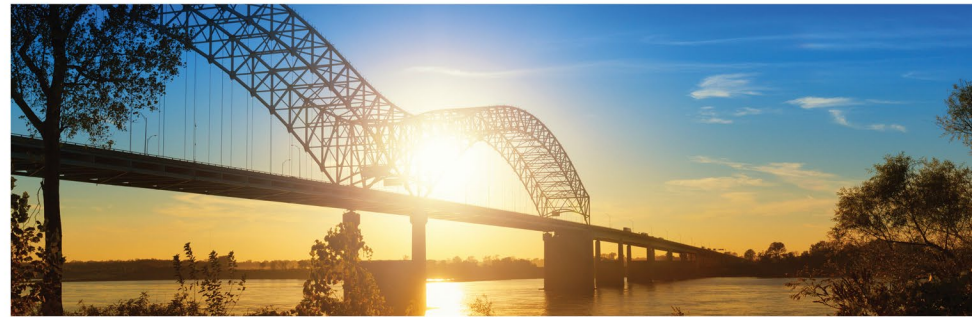


RetireReadyTN

TGFOA 2024

Program Update





What is *RetireReady*TN?

*RetireReady*TN is the state's retirement program, combining the strengths of a defined benefit plan provided by the Tennessee Consolidated Retirement System (TCRS), deferred compensation plans offered by Empower Retirement, and retirement readiness education. We strive to empower public employees to take actionable steps toward preparing for the future.





TCRS Data and Statistics



TCRS Funding and Strength

- TCRS is recognized as one of the three (3) best funded public pension plans in the nation
- Strong funded status is a result of
 - Strong leadership which has led to every Governor budgeting and every General Assembly appropriating sufficient money to fund the amounts required by the actuary since at least 1975
 - Active management and review of the pension plan which let to the Hybrid Retirement Plan for State Employees and Teachers becoming effective July 1, 2014
 - Conservative and diversified portfolio



TCRS Funding and Strength

- Treasury has supported the retirement system with strong investment management and pension administration
 - More than \$77.5 billion in investment earnings since 1972
 - Over \$65 billion held in trust
 - TCRS is funded through investment earnings, employer contributions, and employee contributions
 - Investment earnings account for over 68.12% of TCRS funding
 - Employer contributions account for 24.12% of TCRS funding
 - Employee contributions account for 7.67% of TCRS funding
 - In fiscal year 2023, TCRS paid \$3.12 billion in retirement benefits to 156,738 retirees



Retirement System

Actuarial Experience Study

June 30, 2020 actuarial experience study

- Determined assumptions to be used in the 2021-2024 actuarial valuations
- 6.75% earnings assumption, reduced from 7.25%
- 4.0% weighted average graded salary assumption, unchanged
- 2.25% underlying inflation assumption, reduced from 2.5%
- 2.125% retiree COLA assumption, reduced from 2.25%
- Mortality assumptions changed to Pub-2010 Annuitants adjusted for TCRS experience, with mortality improvement scale MP-2020 and full generational mortality
- Turnover, pattern of retirement, and pattern of disability are based on past experience with no changes

The experience study assumption changes are effective for actuarial valuations beginning July 1, 2021 and reflected in employer contribution rates beginning July 1, 2022.

The next experience study will be June 30, 2024. Changes in assumptions will effect the actuarial valuations beginning July 1, 2025 and will be reflected in employer contribution rates beginning July 1, 2026.




Legacy Plan Overview

RETIRE READY



Tennessee
Consolidated
Retirement
System



401(k)/457(b)
Plans



Retirement
Readiness
Education



Legacy Plan Design

TCRS Legacy Benefit Formula					
Accrual Factor		Average Final Compensation		Years of Service	
	x	Average of Member's Highest 60 Consecutive Months of Salary	x	Service established while in a position covered by the Legacy Plan	= Annual Benefit
1.575%*					

- Eligibility for an unreduced retirement benefit begins at age 60 or with 30 years of creditable service
- 5 year vesting**
- Members may participate in the State 401(k)/457 if the Local Government entity has adopted the plan.

*Accrual factor is 1.5% for Local Governments without BIP

**Some Local Government entities have 10 year vesting



Hybrid with Cost Controls Plan Overview





Hybrid Plan Design

TCRS Hybrid Benefit Formula				
Accrual Factor		Average Final Compensation	Years of Service	
	x	Average of Member's Highest 60 Consecutive Months of Salary	x	Service established while in a position covered by the Hybrid Plan
1.0%				= Annual Benefit

- Eligibility for an unreduced retirement benefit begins at age 65 or based on the “rule of 90”
- 5-year vesting in TCRS, auto enrollment and immediate vesting in 401(k)

	Employer Contributions	Member Contributions	Total Contributions
TCRS	4%	5%	9%
401(k)	5%	2% ¹	7%
Total	9%	7%	16%



Retirement System

TCRS – June 2023

Membership		Active	Retired	Benefit Payments
Legacy Plan - Closed June 30, 2014				
	State & Higher Education	27,601	55,183	\$1,114,968,929
	K-12 Teachers	45,776	53,140	1,432,685,681
	Local Government	77,041	47,838	571,595,680
	Total	150,418	156,161	\$3,119,250,290
Hybrid Plan - Opened July 1, 2014				
	State & Higher Education	36,595	317	\$756,790
	K-12 Teachers	31,613	189	456,548
	Local Government	9,779	71	199,587
	Total	77,987	577	\$1,412,925

- State employees and higher education employees are combined for liability purposes
- K-12 teachers are a separate liability pool and are cost sharing among the 142 LEAs
- Local government participation is optional with each being a separate agent plan
- Local government liabilities valued individually
- Benefits portable between governmental employers



Retirement System

		State & Higher Ed Employees	Teachers	Aggregate of Local Government Employees
Legacy Plan				
	Total Pension Liability	\$ 19,206,765,714	\$ 27,759,545,858	\$ 13,490,175,433
	Fiduciary Net Position	18,015,405,600	28,985,951,126	13,437,220,704
	Net Pension Liability (Asset)	\$ 1,191,360,114	\$ (1,226,405,268)	\$ 52,954,729
	Funded Ratio	93.80%	104.42%	99.61%
Hybrid Plan				
	Total Pension Liability	\$ 518,587,436	\$ 666,126,770	\$ 74,752,263
	Fiduciary Net Position	543,526,234	696,419,284	73,144,515
	Net Pension Liability (Asset)	\$ (24,938,798)	\$ (30,292,514)	\$ 1,607,748
	Funded Ratio	104.81%	104.55%	97.85%



Political Subdivision Retirement Participation

- 670 plans among political subdivisions
 - 599 Legacy
 - 29 Hybrid with Cost Controls
 - 34 Hybrid without Cost Controls
 - 8 Alternative Defined Benefit
- 383 political subdivisions currently participate in the 401(k) and/or 457(b)
 - 72 Counties
 - 152 Municipalities
 - 146 Special Districts
 - 13 LEAs have adopted the 457(b)



TCRS Plan Eligibility, Enrollment and Reporting



TCRS Enrollment: “Member Look-up Tool”

- The Member Look-up Tool in ESS has been updated. The tool can now be utilized by Political Subdivisions who have a closed plan (Legacy) and a new TCRS Plan (Hybrid).
- An additional field was added to guarantee accuracy when used by State Agencies, LEAs and now Political Subdivisions >>> **“Employer Plan Code”**

Member Plan Search

Please select search criteria (SSN or Member ID) and click show to display the appropriate plan to use for member reporting.

Search By:

SSN: - -

Employer Plan Code (5 digits, without leading 0's):



For Teachers

- To search for the correct plan for a Teacher, use the General Teacher Code of 90000

Search By:	SSN - Single
SSN:	●●● - ●● - ●●●●
Employer Plan Code (5 digits, without leading 0's):	90000
	Show

For Political Subdivisions

- To search for the correct plan of a classified employee of a BOE, use the appropriate "Master Code"

Search By:	SSN - Single
SSN:	●●● - ●● - ●●●●
Employer Plan Code (5 digits, without leading 0's):	8
	Show



Board Member Participation



Elected Board Member Benefit

- Board Member participation is optional.
- Each Local Government employer has the option to allow their Board Members to participate in TCRS via Resolution
- As a Minimum Benefit Payment, the calculation works differently from the Legacy or Hybrid Plans.
- On the Board Member participation resolution, there is a choice for the Minimum Benefit Amount:
 - \$7
 - \$8
 - 18.01 (includes Cost of Living Adjustment)
 - \$25.73 (includes Cost of Living Adjustment)



Important Notes on Board Member Participation

- There is a difference between full-time elected officials (Mayor, Sheriff, Trustee, etc.) and County Commissioners/Board Members for TCRS purposes.
- County Commissioners/Board Members with overlapping service as a full-time member anywhere in TCRS will not receive a benefit for their Board time.
- When there is overlapping service, it is important to remember that the member will have 1 retirement date and must separate from all service in order for the benefit to be paid.



Annual Census Reviews



Annual Census Reviews

- TCRS now conducts a review of census data provided to TCRS by local education agencies and political subdivisions
 - Census Review will cover the demographic Data reported within FY 2021-2022
 - Agency's Demographic Data File(s) can be found in Concord under the Services Tab in File Catalog
- The purpose of the review is to determine the accuracy of data reported to TCRS by employers on behalf of members.
- You will meet with your assigned Employer Education and Review Representative to discuss any discrepancies in the data



Ensuring data integrity

- Information reported to TCRS is verified through periodic census reviews to identify:
 - Demographic inconsistencies (SSN, Date of Birth, Gender)
 - Compensation inconsistencies
 - Unreported employees required to be reported to TCRS
 - Reporting of employees ineligible for TCRS
- Education and Review Team Specialists assist employers with corrections to member records and provide training and information to employers regarding reporting requirements



Census Review Outcomes

- More accurate actuarial experience studies and valuations
- Automation of TCRS systems
- Faster processing times
- Accurate benefit estimates and retirement benefit calculations
- Compliance with federal and state laws and program rules



70% Return to Work



Working After Retirement: 70% Benefit



Retired law enforcement officers, emergency medical services employees, teachers, and bus drivers receiving a monthly TCRS benefit may temporarily return to work with a TCRS-covered employer under the following provisions:

- Must maintain annual training and licensures required
- 60-day waiting period from the member's date of retirement unless waived by employer
- Must have requisite experience/training and there are no other qualified persons available to fill the position
- Benefit is reduced to 70% of what is otherwise payable
- Appointment cannot exceed one year, but retiree can reapply
- Cannot switch from one reemployment provision to another during the year
- This law is set to sunset on June 30, 2025



Return to Work with 70% Benefit

- The Return to Work with 70% Benefit form for eligible retirees wishing to return to work under this option has been published to the Forms and Guides Page at RetireReadyTN.gov.

[ReturnToWorkWith70PercentBenefit.pdf \(tn.gov\)](#)

- During the period of reemployment,
 - 1) Employers should report employees as Non-participating (NONP) under the Limited Reemployment of a Teacher option
 - 2) Must remit to TCRS the greater of 5% of the retiree's earnable compensation or the actuarially determined contribution rate
- Once the retiree separates from employment, the appropriate sections of the Return to Work with 70% Benefit Form should be completed and returned for TCRS to remove the 30% benefit reduction.
- Retirees cannot change between Return to Work provisions within a one year period. (ie: 120 Day Temporary Employment to 70% RTW)
- This law does not eliminate or alter any existing Return to Work Provisions.



TCRS Education & Review Team

Treasury Outreach

Drew Freeman, Director

Drew.Freeman@tn.gov

615-806-4467

East Tennessee

Rena Olden, LEA Specialist

Rena.C.Olden@tn.gov

615-476-0959

Middle Tennessee

Ross Hunt, LEA Specialist

Ross.S.Hunt@tn.gov

615-981-5041

West Tennessee

LaMeka Ivy, LEA Specialist

LaMeka.Ivy@tn.gov

629-259-2016

Candice Gilreath, LG Specialist

Candice.Gilreath@tn.gov

615-983-7153

Reese Davis, LG Specialist

Reese.Davis@tn.gov

615-906-0783

Bill Brundige, LG Specialist

Bill.Brundige@tn.gov

615-734-0434

TCRS.EmployerReporting@tn.gov



Deferred Compensation Plans: Additional Savings Opportunities



Deferred Compensation Plans: 401(k) and 457(b)



- Amount available in retirement is based on contributions, plus any accumulated earnings
- Members are immediately vested (unless the employer has set up a different vesting schedule)
- Upon terminating employment or retiring, an employee may leave the account balance in the plan, roll it over to another plan, or begin taking distributions
- Members select their investment options based on their individual goals, risk tolerance, and timeline
- If the member withdraws money from a 401(k) or account balance prior to age 59 ½, they may be subject to a 10% early distribution tax



A program of the Tennessee Treasury Department | David H. Lillard, Jr., Treasurer



A program of the Tennessee Treasury Department | David H. Lillard, Jr., Treasurer

Reporting To Empower

State of Tennessee 401(k) and 457(b) Plan



Who should be reported to Empower?

- All active employees receiving a paycheck from the participating employer

Why is it important to report all active Employees to Empower?

- Retirement Education
- Ease of Enrollment
- More Efficient Service for Employees and Employers
- Access to Tools and Resources including Lifetime Income Score
- Retirement Readiness Reviews
- Accurate Recordkeeping

Why is it important to submit contributions via PDI file?

- Efficiency in updating employee data
 - Less room for error than manual processing
 - Reporting Automatic Enrollment Suppression Code for each employee
-
- If you are not already submitting a PDI file to Empower, please contact the Client Service Team at RTNClientService@empower.com.



401(k) Reporting Resources





Additional resources are available on the Employers webpage on RetireReadyTN.gov

Resources for reporting employees

Deferred Compensation Resources

-  [Employer Reporting Checklist for 401\(k\) and 457 plans](#)
-  [401\(k\)/457 Plan Service Center User Guide](#)
-  [401\(k\)/457 Plan Service Center Reporting Tutorial \(video\)](#)
-  [401\(k\)/457 Plan Service Center Contribution Processing Tutorial \(video\)](#)
-  [401\(k\)/457 Employer Reports Quick Reference Guide](#)
-  [Optional Retirement Program FAQ for Higher Education Employees](#)
-  [Reporting Terminated Employees for 401\(k\)/457 Plans](#)

TCRS Resources

-  [Enrollment Decision Guide for Local Government New Hires](#)
-  [Enrollment Decision Guide for State, Higher Education, and Teacher New Hires](#)
-  [Enrollment Decision Guide for New Full-Time, PLSA-Exempt Higher Education Employees](#)
-  [TCRS Employer Manual](#)



Retirement Readiness Resources



- [RetireReadyTN.gov](https://www.RetireReadyTN.gov)
- Customer Service Call Center: 1-800-922-7772, open Monday - Friday from 8:00 a.m. - 7:00 p.m. CST
- Group Presentations
- Comprehensive Individual Retirement Planning – Retirement Readiness Reviews (early-mid career)
- Benefit Estimates – 3 years from retirement eligibility
- Pre-Retirement Counseling
- 17 RetireReadyTN Plan Advisors across the State



RetireReadyTN.gov



RETIRE  **READY**
 TENNESSEE'S RETIREMENT PROGRAM


A program of the Tennessee Treasury Department | David H. Lillard, Jr., Treasurer

Hybrid Retirement Plan Information for General State & Higher Education Employees hired on or after July 1, 2014

RetireReadyTN is the state's retirement program, combining the strengths of a defined benefit plan provided by the Tennessee Consolidated Retirement System (TCRS), the State of Tennessee 401(k) plan through services provided by Empower Retirement, and retirement readiness education. We strive to empower public employees to take actionable steps toward preparing for the future.

Full-time state and higher education employees hired on or after July 1, 2014 are members of the Hybrid Retirement Plan for State Employees and Teachers (Hybrid Plan) as a condition of employment.




RETIRE  **READY**
 TENNESSEE'S RETIREMENT PROGRAM

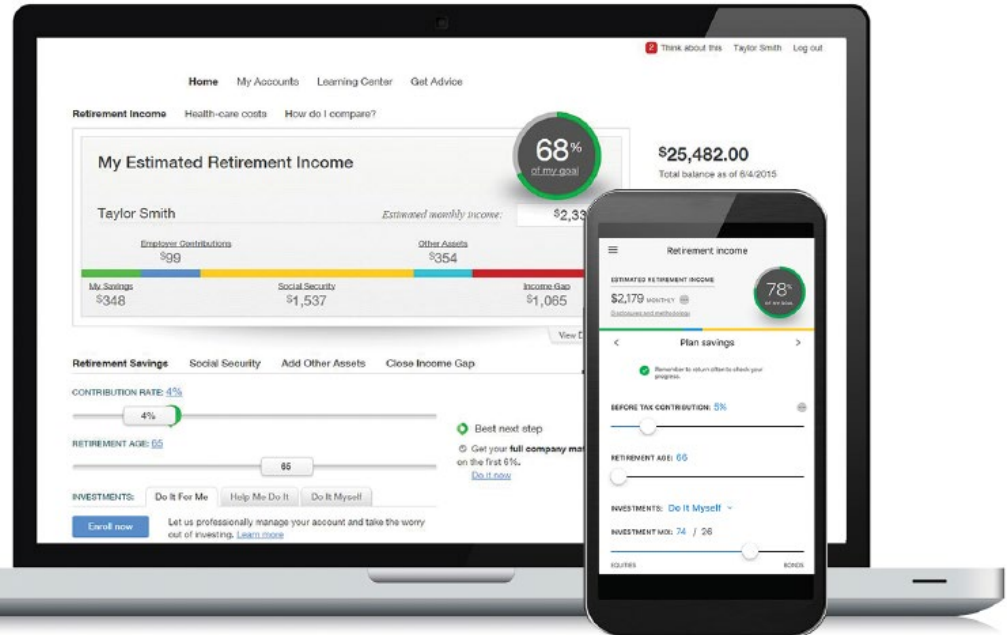
About Tennessee

- TCRS provides a defined benefit plan to eligible employees.
- Higher education at TCRS upon completion of a TCRS-covered employer.
- Vested members receive retirement benefits (years of service + years of creditable service).
- Benefits are calculated based on years of service + years of creditable service, final compensation consecutive years of service.

About the 401(k)

- The amount a member can contribute (if any), to the member's 401(k) plan.
- Members are immediately eligible to participate in the 401(k) plan.
- Members select their investment options.
- State and higher education employees.

*The IRS limits the maximum amount that can be contributed and are published at irs.gov.
 **If the member withdraws money from the 401(k) plan, distribution tax applies.



Home My Accounts Learning Center Get Advice

Retirement Income Health-care costs How do I compare?

My Estimated Retirement Income

Taylor Smith Estimated monthly income: \$2,337

68% of my goal

\$25,482.00 Total balance as of 6/14/2015

Category	Amount
My Savings	\$348
Social Security	\$1,537
Income Gap	\$1,065
Other Assets	\$354
Employer Contributions	\$99

Retirement Savings Social Security Add Other Assets Close Income Gap

CONTRIBUTION RATE: 4% (Slider: 4% to 10%)

RETIREMENT AGE: 65 (Slider: 65 to 70)

BEST NEXT STEP: Get your full company match on the first 6%. [Do it now](#)

INVESTMENTS: Do It For Me | Help Me Do It | Do It Myself

Exit now Let us professionally manage your account and take the worry out of investing. [Learn more](#)

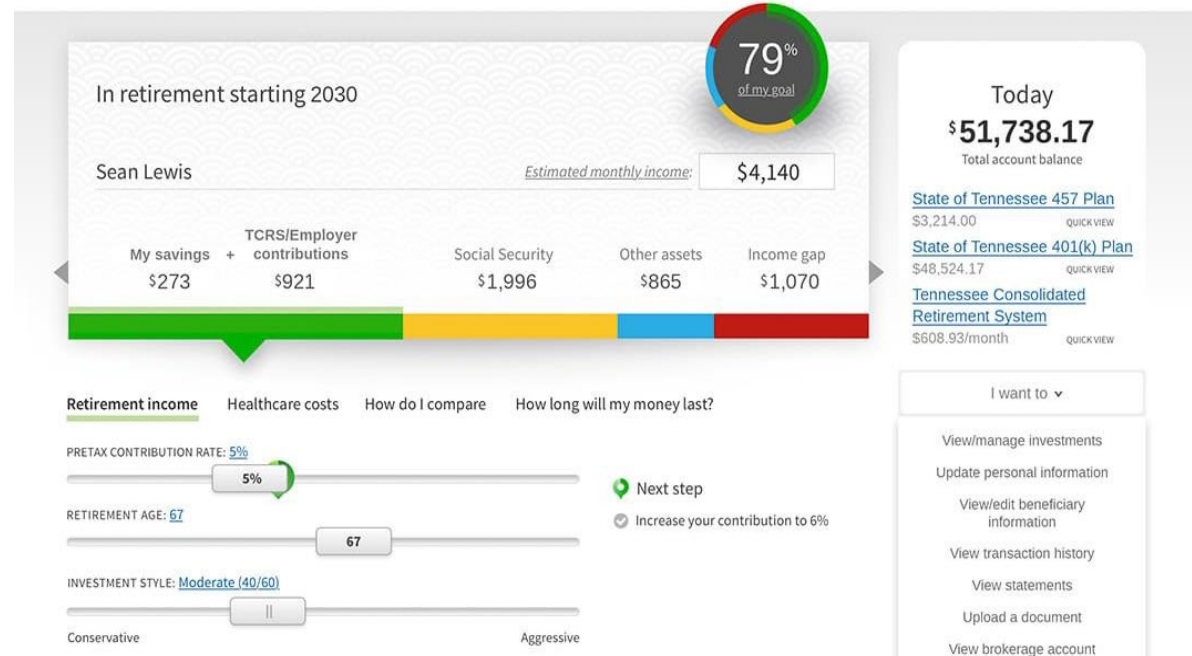
RetireReadyTN.gov

State of Tennessee Deferred Compensation Program
 401(k) Plan Features and Highlights



Lifetime Income Score

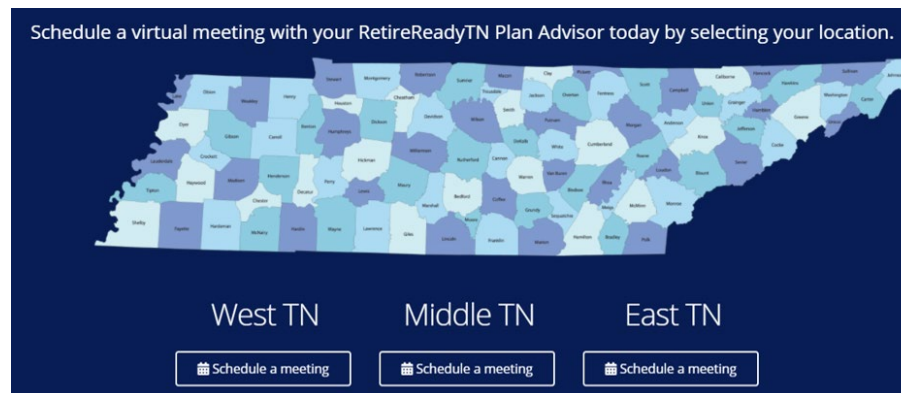
- Log in to your 401(k) account to see your Lifetime Income Score.
- Once vested a projection of the TCRS benefit will be included in the score.
- Your Lifetime Income Score (the percentage in the circle) shows the percentage of your retirement income goal that is covered by your estimated retirement income.





Schedule a meeting with a RetireReadyTN Plan Advisor

- Retirement readiness reviews may be scheduled at RetireReadyTN.gov or by calling RetireReadyTN at 800-922-7772



- Retirement counseling meetings may be requested online or by phone and are typically scheduled approximately 60 days after your benefit estimate is ordered



Length of Service Award Program (LOSAP)

- Program allows participating local governments and tax-exempt organizations to provide financial rewards to volunteers (Volunteer Fire Departments, Emergency Medical, or Ambulance Services).
- Designed to recruit, retain, and reward volunteers for their commitment to the community.
- Participating entities may designate an annual contribution to be made to a volunteer's account per year of service.
- The participating entity may specify an annual contribution amount between \$200 and \$6,000 per eligible volunteer.
- One-time fee of \$500 to establish a LOSAP and a \$250 annual maintenance fee for the participating entity.
- Grant funding available on a first-come, first-served basis.



Treasury Outreach Team

Outreach Director

Drew Freeman

Drew.Freeman@tn.gov

615-806-4467

Middle Tennessee

James Armistead

James.Armistead@tn.gov

615-289-4447

East Tennessee

Justin Ball

Justin.Ball@tn.gov

423-356-1518

West Tennessee

Tim Joyce

Tim.Joyce@tn.gov

901-233-4517



Stay connected to your retirement plans



www.RetireReadyTN.gov



(800) 922-7772

Monday - Friday from
8 a.m. - 7 p.m. CST



@RetireReadyTN




Questions?

RETIRE READY



Tennessee
Consolidated
Retirement
System



401(k)/457(b)
Plans



Retirement
Readiness
Education