



# Teachers' Retirement System

ACTIVE  
MEMBER EDITION

MAY  
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## Full Funding-Plus for TRS in 2024-26

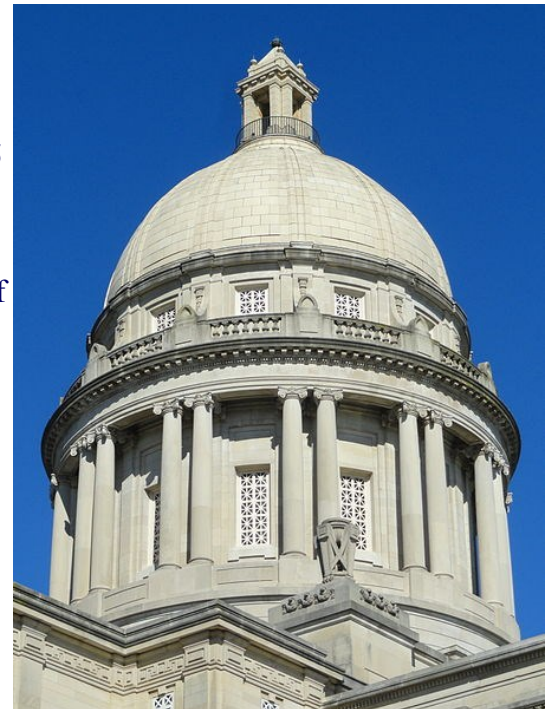
The Teachers' Retirement System of the State of Kentucky (TRS) will receive full funding in the 2024-26 biennial budget approved recently by the General Assembly. This includes more than \$1.75 billion over the two years to meet the actuarially required contribution for the Retirement Annuity Trust, which is separate from education appropriations of about \$925 million that come to TRS in salary contributions.

The two years of the budget will be the ninth and 10th straight years of full or nearly full annuity funding.

The budget also includes \$161 million for the state's statutory contribution for both years for under-65 group health insurance under the 2010 Shared Responsibility law.

The legislature also approved \$80 million in one-time appropriations for TRS from the state's budget reserve fund. The funding, \$40 million in each year of the biennium, is to be invested and applied to unfunded actuarially accrued liability.

"The appreciation for this decade of funding cannot be overstated," Executive Secretary Gary Harbin said. "The continued full funding in these appropriations is integral in ensuring Kentucky's public school teachers receive the dignified retirement they earned during their careers. Not only did every version of the budget again include full funding for retiree annuities and health insurance, the additional \$80 million advances TRS further on the path toward achieving full actuarial funding."



From the Executive Secretary

# A Dignified Retirement

By Gary L. Harbin, CPA

The state of Kentucky provides public school teachers with a pension to give them the dignified retirement they earned throughout their careers. For 84 years, this has been done through the Teachers' Retirement System.

Teacher retirement plans like Kentucky's were created as an answer to an era when teachers didn't receive a dignified retirement. Some teachers continued in the classroom without a retirement in a time where poor houses were a real thing.

At the time, the University of Kentucky study that led to the General Assembly's creation of TRS Kentucky said, "a teachers' retirement system may be described as a business-like plan whereby the schools are enabled to retire teachers who can no longer render their best service because of advanced age or physical disability, and to provide them with an income for life."

This idea for a business-like plan to provide Kentucky's teachers with a dignified retirement holds up well decades later. And the pension received at retirement by every qualifying TRS member remains the most cost-effective way – both for teachers and the state – to provide that.

No matter what the stock market looks like when you retired or how many years you live in retirement, the annuity is paid and lasts a lifetime. It replaces Social Security at a cheaper cost and, in most cases, with a greater benefit.

It avoids the pitfalls of relying solely on a 401(k)-style retirement plan where market downturns and living longer than expected can reduce the money that a person has to live on in retirement.

Whether you're already there or on the road there, be assured the dignified retirement you earned will be there for you.



## In-Person Counseling by Appointment

Appointments allow retirement and insurance counselors to prepare and better address active members' and retirees' specific questions.

As a reminder, TRS prioritizes retirement benefits 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. Also, retiree health insurance questions typically can be answered with a phone call, and retirees with previously scheduled appointments are prioritized.

Active members and retirees can access Pathway (<https://mss.trs.ky.gov>) at any time. For active members, benefit estimates can be created for any retirement date. And, for retirees, insurance applications can be completed online.

### Making an 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 or emailing [info@trs.ky.gov](mailto:info@trs.ky.gov).

# 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 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.

# Addressing Common Misperceptions About Timing of Retirement Date

For those nearing retirement, questions sometimes arise about whether a teacher who started in August needs to work until August to get a full year of service credit or whether deferred payments necessitate delaying a retirement date. In both cases, waiting to retire may not be necessary.

Regarding the teacher who started in August at the beginning of a school year, service credit is awarded based on the contract days worked. Teachers who start in August and work all their contract days do not need to work through the following August for a full year of service credit if they worked their contract days.

Regarding deferred payments, if someone is eligible to retire and a school district pays part of the salary after the school year ends, the member doesn't have to delay retirement.

A member must stop working no later than the day before the retirement date, but a member still can be paid for services already performed. For example, if you retire July 1 and your district pays you in July for work performed during the school year, you do not have to delay your retirement date because you haven't received all your payments.

If you have questions, contact TRS.

## 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

# Are You Working Past Age 65?

TRS members who still are working at age 65 or over must enroll in Medicare before they retire to be eligible for health insurance through TRS. For enrollment in TRS health insurance, proof of Medicare enrollment is required and must be effective no later than the effective date of your retirement.

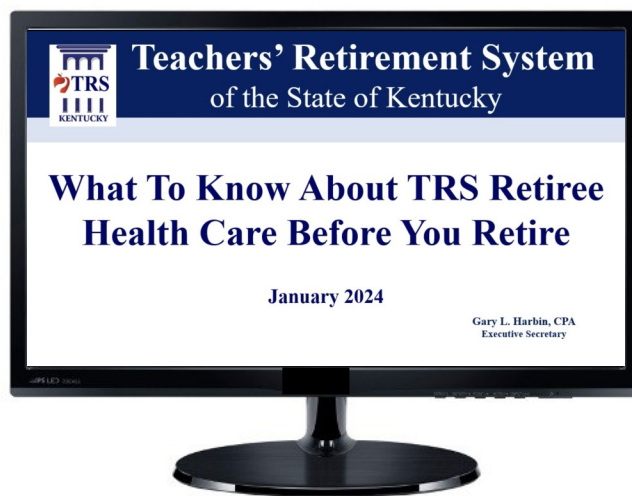
Also, to enroll in Medicare and avoid late penalties for not enrolling when first eligible, your employer will be required to complete forms to prove you have had health insurance through your employment. It's important to contact Social Security at 800-772-1213 to begin the process of enrolling in Medicare prior to retirement.

## Know Your Health Insurance Costs Before Making Final Decisions About Retirement

TRS recommends members understand health insurance options and costs before making final decisions about retirement since insurance costs and coverage change yearly.

The member's cost of health insurance depends on your entry date and years of service. It also can depend on whether service credit was purchased, as some service credit purchases do not count in calculating insurance premiums. Because of those factors, insurance cost could be important in the timing of when to retire. Working an additional year or two could lower your share of health insurance costs for years in retirement.

TRS has a video to help prepare for the cost of retiree health insurance. *What To Know About TRS Retiree Health Care Before You Retire* (<https://youtu.be/MbeEesBvOmk>) is a recording of a webinar that explains the coverage that is offered, calculating your cost in retirement, reciprocity insurance and more. Make sure to check out this webinar if you are looking to retire soon.



## 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.

## Be Aware of Required Minimum Distributions

Federal tax law requires some inactive TRS members to start distributions from their account, whether by retirement or refund, when they reach a certain age. These required minimum distributions apply regardless of how many years of service the account has and even for return-to-work accounts.

Any TRS member with an accumulated balance who no longer is working for a TRS employer is required by federal law to begin taking minimum distributions from their retirement account at a certain age based on the member's birth date: after age 70½ (if born before July 1, 1949), after age 72 (if born after June 30, 1949) or after age 73 (if born on or after Jan. 1, 1951).

Required minimum distributions can be accomplished in one of two ways.

If the member has at least five years of service, someone required to take minimum distributions

must file a retirement application and begin receiving an annuity.

Someone required to take distributions who doesn't have five years of service must file an application for an account refund.

Failure to make a timely withdrawal of retirement account contributions may result in federal tax penalties.

If you have met your required minimum distributions age and are no longer contributing to your account, contact TRS immediately for the forms to apply for one of the options to avoid substantial federal tax penalties.

Federal tax law also requires the beneficiary of an active or retired member to begin receiving benefits or a refund soon after a member's death. Beneficiaries should contact TRS soon after the member's death to begin receiving benefits or take a refund, if either is applicable, in order to avoid any penalties.

# Know Rules for TRS Retirees Returning to Work with TRS Employers

In order to ensure that TRS members are able to make tax-deferred contributions toward retirement, TRS's return-to-work rules comply with federal law for retirees returning to work with any employer covered by TRS.

Before a retiree can return to work with a TRS employer, a break in service measured from the date of retirement is required, even if your new job with a TRS employer will not be a TRS position.

Also, no agreement can be made prior to retirement for a retiree to be rehired. Retirees returning to work with any TRS employer must sign – along with the new employer – a form certifying no agreement was made prior to retiring about returning to work. This includes retirees returning to work with a different TRS employer. The Reemployment Certification 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>.

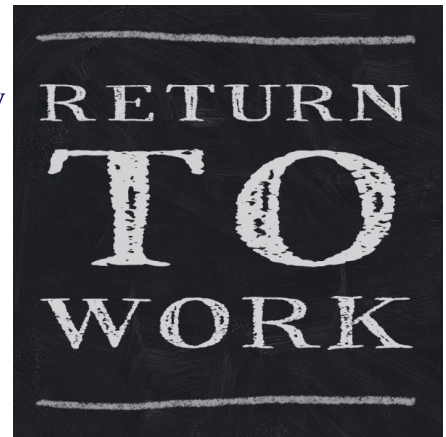
A break in service also is required for university members seeking to return to work with a TRS employer.

As a reminder, a three-month break in service is required if returning to work for the same TRS employer part time or a different TRS employer part or full time. A 12-month break is required if returning to the same TRS employer full time. And those break rules apply regardless of whether the new position is certified or classified.

Also, as a reminder, the retiree may not provide any paid or unpaid *service* to a TRS-participating employer during the break in service, such as – for example – reading to students, helping set up a stage, collecting tickets, putting up chairs or working in a school concession stand. The restriction *does not* ban retirees from school property during the break in service. Retirees, as long as they are not providing a service to the TRS employer, may – for example – visit; attend school functions like plays and sporting events as a spectator; and take grandchildren to school. Most importantly, retirees who are in their break-in-service period should call TRS *before* doing anything for a TRS employer that they're unsure is permitted during a break in service.

Return-to-work requirements also apply to someone working as an independent contractor for a TRS employer or for a third party that is contracting with a TRS employer.

Detailed information is on the TRS website at: <https://trs.ky.gov/retired-members/returning-to-work/>.



**More return-to-work  
information on following page**

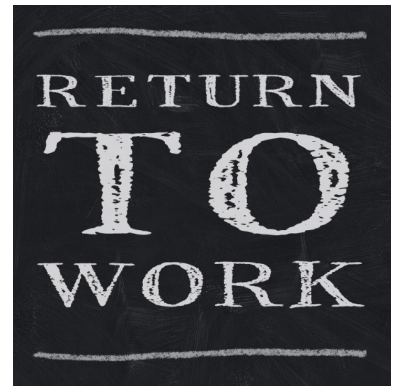
# Know Your Return-to-Work Wage Limitations

Know your daily wage threshold. With the push for help in the classroom, TRS has seen some retirees exceed their daily wage threshold (DWT) because, for example, they coached *and* substituted.

TRS sends retirees a letter annually with their DWT limitation for the next year. If a retiree only is coaching, the threshold doesn't apply. If a retiree coaches and substitutes, earnings from both count against the threshold.

Return-to-work requirements do apply to someone working as an independent contractor for a TRS employer or for a third party that is contracting with a TRS employer.

Call TRS with any questions to ensure the threshold isn't exceeded where benefits would have to be repaid to TRS.



## Return-to-Work Health Insurance Reminder

If you are retired and considering reemployment with any employer where you will be eligible for health insurance, it is important to contact TRS to discuss the consequences of reemployment on your TRS health insurance. Read this article for details of those consequences. This article also is important both for active members near retirement who would like to return to work in the future and for retirees who currently are active in a return-to-work account.

Retirees and or their spouses who return to work in a position that offers health insurance must drop health insurance coverage through TRS regardless of which TRS plan the person is participating. When possible, confirm with your employer that they have submitted your coverage effective date to TRS.

Then, prior to losing eligibility for the active employment insurance, you must contact the TRS Insurance Department if you wish to reenroll in TRS coverage. You must submit a new TRS insurance application and provide the required documentation from your employer indicating the coverage termination date to reenroll in TRS coverage. If you wait until your active employment coverage is already terminated, you could have a gap in coverage.

If you have chosen a Waiver Health Reimbursement Arrangement (HRA) through your active employer, you only can reenroll in TRS coverage during the fall open enrollment for coverage effective Jan. 1. Losing eligibility for one of the Waiver HRA options through the Kentucky Employees' Health Plan (KEHP) is not considered a qualifying event.



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