

Leaving State Employment

IMPORTANT!

Read this brochure and the plan booklets carefully before making decisions that affect your benefits.

When leaving State of Alaska employment, you must make several important decisions about your contributions to the retirement system, investments, medical coverage, and life insurance.

Although the information in this brochure covers the plans as they exist today, you should always contact your Human Resources office or the Division of Retirement and Benefits for complete and up-to-date information.

Teachers' Retirement System (TRS) Defined Benefit Plan (Tiers I and II)

If you are a member of the TRS Defined Contribution Retirement (DCR) Plan, skip to the bottom of page 2.

When you leave state employment and are participating in the Teachers' Retirement System (TRS), you may choose to retire (if eligible), leave your contributions in the TRS, or refund your contributions.

- If you are retiring, contact the Division's Member Education Center at (800) 821-2251 (Monday - Thursday 8:30 a.m. to 4 p.m., and Friday 8:30 a.m. - 3 p.m. Alaska time.) at least 90 days in advance of your planned retirement date to obtain the required forms and information. Make sure you are eligible to retire before you terminate employment.
- You may terminate and receive a retirement benefit when you reach retirement age if you are vested. (Vested means having at least eight paid-up years of TRS membership service, 12 paid-up years of a combination of full- and part-time service, or if you have worked at least 172 days in 12 school years of paid-up part-time membership service. **You must leave your contributions in the system to receive a retirement benefit.**)
- You may refund your TRS account after being terminated from employment for at least 60 days.

Warning: Defined Benefit Members wishing to withdraw contributions from the system need to be aware that a refund of contributions forfeits all future benefits, including retiree health insurance coverage, unless they return to TRS work in future. If they return to TRS work in the future, they must choose whether to return to their original DB TRS tier within 30 days of rehire, and an indebtedness will be set up to repay refunded DB contributions, plus interest.

Retirement Eligibility

To receive TRS monthly retirement benefits, you must meet certain age and service requirements. If you first entered TRS employment:

- Before July 1, 1990 (Tier I), you may retire at age 55 for normal or age 50 for early retirement; or
- After June 30, 1990 (Tier II), retire at age 60 for normal or age 55 for early retirement.

You may retire at any age if you have at least:

- 20 paid-up years of TRS membership service, or
- 25 years of paid-up credited service, the last five of which have been membership service, or
- 20 full school years of combined part-time and full-time service.

You may retire with two paid-up years of TRS service if you are vested in the Public Employees' Retirement System (PERS) and are eligible for retirement. You may retire with one paid-up year of TRS membership service if you are retired from the PERS.

If you are not vested in either the TRS or the PERS, you may be able to combine your TRS and PERS service under the public service benefit provision in the PERS. You must have a minimum combined total of five years service with a minimum of two years in the PERS. Please contact the Division to find out if this provision applies to you and what the costs will be.

It does not pay to delay! Once you are eligible for a normal retirement benefit, you will **not** receive a higher TRS benefit if you have stopped working in a TRS position and delay receiving a retirement benefit until after your normal retirement age. See *Retirement Benefits, Death Benefits, and Insurance* in the *TRS Information Handbook* for details.

Warning: If you have earned a full year of TRS credit (172 days) during your last school year, you are not eligible to retire until the beginning of the following school year (July 1), regardless of when you terminate TRS employment.

Retirement Medical Benefits

While you are receiving monthly retirement benefits, you may be eligible for system-paid AlaskaCare medical benefits. If you are not eligible for system-paid benefits, you may choose to purchase coverage.

The State of Alaska retirement systems provide extensive and valuable benefits for you and your family including hospitalization, medical, surgical, maternity care, and other services necessary for the diagnosis and treatment of an injury or disease.

Your health care coverage is good worldwide. These benefits may change

from time to time. Contact the Division of Retirement and Benefits for the most current information and to determine your eligibility.

Decisions Regarding Your Contribution Account

If you are not eligible to retire from the TRS, you have choices to make regarding your contribution account. You can:

- leave your contributions in the system and retain your benefit tier in anticipation of future work with the Alaska TRS; or
- refund your contributions.

Leaving Your Contributions in TRS

If you are not retiring, you may choose to leave your contributions in your TRS account. To maintain rights to TRS benefits, inactive (terminated) TRS members must apply for a refund or benefit before July 1 following their 75th birthday or within 50 years of the last active date of TRS membership. It is very important to notify the Division about changes to your address and the address of your beneficiary.

TRS Refunds

You may refund your TRS contribution account at any time after being terminated from employment for at least 60 days. A refund from your TRS Defined Benefit account can be paid as a lump sum payment to the participant or as a direct transfer/rollover to a qualified plan. The refund can be made in combination of the two forms of distribution, but the distribution amount must equal 100%. To request a refund, you must complete a *Refund Election* form (gen008).

Your employee contribution account includes:

- 1) your mandatory contributions;
- 2) any indebtedness principal and interest payments; and
- 3) interest earned.

A refund of contributions does not include the employer contributions that have been made or the investment income earned.

If you are married, a notarized consent from your spouse on the *Refund Election* form (gen008) is required if you are vested and want to receive a refund of your contributions. (*Some exceptions may apply*).

Warning: Defined Benefit Members wishing to withdraw contributions from the system need to be aware that a refund of contributions forfeits all future benefits, including retiree health insurance coverage, unless they return to TRS work in future. If they return to TRS work in the future, they must choose whether to return to their original DB TRS tier within 30 days of rehire, and an indebtedness will be set up to repay refunded DB contributions, plus interest.

If you are vested and die before retiring, your spouse may receive a monthly survivor benefit if you have not refunded your contributions.

Leaving Employment Because of Disability

If you are terminating your employment because of disability, your application for disability benefits must be either received by the Division or postmarked within 90 days after termination of employment. For an application packet or for more information, contact the Division.

Caution: If you refund your contribution account instead of applying for a disability benefit, you are no longer eligible for that benefit or any future TRS retirement benefit or associated system-paid AlaskaCare medical insurance benefits.

Returning to TRS Employment

If you return to TRS employment in a TRS-covered position with a TRS employer, and have taken a refund, you must choose whether to return to your original DB TRS tier within 30 days of rehire, and an indebtedness will be set up to repay refunded DB contributions, plus interest.

If you are retiring from employment, you may return to work in any non-TRS participating position without limitations, as long as you have satisfied IRS Bona Fide Termination rules. Please see the brochure *Terminating Employment to Retire (gen069)* for more information.

You may also work in a temporary, substitute position or on a personal services contract without affecting your retirement benefits, as long as you have satisfied IRS Bona Fide Termination rules. Please see the brochure *Terminating Employment to Retire (gen069)* for more information.

When you return to work in a permanent TRS position after retirement, you can only choose the Standard Option. Under the Standard Option your retirement benefit will be suspended until you terminate employment. TRS contributions will be deducted, and you will accrue TRS service.

Caution: There are some restrictions for those who retired under a RIP.

For more information, read your *Information Handbook*, the TRS brochure *Working After Retirement*, or contact the Division.

Repaying Refunds or Indebtedness

Under certain circumstances, you may repay a claimed service indebtedness or reinstatement indebtedness (prior refunded service) through pretax transfers from other Pretax qualifying plans. This option is available upon termination or while you are still in service. **It is not available if you are retired.** Contact the Division's Member Education Center for specific information.

You may also repay an indebtedness with **post-tax** payments to the TRS.

TRS Defined Contribution Retirement Plan (DCR)

You are *first eligible* to receive payment of your TRS Defined Contribution

Retirement (DCR) Plan account when you have been terminated for at least 60 days, provided that you are not rehired by a participating employer before 60 days have passed, and you have satisfied IRS bona fide termination rules. Please see the brochure *Terminating Employment to Retire (gen069)* for more information.

If you have completed a *Distribution/Direct Rollover Request* form to receive payment(s) from your account, Empower Retirement will verify you are eligible to receive payment and set up the final payment instructions **after** 60 days have passed. Partial account payments will be allowed, after the 60-day termination requirement has been met.

A partial or full distribution may be requested. It is important to understand the tax consequences of your decision and the impact it may have during your retirement years. For assistance, contact Empower Retirement. Also, please keep in mind that if you rollover or refund TRS DCR funds (even if it's only a partial withdrawal), you may forfeit unvested employer matching contributions. If you return to TRS DCR service in future after taking a distribution from the DCR plan, you will start over on the vesting schedule for employer matching contributions.

You are not required to complete a *Distribution/Direct Rollover Request* unless you are planning to refund your account. After you terminate, you may defer payment of your account for any length of time until April 1 of the year after you turn 73; however, payments **must** begin no later than April 1 of the year after you turn 73. The balance of your account will continue to change in value depending on market conditions.

Important information about payments and taxes is included as part of the instructions to the *Distribution/Direct Rollover Request* form. This form is available on the Empower Retirement website. If you have questions, contact Empower Retirement at (800) 232-0859.

Other Considerations: Unused Sick Leave Credit

If you change employment from the Department of Education and Early Development to a school district, or from one school district to another and your service is continuous, you may transfer all of the cumulative sick leave to the new employer. It is the responsibility of the employee to notify the new employer, **within 90 days** of commencing work, of the number of days to be transferred.

If you have worked for the University of Alaska, you will need to file a separate claim form with the Division of Retirement and Benefits for that service. The University neither accepts nor transfers unused sick leave.

When you retire, you may receive additional TRS credit by claiming your unused sick leave. Only full days of sick leave are credited towards your retirement. Your claim for unused sick leave must be verified by your last employer and a claim form must be received by the TRS no later than one year after you are appointed to retirement. It is your responsibility to ensure that this form is completed and returned to the Division of Retirement and Benefits.

Taxes and Your Benefits

Refunds are subject to state and federal taxes or penalties. Please see the *TRS Information Handbook* (Tier I-II/Defined Benefit), the *DCR Plan Information Handbook* (Defined Contribution), or the *Distribution/Direct Rollover Request* forms available on the Empower Retirement website for additional information on taxes. Division employees do not give tax advice. You are encouraged to contact a tax expert for advice about how a contribution refund will affect you.

Twenty percent (20%) will be withheld for federal income tax on lump sum payments paid directly to participants. The 20% withholding **does not** apply to lump sum payments **transferred plan-to-plan** into other qualified plans.

The federal government may also impose a tax penalty of 10% of distribution amounts, in addition to regular taxes due, when plan accounts are withdrawn before age 59-1/2.

There may be exceptions allowed by the federal government. Contact the Internal Revenue Service or a tax expert for details before paying the penalty.

Beneficiary Designations

Please review your beneficiary designations periodically and make any necessary changes. Many people forget to update their designations when they marry, divorce, their spouse dies, or a beneficiary's address changes.

Contact the **Division of Retirement and Benefits** if you need to change your designations for the:

- Teachers' Retirement System (TRS) Tier I/II Defined Benefit Plan

Contact **Empower Retirement** for the:

- TRS DCR Plan

A separate designation form is required for each plan.

Beneficiary designations on file at the time of death determine the payout, *not your will*. It is important to keep your beneficiary designations and beneficiary addresses up to date.

Address Changes

Prior to leaving State service, contact your Human Resources office to change your address in their payroll system.

After you terminate, if you have money in the TRS DCR Plan, you must notify Empower Retirement and the Division to change your address.

You may change your address by sending written, signed requests with your Retirement Identification number (RIN) or the last four digits of your Social Security number to the Division's Juneau office for the TRS Tier I & II Plans and to Empower Retirement and the Division for the DCR Plan.

Always keep your address current so you will receive important information regarding your benefits.

Forms Reminder

You may be required to complete (or provide) the following forms when you leave state employment:

Refund Election (gen008) (Tier I/II)

If you wish to receive a refund of your TRS contributions, you **must** complete and submit this form to the Division. It will take about 70 days to issue the refund check. You must be terminated for at least 60 days and it takes an additional 10 days to complete the refund process.

TRS Defined Contribution Retirement Plan (DCR) Withdrawal Requests

To receive payment of your TRS DCR account, contact Empower Retirement to get the correct form for the distribution option you are choosing: akdrb.com or (800) 232-0859. You may elect to receive payment of your annuity account now or defer payment until a later date.

Divorce or Dissolution of Marriage

If you were married while working in any TRS-covered position and have subsequently divorced, you will need to submit court-certified copies of your divorce paperwork.

Writing the Division

Print your full name, address, and telephone number on your letter. Be sure to include your Retirement Identification number (RIN) or the last four digits of your Social Security number and sign and date any request for information or action.

Department of Administration

Division of Retirement and Benefits

P.O. Box 110203

Juneau, AK 99811-0203

Calling the Division

When calling the Division, please tell the receptionist why you are calling and have your Retirement Identification Number (RIN) or the last four digits of your Social Security number ready. You will be transferred to the appropriate section.

Our Member Education Center phone hours of operation are Monday - Thursday 8:30 a.m. to 4 p.m., and Friday 8:30 a.m. - 3 p.m. Alaska time.

Toll-free: (800) 821-2251

In Juneau: (907) 465-4460

Fax: (907) 465-3086

TDD for the hearing impaired: (907) 465-2805

Visiting the Division

If you are planning to visit the Division, please call ahead for an appointment. This saves valuable time and allows us to review your records and prepare for your visit.

The Juneau office is open Monday through Friday between 8 a.m. and 5 p.m., with limited staff working in Juneau during the noon hour and from 4:30 to 5 p.m.

Main Office

6th floor, State Office Building 333 Willoughby Avenue, Juneau

Anchorage Field Office (by Appointment Only)

550 West 7th Ave., Ste 1200, Anchorage

Retirement and Benefits Online

Our website, drb.alaska.gov, contains information about your retirement benefits, medical coverage, insurance benefits, Alaska Deferred Compensation Plan, retiree check mailing dates, email contacts, forms, and much more.

Email Contacts

Member Education Center

doa.drb.mscc@alaska.gov

Financial Education and Advice Services

advisedassetsgroup@retirementpartner.com

Empower Retirement Anchorage office

anchorage_empower_office@empower-retirement.com

Health Insurance Information

AlaskaCare.gov

Checklist Reminder

Be sure to check the status of your:

- TRS Contributions
- Alaska Deferred Compensation Plan
- Indebtedness
- Life Insurance
- Medical Insurance
- Beneficiaries
- Address Changes
- Required Forms
- Unused Sick Leave

The Alaska Department of Administration complies with Title II of the 1990 Americans with Disabilities Act. This publication is available in alternative communication formats upon request. To make necessary arrangements, contact the Division of Retirement and Benefits, ADA Coordinator, at (907) 465-4460 or the TDD for the hearing impaired at (907) 465-2805.

Alaska Division of Retirement and Benefits

6th Floor, State Office Building | 333 Willoughby Ave. | P.O. Box 110203 | Juneau, AK 99811-0203

Member Education Center

Hours: Monday-Thursday 8:30 a.m. to 4 p.m. | Friday 8:30 a.m. to 3 p.m.

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