

Understanding & Planning YOUR RETIREMENT

General Information

The state of Connecticut provides you with a retirement benefits plan administered by the State Teachers' Retirement Board (STRB). The STRB is located in Hartford and is comprised of 12 members: three elected active teachers, two elected retired teachers, the Commissioner of the State Board of Education, the Commissioner of the Department of Social Services, and five public members appointed by the governor. All board members serve without pay.

Most provisions regarding your retirement benefits are governed by state law. If there is any disagreement between the wording of law and this publication, the official wording of the law will always rule.

Your Membership

Membership and participation in the State Teachers' Retirement System are compulsory for all eligible teachers working at least half-time in the public schools of Connecticut.

If you are new to the public schools of Connecticut, your membership in the State Teachers' Retirement System begins when you first start working. At that time, your local board of education will provide you with membership application forms. When you fill out the forms, you will answer questions about your present job in Connecticut, and any other public school or other work experience.

The form also provides a space for you to name a beneficiary to receive benefits in the event of your death. When you return the completed form to your board of education, they will forward your designation to the STRB.

A Special Note

If you are employed as a teacher or professional staff member by the Commission for Higher Education in a state, community, or state technical college or university, you have a choice of retirement plans. You may belong to either the State Teachers' Retirement System, the State Employees' Retirement System, or an alternate retirement program. You may belong to only one retirement program at any one time. You should also know that service as a teacher or professional staff member in the systems described above, counts as public school teaching service.

Contributions to the System

As a part of your membership in the system, you contribute 7.25% of your annual salary through payroll deductions. This is done on a pre-tax basis. Your annual salary means the pay you receive for teaching, longevity, and administrative or supervisory services as outlined in your contract. Annual salary does not include pay you receive for most extra-duty assignments, coaching, unused sick leave, or termination pay.

Contributions by the State

Since you are asked to contribute only a part of the cost of your retirement benefits, the state of Connecticut pays the remaining cost of these benefits.

Withdrawal Privilege

If you leave public school teaching before retirement, you may withdraw your contributions to the system plus accrued interest. However, in so doing, you forfeit any right that you may have to a future retirement benefit and retiree health insurance. Please contact the STRB for more information about withdrawing contributions.

Your Retirement

Your eligibility for retirement and the amount of your expected benefit depend on several factors: your age, your credited service, your average salary, and a retirement benefit formula. Your credited service means the number of years and months you've served in the Connecticut public schools. You earn one month of credited service for each month you work. You may earn credit for a maximum of 10 months in any one school year. This is equal to one year of Connecticut public school service.

In some cases, you may receive credit for other types of service (as listed below) if you purchase this additional service credit. To purchase service means to make a required payment in exchange for service credit.

Additional Service That Can Be Purchased

1. Service as a teacher in a school for military dependents established by the U.S. Department of Defense.
2. Service as a public school or public university teacher in another state of the United States, its territories or possessions.
3. Service in the armed forces of the United States in time of war, as defined in C.G.S. Section 27-103, or service in said armed forces during the period beginning October 27, 1953, and ending January 31, 1955.
4. Service in a permanent full-time position for the state of Connecticut.
5. Service as a teacher at the University of Connecticut prior to July 1, 1965.
6. Service as a teacher at the Wheeler School and Library, North Stonington, prior to September 1, 1949.
7. Service as a teacher at the Gilbert Home, Winsted, prior to September 1, 1948.
8. Any authorized leave of absence as provided in regulations adopted by the STRB, if the member subsequently returns to service for at least one school year (unless contributions are made while on leave).*
9. Service as a teacher at the American School for the Deaf, the Connecticut Institute for the Blind or the Newington Children's Hospital.
10. Forty or more days of service as a substitute teacher or a teacher employed less than half-time in a single public school system within the state of Connecticut within any school year, provided 18 days of such service shall equal one month of credited service.*
11. Service in the armed forces of the United States, other than service described in subdivision (3) of this subsection, not to exceed 30 months.
12. Service as a full-time, salaried elected official of the state or any political subdivision of the state during the 1978 calendar year or thereafter, if such member subsequently returns to service for at least one school year.
13. Service in the public schools of Connecticut as a member of the Federal Teacher Corps, not to exceed two years.

14. Service in the United States Peace Corps.
15. Service in the United States VISTA (Volunteers in Service to America) Program.
16. Service in the public schools of CT as a social work assistant, from January 1, 1969, to December 31, 1986, if you became a certified school social worker and remained in public school service as a social worker after certification.
17. Service prior to July 1, 2007, as a member of the state education resource center employed in a professional capacity while possessing a teaching certificate. (Note: cost is subject to full actuarial value.)

***Count as Connecticut public school service when calculating number of years completed.**

Additional credited service can be purchased at any time in your teaching career or upon application for retirement. However, documentation of such service can and should be completed as early as possible.

The cost of the purchase is based on an actuarial formula utilized by the STRB. To obtain an estimate of your cost, use the "Additional Service Credit Cost Estimator" found on the STRB Web site (www.ct.gov/trb). Additional service credit can be paid for with pre-tax dollars via a direct rollover from a qualified plan such as a 403(b).

One Percent and Voluntary Accounts

If you were hired before July 1, 1989, you contributed one percent of your annual salary into your own individual One Percent Supplemental Account. Since that date, your one percent supplemental contributions (now 1.25%) have been deposited into the retired teachers' health insurance fund. However, your pre-1989 contributions continue to accrue interest. Upon your retirement, you must elect how you would like your One Percent Supplemental Account distributed. You have three options: a lump-sum payment with the non-taxed portion rolled into a tax-deferred plan, the purchase of

If you have questions about your retirement benefits, write to the State Teachers' Retirement Board, 765 Asylum Avenue, 2nd Floor, Hartford, CT 06105-2822, or call 1-800-504-1102. Or visit the STRB Web site at www.ct.gov/trb.

an annuity through the STRB, or the purchase of additional credited service. Effective January 1, 2010, funds from the One Percent Supplemental Account can be used for the purchase of additional service credit **at any time** prior to, or at your retirement.

You may also make Voluntary Contributions into your retirement account. These can be made on an after-tax basis as a lump sum contribution or through payroll deduction. While you are actively teaching, you are limited to making one withdrawal from the Voluntary Account and your Voluntary Account must be liquidated upon retirement. Deductions may be reinitiated but may not be subsequently withdrawn while actively teaching. At retirement, your options for distribution of your Voluntary Account are the same as listed above for the One Percent Supplemental Account.

Continued on page 4

Retirement Benefit Formulas

Your Annual Salary

Your average annual salary means the average salary of your three highest-paid years in the public schools of Connecticut. This average salary is used, along with your credited service, as part of a retirement benefit formula. This formula is established by statute. The retirement formula used for calculating the amount of your benefit depends on the type of retirement for which you qualify. The various kinds of retirement — normal, proratible, early, and vested deferred — are explained below.

Normal Retirement

You will have what is called a normal retirement if you retire

- At age 60 or later and you have completed 20 years of public school service in Connecticut.
- At any age if you have completed 35 years of public school service, at least 25 of which were in Connecticut public schools.

Your Normal Retirement Benefit

You can calculate your normal retirement benefit by using the following formula:

$$2\% \text{ times your average salary times your credited service (in years) equals your yearly benefit}$$

For example, suppose you retire at age 64 with 22.5 years of credited service. Let us also assume your average salary was \$70,000. Here is how the formula works:

First, 2% times \$70,000 equals \$1,400. Then, \$1,400 times 22.5 years equals \$31,500. Your normal retirement benefit would be \$31,500 a year, or \$2,625 a month.

Benefit Limits

Under the retirement system, you can receive a maximum benefit of 75 percent of your salary, regardless of the number of years of service over 37.5 years.

Assume you retire at 63 with 39 years of credited service and your average salary was \$70,000. Under the formula you would receive: 2% times \$70,000 equals \$1,400. \$1,400 times 37.5 years equals \$52,500. Your normal retirement benefit in this instance would be \$52,500 a year, or \$4,375 a month. Please note that in this example, while you have 39 years of credited service, you will only receive credit for 37.5 years, the maximum allowed by law.

Proratible Retirement

If you are not eligible for a normal retirement benefit, you might be eligible for proratible retirement if you retire:

- At age 60 or later and you have completed between 10 and 20 years of service in Connecticut public schools.

Your Proratible Retirement Benefit

You can calculate your proratible retirement benefit in much the same way as for normal retirement, but the formula is different because you have fewer years of service. The formula used to calculate a proratible retirement benefit is

$$\text{A fraction (your service divided by 10) times your average salary times your credited service (in years)}$$

For example, suppose you retire at age 62 with 15.2 years of Connecticut service. Let us also assume that your average salary is \$70,000. You can use the formula as follows:

First, 15.2 years of service divided by 10 equals 1.52. (We use this fraction as a percent –

in this case 1.52%.) Then, 1.52% times \$70,000 equals \$1,064. \$1,064 times 15.2 years of service equals \$16,172.80. Your proratible retirement benefit is \$16,172.80 a year, or \$1,347.70 a month.

In some cases, you might have fewer than 20 years of Connecticut service but may be eligible to purchase other service credit. If this is the case, your benefit will be higher. For information on how purchased service affects the amount of your proratible retirement benefit, please contact the State Teachers' Retirement Board. Please note that for a proratible retirement, non-Connecticut years are calculated at 1%. This is not the case for a normal or early retirement.

Early Retirement

You may be eligible for an early retirement benefit if you retire:

- At any age before you reach age 60 and you have completed between 25 and 35 years of public school service, 20 of which were in Connecticut.
- or
- You have attained the age of 55 and you have completed at least 20 years of service, 15 of which were in the public schools of Connecticut.

Your Early Retirement Benefit

You can calculate your early retirement benefit using the same benefit formula as for normal retirement. However, your benefit is reduced, because you will probably receive benefits over a longer period of time.

The amount of your benefit reduction depends on how far away you are from normal retirement. In this case, your normal retirement date is when you reach 60,

or the date on which you would have completed 35 years of service, whichever comes first.

For each year and month you are away from normal retirement, there is a different early retirement factor. Your benefit is multiplied by this factor to find the reduced amount of your early retirement benefit. Tables 1A and 1B show the factors.

For example, suppose you retire at age 55 with 28 years of service. Since you are five years away from your 60th birthday, and seven years away from completing 35 years of service, you will use an early retirement factor for five years (Table 1A) which is 70 percent. We will assume that your normal retirement benefit is \$39,200 (2% times \$70,000 times 28). To find your early retirement benefit:

$$\text{Multiply } 70\% \text{ (factor for 5 years) times } \$39,200, \text{ or } \$27,440.$$

Your early retirement benefit is \$27,440 a year, or \$2,286.60 a month.

If you retire at age 55 with 31 years of service, you are considered four years early (four years away from 35 years of service). Your early retirement factor (Table 1B) is 88%. If your normal retirement benefit would be \$43,400 (2% times \$70,000 times 31), your early retirement benefit is 88% times \$43,400, or \$38,192 per year, or \$3,182.60 per month.

Retirement Percentage Chart

Table 2 shows what percentage of your final average salary you would receive based on your age and years of service at retirement.

Vested Deferred Retirement

You may be eligible for a vested deferred benefit if you leave Connecticut public school service after completing 10 years of teaching service. You'll receive this benefit if

- You have completed at least 10 years of Connecticut service before you reach age 60.
- You leave contributions in the system until you actually retire.

Your Vested Deferred Benefits

You can calculate your vested deferred benefit by first determining whether you would have completed 20 years of Connecticut service by the time you were age 60.

If by age 60 you would have been credited with 20 years of Connecticut service, you would determine your benefit as follows:

$$2\% \text{ times years of CT service times your average salary}$$

All non-Connecticut service is determined as follows:

$$1\% \text{ times years of non-CT service times your average salary}$$

For example, you left teaching at age 47 with 18 years of Connecticut service and 1.8 years of non-Connecticut service and an average salary of \$70,000. Your benefit beginning at age 60 would be:

$$\begin{aligned} &2\% \text{ times } 18.0 \text{ years} = 36\% \\ &+ \\ &1\% \text{ times } 1.8 \text{ years} = 1.8\% \\ &36\% + 1.8\% = 37.8\% \times \$70,000 = \\ &\$26,460 \text{ per year, or } \$2,205 \text{ per month} \end{aligned}$$

AGE
55
56
57
58
59
60

AGE	25 YRS
50	25.00%
51	27.00%
52	29.00%
53	31.00%
54	33.00%
55	35.00%
56	38.00%
57	41.00%
58	44.00%
59	47.00%
60	50.00%

AGE	32 YRS
50	58.24%
51	58.24%
52	58.24%
53	58.24%
54	58.24%
55	58.24%
56	58.24%
57	58.24%
58	60.16%
59	62.08%
60	64.00%

RESIG	60 o
RESIG	60 o
RESIG	60 o

Table 1A

For teachers retiring with less than 30 years of service

Years away from normal retirement	Early retirement factor
0	100%
1	94
2	88
3	82
4	76
5	70
6	66
7	62
8	58
9	54
10	50

Table 1B

For teachers retiring with 30 or more years of service

Years away from normal retirement	Early retirement factor
0	100%
1	97
2	94
3	91
4	88
5	85

Table 2

20 YRS	21 YRS	22 YRS	23 YRS	24 YRS
28.00%	29.40%	30.80%	32.20%	33.60%
30.40%	31.92%	33.44%	34.96%	36.48%
32.80%	34.44%	36.08%	37.72%	39.36%
35.20%	36.96%	38.72%	40.48%	42.24%
37.60%	39.48%	41.36%	43.24%	45.12%
40.00%	42.00%	44.00%	46.00%	48.00%

26 YRS	27 YRS	28 YRS	29 YRS	30 YRS	31 YRS
28.08%	31.32%	34.72%	38.28%	51.00%	54.56%
28.08%	31.32%	34.72%	38.28%	51.00%	54.56%
30.16%	31.32%	34.72%	38.28%	51.00%	54.56%
32.24%	33.48%	34.72%	38.28%	51.00%	54.56%
34.32%	35.64%	36.96%	38.28%	51.00%	54.56%
36.40%	37.80%	39.20%	40.60%	51.00%	54.56%
39.52%	41.04%	42.56%	44.08%	52.80%	54.56%
42.64%	44.28%	45.92%	47.56%	54.60%	56.42%
45.76%	47.52%	49.28%	51.04%	56.40%	58.28%
48.88%	50.76%	52.64%	54.52%	58.20%	60.14%
52.00%	54.00%	56.00%	58.00%	60.00%	62.00%

33 YRS	34 YRS	35 YRS	36 YRS	37 YRS	37.5 YRS
62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
64.02%	65.96%	70.00%	72.00%	74.00%	75.00%
66.00%	68.00%	70.00%	72.00%	74.00%	75.00%

AGE AT AGE	10 YRS	11 YRS	12 YRS	13 YRS	14 YRS
60 or older	10.00%	12.10%	14.40%	16.90%	19.60%

AGE AT AGE	15 YRS	16 YRS	17 YRS	18 YRS	19 YRS	20 YRS
60 or older	22.50%	25.60%	28.90%	32.40%	36.10%	40.00%

If you would not have been credited with 20 years of Connecticut service by age 60, you must use the early retirement percentage to determine your benefit amount. Suppose you left teaching at age 55 with 10 years of Connecticut service with an average salary of \$50,000 and wish to begin receiving your benefit at age 60. To determine your benefit, you would use the following:

Age for completion of 20 years of Connecticut service: 65
 Age benefits are to begin: 60
 Difference: 5 years
 Early Retirement Factor (Table 1A): 70%
 $70\% \times 2.0\% \times 10.0 \text{ years} = 14.0\% \times \$50,000 =$
 $\$7,000 \text{ per year, or } \583.33 per month

For more information about CEA-Retired, the CEA and NEA affiliate for retired Connecticut teachers, see www.cea.org or call Cheryl Hampson at 1-800-842-4316.

Retirement Payment Plans

How Your Benefit Is Paid

The amount of your benefit depends on the payment plan you choose. There are three different ways you can elect to receive your benefits and all three options may provide benefits to your chosen beneficiary upon your death after retirement. The options, explained below, are known as partial refund option, lifetime and period certain option, and co-participant option.

Partial Refund Option (Payment Plan N)

Under this payment plan, if 25 percent of the benefits you receive between retirement and death is less than your contributions, your beneficiary may receive a lump-sum benefit at your death. The amount of the lump-sum benefit is the difference between 25 percent of the benefits you have already received and your total contributions including accumulated interest.

This means you will receive your full benefit for as long as you live, and your beneficiary may receive a refund of some of your contributions when you die.

Lifetime and Period Certain Option (Payment Plan C)

Under this option, you agree to take a reduced benefit during your lifetime, with a certain number of payments to be paid to a named beneficiary upon your death.

You may choose a guaranteed period of:

- 5 years (60 payments)
- 10 years (120 payments)
- 15 years (180 payments)
- 20 years (240 payments)
- 25 years (300 payments)

This period begins as of your retirement date.

Co-Participant Option (Payment Plan D)

If you elect this payment plan, you can choose to continue payment of a portion of your benefit to a beneficiary after your death. You may continue one-third, one-half, two-thirds, three-fourths, or all of your benefit to your designated co-participant/beneficiary. After you die, your beneficiary will receive a monthly payment for life.

If you elect Plan D, your payment will be reduced, because benefits will be paid over two lifetimes — yours and your beneficiary's. In other words, Plan D is a form of protection for your beneficiary's entire life after you die.

If you die after meeting the eligibility requirements, but before your payments begin, your beneficiary will still receive the benefit you elected.

Plan D is terminated once the designated co-participant dies or is divorced from you after your retirement, but before your death. You will then be paid the unreduced normal, early, or prorable benefit for which you are eligible.

Applying for Your Benefits

To receive your retirement benefits, you must file an application with the STRB.

Your benefits will be effective on the first of the month following your last month of teaching. For example, if you retire from teaching on June 15, 2011, your benefits will be effective July 1, 2011.

When applying for benefits, you must provide the following information and forms:

- Application for retirement
- A photocopy of your birth certificate (or other acceptable proof of birth date)
- Records of other service, if required

A retirement application is available from the STRB, including its Web site, www.ct.gov/trb.

Medical Benefits Upon Retirement

Medicare-Eligible Retirees

Those retired teachers and spouses who are participating in Medicare Parts A and B can purchase a Medicare supplement plan through the STRB. It is a self-insured indemnity plan administered by Stirling Benefits of Milford, Connecticut. (Some locally negotiated agreements provide such coverage through local boards of education as well.) As of January 1, 2010, the Medicare supplement plan costs \$112.00 per month per person and includes an unlimited prescription drug plan. Dental, vision and hearing coverage is available to be purchased as well. See the STRB Web site for a detailed plan description.

Non-Medicare Eligible Retirees

Those retired teachers and/or spouses who are NOT participating in Medicare Parts A and B may obtain their health insurance through their last employing board of education. Such retired teachers must be offered the same choice of insurance plans as active teachers receive. Absent contractual language to the contrary, teachers are responsible for the full cost of the insurance plan. However, teachers and their spouses receiving insurance through their last employing board of education will receive a monthly subsidy from the STRB to help defray part of the cost. The current subsidy is \$110 per month per person (i.e., \$220 for covered teacher and spouse). If you are age 65 or older and do not qualify for Medicare, the subsidy is \$220 per person (as long as your cost is at least \$220 per month). See the STRB Web site for more information about this higher subsidy amount.

Cost-of-Living Adjustments

To help keep up with rising costs, the STRS provides a cost-of-living adjustment each year. Under the current law, this allowance begins on either July 1 or January 1, after you complete nine months of retirement. For example, if you retire on July 1, 2011, you will have completed nine months of retirement by April 1, 2012. Your first cost-of-living increase will be added to your checks starting July 1, 2012. Cost-of-living adjustments do not apply to survivors' benefits before retirement.