

Executive Director Update

May 23, 2014

Final Notice Retirement Deadline May 31st

ATRS IS OPEN BOTH MEMORIAL DAY AND SATURDAY MAY 31st

Many ATRS members are contemplating whether July 1, 2014, should be their official retirement date, or if a future retirement date would be in their best interest. It is time to pause, reflect, and understand that ATRS today is as fundamentally strong as any public pension plan in the nation. ATRS is now worth over **\$14 Billion dollars** and has an estimated **13.5%** return for the current fiscal year with a little over a month left to go in the fiscal year. Your retirement decisions should be based on what is best for you and your family. ATRS will try to give you several things to consider and a lot of retirement facts and information. This update may be a good one to copy and keep handy for future reference.

Ready to Retire and You're Sure?

If you are retiring at the end of this school year but have been slow to get the paperwork started, **TIME IS SHORT!** ATRS will be open Monday through Saturday next week to help you cross the finish line. Yes ATRS will be open both **Memorial Day and Saturday May 31st** to give you the final assistance needed.

If you are sure it is time to retire, I have attached a summary of things to consider as you begin the retirement process. Read it fast since time is very short! It is best to retire on July 1st rather than August 1st. Retiring on July 1st ensures you will receive the 3% Cost of Living Adjustment (COLA) the following July 1st. If you retire August 1st, you will wait 23 months to get your first COLA raise. You have to be retired a full fiscal year to get the first COLA and it becomes automatic after that on each July 1st.

ATRS must **receive** your retirement application, or have it **post marked** from the **U.S. Postal Service**, by May 31st or before in order for you to become a July 1st retiree. Reduce your stress level and get your retirement application submitted as soon as possible. You can always cancel your retirement application if you change your mind, up to 2 months after the effective date of benefits.

Many members will have questions about benefit options to cover a spouse and the impact of those options on the monthly benefit. For instance, a member may choose Straight Life Annuity to get the maximum monthly benefit or may take a reduction and protect a spouse or incapacitated child in the event of the retiree's untimely death. Some members will need to gather records such as birth certificates, Social Security cards, marriage licenses, and similar documents.

ATRS staff is here to assist you by mailing benefit estimates, answering your questions by telephone, and in person by visits to our office. The ATRS office is open to our

members for meetings with counselors Monday through Saturday of next week from 8:00 a.m. until 4:30 p.m. Walk-ins are welcome but appointments are preferred to better assist you. Always feel comfortable to contact ATRS to assist you in this life changing process.

If you are considering retiring but are not 100% sure, you should think closely and carefully before making a final retirement decision. The ATRS Board is focused upon preserving all benefits and annuity structure. Retiring earlier than you otherwise should have can take income from you and your family for the rest of your life. If you are eligible to retire, the decision to retire is yours to make; however, be sure you have carefully considered your options and chosen the right time to retire. Always feel free to call ATRS staff to help you consider all your ATRS options.

T-DROP Participants

ATRS has a 10-year T-DROP program, a post 10-year T-DROP program, and the Cash Balance Account (CBA) for members retiring from T-DROP that has guaranteed interest rates for life that go as high as 4%. ATRS pays between 2% and 6% interest on TDROP balances during the 10-year accrual period, and between 4% and 6% on post 10-year T-DROP balances each fiscal year, depending upon investment returns.

T-DROP Participation: Know the Facts

Many of you may not be ready to retire but may be ready to enter into the T-DROP program. Look carefully at your personal situation before you follow the trend of entering the T-DROP program when you first reach 28 years of service. ATRS staff can provide estimates for you at 28, 29, 30 or more years of service credit. You should carefully consider future raises or possible promotions before locking in your retirement benefit to enter the T-DROP program.

Once you enter, the decision is permanent. Entering T-DROP with 28 year of service is not the right decision for all ATRS members! Remember, there is a **6% penalty** for each year that a member enters T -DROP before reaching 30 years of service credit. Therefore, a member with 28 years of service credit will receive 72% of their regular monthly benefit plus an additional 12% early penalty applied to the reduced amount for a total T-DROP deposit of approximately 60% of what the member's monthly retirement benefit would be. With 30 years of service, the reduction is only 30%, not the 40% reduction that applies at 28 years of service.

Before you enter T-DROP, you should carefully consider whether it is the best decision for you to enter with 28, 29, or 30 years of service credit or even thereafter. The TDROP plan is a 10-year plan with monthly deposits and thereafter pays interest only on the account balance. Be sure to consider your life plan and your work life intentions before entering into T-DROP too early. If you are about to have a materially higher

salary after entering T-DROP, then T-DROP could be a big mistake for you. Call ATRS if you have questions. Also feel free to call me directly! I have also attached a T-DROP primer for you to review.