \$480 a year (\$40 per month) in premium discounts in 2025 by completing an online health assessment by the deadline. The health assessment only takes about 10 minutes to complete and asks various health and lifestyle questions.

The LivingWell program through the KEHP, as of Jan. 1, is administered by Castlight, which is a change from WebMD. Registration is required if you have not already created a Castlight account. For more information or questions, visit <http://mycastlight.com/mybenefits> or contact Castlight directly at 800-681-6758.

If you already completed the LivingWell Promise, please disregard this.



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

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## Keep Contact Information, Including Emails, Current

Keeping your contact information current ensures that you 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](#)