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# CEA *Advisor*

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## Special Retirement Issue

This publication is designed to help you better understand and plan your retirement. In addition to the upcoming CEA Regional Retirement Workshop schedule, it includes a summary of the benefits provided to you by the Connecticut State Teachers' Retirement System (STRS), a review of recent legislative changes and important investment information. It is updated annually by CEA's Department of Policy and Professional Practice.

## Understanding & planning your retirement



# LEGISLATIVE Wrap-up 2008

## A Historic Pension Commitment

Following the passage of House Bill 6141 last June, Governor Rell finally put the Teachers' Retirement Fund (TRF) bond package before the State Bond Commission. And, on January 25, 2008, the Commission approved the sale of \$2 billion in taxable general obligation bonds as a means to help reduce the \$6.9 billion unfunded liability of the TRF. Furthermore, a covenant contained within the bond package requires the legislature to commit 100% of the actuarially required budgetary amount to the TRF each year for as long as the bonds remain outstanding. A lesser appropriation will only be permitted (subject to certain very strict requirements) if the governor declares an emergency or the existence of extraordinary circumstances.

This bond package also is

significant for all members of the teachers' retirement system because it provides them with a contractual right to a pension benefit (i.e., a guarantee that a teacher's benefit cannot be diminished by future legislation). Prior to the passage of this bond legislation, such a right applied only to those members who are vested (i.e., have at least 10 years of credited service).

Finally, the cost of living adjustment reserve account (CLARA) that previously had been established to fund the retired teachers' cost of living adjustment (COLA) payments, has been folded back into the teachers' retirement fund. As a result, future COLA payments are no longer contingent on there being a CLARA fund balance. The COLA formula is modified for all teachers hired on or after July 1, 2007. Specifically, the COLA will mirror that granted by social security subject to certain condi-

tions. First, it cannot exceed five percent but if the pension fund earned less than 8.5 percent, the COLA cannot exceed 1 percent. If the fund earned more than 8.5 percent but less than 11.5 percent, the COLA cannot exceed 3 percent.

## Monthly Health Insurance Subsidy Increases for Certain Retired Teachers

Effective July 1, 2008, the monthly health insurance subsidy provided through the State Teachers' Retirement Board (STRB) will increase from \$110 to \$220 for any retiree or spouse who meets all three of the following criteria:

1. Has attained normal retirement age to participate in Medicare (currently age 65)
2. Is not eligible for Part A of Medicare without any cost
3. Pays at least \$220 per month for health insurance through

the retiree's former board of education

To clarify, this increase would not apply to a retiree/spouse if he/she (1) is participating in Medicare/Stirling & Stirling; (2) is on the former board of education plan but is under age 65; or (3) is on the former board of education plan but does not contribute at least \$220 per month per person towards the cost of the insurance.

CEA will continue to fight for a meaningful subsidy increase for all retired teachers participating in board of education health plans since the need for such an increase is undeniable — the subsidy has not changed since 1996 while health insurance premium costs have soared.

## Punitive STRB/Certification Rule Is Modified

Based on intense lobbying by CEA, certified teachers who are found to be improperly certified for a position in which they taught will no longer lose retroactive retirement credit. Prior to this change, if the State Department of Education (SDE)

notified the STRB that a teacher had worked full or part-time in an area for which she/he was not certified, the STRB would be required to rescind any retirement credit already granted for the time period in question. As a result, teachers sometimes lost several years of retirement credit upon which they may have relied for years. Under this new legislation, the STRB cannot deny retirement credit until the teacher has been formally notified by the SDE of her/his improper certification and the denial of retirement credit can only be prospective.

## Limit on Purchasing Out-of-State Years of Service Increases

Effective July 1, 2008, teachers can purchase more than the previous ten-year limit on out-of-state public school teaching service. However, years purchased above ten will be charged at the full actuarial cost rate rather than the normal rate of one-half of the full actuarial cost. Furthermore, the law still provides that a teacher can purchase one year of out-of-state service for every two years of full-time Connecticut teaching service.

## From the investment side. . .

The \$15 billion Teachers' Retirement Fund (TRF) is invested by the State Treasurer who is the sole fiduciary of this and the thirteen other state and municipal pension and trust funds which comprise the \$27 billion State of Connecticut Retirement Plans & Trust Funds (CRPTF). The TRF represents 56% of the CRPTF. As sole fiduciary, the Treasurer is legally responsible for prudently investing these assets and maximizing investment returns. The Investment Advisory Council (IAC), which consists of 12 members including three teacher union representatives, advises the Treasurer in such areas as investment policy and asset allocation.

During the fiscal year to date ending May 31, 2008, the TRF achieved a total return of -0.13%, outperforming its benchmark return of -1.43% by 130 basis points. For the three years ending May 31,

2008, TRF returned 9.59%, outperforming the benchmark return of 8.94% by 65 basis points. For the five years ending May 31, 2008, TRF returned 10.75% outperforming the benchmark return of 10.68% by 7 basis points.

Based on the calculation rate utilized by the State Teachers' Retirement Board's actuary, on June 30, 2008, active teachers' 6% Accounts and 1% Supplemental Accounts were credited with an interest rate of 7.7%. This return is achieved based on an actuarial method called "smooth market value procedure" whereby any gains and losses of the fund are phased in over a ten-year period. This minimizes volatility in the final rate and includes in the current year some previously unrecognized gains and losses. Members' Voluntary Accounts were posted with a credited interest rate of -.3%. This represents the estimated actual rate of return since the smoothing method can no longer be applied

to the Voluntary Accounts.

Pension funds in TRF were invested across ten diverse asset classes: cash equivalents, domestic equities, international equities (developed and emerging markets), fixed income (core, high yield, inflation linked, and emerging market debt), real estate, and private investments. Domestic equities comprised the largest allocation (32.0%). The remaining asset allocation was as follows as of May 31, 2008: cash equivalents (4.7%); international equities developed markets (20.6%); international equities emerging markets (5.0%); real estate (3.6%); core U.S. fixed income (17.3%); emerging market debt (3.8%); high yield (2.6%); inflation linked bonds (3.9%); and private investments (6.5%).

For more information on the Office on the State Treasurer including detailed investment information about the CRPTF (including specific holdings), visit their Web site at [www.state.ct.us/ott/](http://www.state.ct.us/ott/).

## Understanding Voluntary Contributions

In recent years, many teachers have inquired about the Voluntary Account and how it compares to other investment options. In short, the Voluntary Account simply is an extra savings account managed through the STRB (with no management fees) that allows you to accumulate after-tax funds above and beyond your mandatory teachers' retirement contributions. Teachers sometimes initiate deposits into the Voluntary Account in order to accumulate savings toward the purchase of additional credited service. Others simply use it as a supplemental savings account. The amount of after-tax contributions into the Voluntary Account is subject to IRS Section 415 limits on a "plan year" basis. The STRB has adopted as a plan year the period July 1 through June 30th of

the following year. For the plan year ending June 30, 2009, the limit is the lesser of \$46,000 or 100% of your compensation in accordance with IRC section 415 (Note: this amount is subject to an annual increase by IRS). Your mandatory (6%) regular contribution into the Teachers' Retirement System is excluded from this contribution limit. You may wish to consult with an accountant for assistance in calculating how this contribution limit applies to you.

Deposits into this account may be achieved by making a lump sum (after-tax) payment or through after-tax payroll deductions. The payroll deduction option is less favored by teachers because interest is only posted once a year on June 30th based on the prior June 30th balance. Consequently,

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# Understanding and Planning Your Retirement

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 member-

ship 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. Please contact the STRB for more information about withdrawing contributions.

## Disability Allowance

If you become disabled, you may be eligible for a disability allowance.

## Eligibility

To qualify for a disability allowance, you must meet the following criteria:

- You must be certified as **disabled** by your physicians and approved by the STRB
- and
- If you have *less than five years* of Connecticut public school service, become disabled as a result of a sickness or injury brought about while performing your duties as a teacher
- or
- If you have *five or more years* of Connecticut public school service, become disabled regardless of the cause.

**Disabled** means you are unable to perform any substantial work because of a physical or mental disability that is expected to be of long duration or result in death. A group of physicians, appointed by the STRB, will review each application for disability.

## Disability Allowance Benefits

The amount of your disability allowance benefit will depend on

- Your average salary
- Your credited service
- Whether you are receiving worker's compensation and/or Social Security disability income benefits

- Any other income you earn

If you qualify for disability allowance benefits, you can receive up to 50 percent of your average salary. Also, if you are receiving worker's compensation and/or disability income benefits from Social Security, the system is designed so that together with these payments, you can receive up to 75 percent of your average salary. In no event will you receive less than 15 percent of your average salary.

The basic formula for calculating your annual disability allowance is:

2% times your average salary times your actual credited service

If during the time you are disabled you are able to earn some income, your disability allowance does not stop. During the first two years you are receiving benefits, your benefit from the system will be reduced by 20 percent of the other income you earn. Beginning with the 25th month, your benefit will be reduced only if the total of your benefits from the system and your other income exceed 100 percent of your average salary.

Your disability allowance benefit will continue for as long as you are disabled or until the attainment of your normal retirement age (but not less than age 60). If your disability ends, you will receive credited service for the period of time you were receiving benefits. If you do not return to service, your disability benefit will be converted to a service retirement benefit. If this happens, you will be credited with the greater of

- Your actual service up to the time you become disabled
- or
- Your actual service plus the number of years you were disabled, to a maximum of 30 years.

## 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.

11. Service in the armed forces of the United States, other than service described in

**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](http://www.ct.gov/trb)**



## 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 serv-

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.

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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 Calculator" found on the STRB website ([www.ct.gov/trb](http://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**

Until July 1, 1989, you contributed one percent of your annual salary into your own individual One Percent Account. Since that date, your

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 reinstated 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 Account.

**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 — normal, proratable, 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% 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.

*Proratable Retirement*

If you are not eligible for a normal retirement benefit, you might be eligible for proratable 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 Proratable Retirement Benefit*

You can calculate your proratable 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 proratable retirement benefit is

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 proratable 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 proratable retirement benefit, please contact the State Teachers' Retirement Board. Please note that for a proratable 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.
- 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:

Multiply 70% (factor for 5 years) times \$39,200, 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

**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

one percent 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 Account distributed. You have three options: a lump-sum payment with the non-taxed portion rolled into a tax-deferred plan, the purchase of an annuity through the STRB, or the purchase of additional credited service.

You may also make Voluntary Contributions into your retirement account. These

**Table 2**

THE RETIREMENT PERCENTAGES SHOWN IN THIS TABLE ARE BASED ON ALL FULL-TIME CONNECTICUT CREDITED SERVICE

AGE	20 YRS	21 YRS	22 YRS	23 YRS	24 YRS
55	28.00%	29.40%	30.80%	32.20%	33.60%
56	30.40%	31.92%	33.44%	34.96%	36.48%
57	32.80%	34.44%	36.08%	37.72%	39.36%
58	35.20%	36.96%	38.72%	40.48%	42.24%
59	37.60%	39.48%	41.36%	43.24%	45.12%
60	40.00%	42.00%	44.00%	46.00%	48.00%

THE RETIREMENT PERCENTAGES SHOWN IN THIS TABLE ARE BASED ON ALL FULL-TIME CREDITED SERVICE

AGE	25 YRS	26 YRS	27 YRS	28 YRS	29 YRS	30 YRS	31 YRS
50	25.00%	28.08%	31.32%	34.72%	38.28%	51.00%	54.56%
51	27.00%	28.08%	31.32%	34.72%	38.28%	51.00%	54.56%
52	29.00%	30.16%	31.32%	34.72%	38.28%	51.00%	54.56%
53	31.00%	32.24%	33.48%	34.72%	38.28%	51.00%	54.56%
54	33.00%	34.32%	35.64%	36.96%	38.28%	51.00%	54.56%
55	35.00%	36.40%	37.80%	39.20%	40.60%	51.00%	54.56%
56	38.00%	39.52%	41.04%	42.56%	44.08%	52.80%	54.56%
57	41.00%	42.64%	44.28%	45.92%	47.56%	54.60%	56.42%
58	44.00%	45.76%	47.52%	49.28%	51.04%	56.40%	58.28%
59	47.00%	48.88%	50.76%	52.64%	54.52%	58.20%	60.14%
60	50.00%	52.00%	54.00%	56.00%	58.00%	60.00%	62.00%

AGE	32 YRS	33 YRS	34 YRS	35 YRS	36 YRS	37 YRS	37.5 YRS
50	58.24%	62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
51	58.24%	62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
52	58.24%	62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
53	58.24%	62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
54	58.24%	62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
55	58.24%	62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
56	58.24%	62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
57	58.24%	62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
58	60.16%	62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
59	62.08%	64.02%	65.96%	70.00%	72.00%	74.00%	75.00%
60	64.00%	66.00%	68.00%	70.00%	72.00%	74.00%	75.00%

THE PRORATABLE RETIREMENT PERCENTAGES SHOWN IN THIS TABLE ARE BASED ON ALL FULL-TIME CONNECTICUT CREDITED SERVICE

RESIGN 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%

  

RESIGN 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%

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% times years of CT service times your average salary

All non-Connecticut service is determined as follows:

1% 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:

2% times 18.0 years = 36% plus

1% times 1.8 years = 1.8%

36% + 1.8% = 37.8% times \$70,000 = \$26,460 per year, or \$2,205 per month

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 years = 14.0% times \$50,000 = \$7,000 per year, or \$583.33 per month

## **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 proratable benefit for which you are eligible.

### **Other information**

#### **Lump-Sum Death Benefit**

If you and your spouse are living together at the time of your death before retirement, he or she will receive a lump-sum death benefit (unless Plan D for your spouse had been elected and the protection it provides was in effect).

The amount of the lump-sum death benefit is \$1,000 for the first five years of Connecticut public school service. If you had more than five years of Connecticut service, the benefit is increased by \$200 for each full year of service up to 10, for a maximum benefit of \$2,000.

If you have no surviving spouse at the time of your death, this benefit may be used for burial expenses.

#### **Survivors' Benefits Before Retirement**

*If You Are Not Yet Eligible to Retire:*

If you die while still actively working, or within two months of the time you stopped working but before your actual retirement, or while on a formal leave of absence and you are making contributions, the system is designed to provide the following benefits to your surviving spouse and children:

- \$300 a month for each child under 18 or over 18 if disabled.
- \$300 a month to a surviving spouse plus \$25 per month for each year of service you had in excess of 12 years.
- \$300 a month to your dependent parent over age 65 if there is no surviving spouse or dependent former spouse.

The maximum family survivorship benefit is \$1,500 a month.

If you die without a spouse or minor children, the contributions made by you, plus interest, will be paid to your designated beneficiary in a lump sum.

*If You Are Eligible to Retire:*

If your spouse was your primary beneficiary, he/she would be entitled to a choice of basic survivorship benefits, a lump sum of the contributions you had made, plus interest, or your Plan D — 100% benefit paid to the spouse for his/her lifetime. Survivor benefits will be paid to any minor children in addition to the benefits elected by the spouse.

If you die without a spouse or minor children, the contributions made by you, plus interest, will be paid to your designated beneficiary in a lump sum.

Other options are available in place of these survivors' benefits. Please contact the STRB for more information.

#### **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, 2009, your benefits will be effective July 1, 2009.

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

- Application for retirement
- 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](http://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. (Some locally negotiated agreements provide such coverage through local boards of education as well.) As of January 1, 2008, the Medicare supplement plan costs \$90.00 per month per person and includes an unlimited prescription drug plan. Dental, vision and hearing coverage is available to be purchased as well. It is a self-insured indemnity plan administered by Stirling & Stirling of Milford, CT. See the STRB Website 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 must get 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 website 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, 2009, you will have completed nine months of retirement by April 1, 2010. Your first cost-of-living increase will be added to your checks starting July 1, 2010.

Cost-of-living adjustments do not apply to survivors' benefits before retirement.

#### **Post Retirement Employment**

If you choose to work after retirement as a teacher or in any certified teaching position in Connecticut public schools, you should know that certain earnings limitations apply. Specifically, you may earn up to 45% of the maximum-level salary for the position you are occupying. If you exceed this limitation, your monthly retirement benefits will be offset by the amount your earnings exceed the limitation. If the position is a shortage area position, as determined by the Commissioner of Education, there is no earnings limit for one school year, with the possibility of a one-year extension if approved by the STRB. Moreover, the local board of education must offer shortage area retirees the same health insurance rate that is offered to active teachers. The \$110 monthly subsidy does not apply in this situation. Any private employment or any public teaching service in another state is not affected by any of these limitations.

**SCHEDULE**

September 18, 2008	..... Cromwell — Cromwell High School
September 24, 2008	.....Southington — Joseph A. DePaulo Middle School
October 2, 2008	.....Torrington — Torrington Middle School
October 16, 2008	.....Wallingford — Mark T. Sheehan High School
October 23, 2008	.....West Hartford — Sedgwick Middle School
October 27, 2008	.....Old Saybrook — Old Saybrook High School
October 30, 2008	.....Stamford — Cloonan Middle School
November 5, 2008	.....Killingly — Killingly Intermediate School
November 13, 2008	.....Tolland — Tolland High School
November 17, 2008	.....Woodbridge — Amity High School
November 20, 2008	.....Danbury — Danbury High School
November 24, 2008	.....Norwich — Norwich Free Academy

**ONLY ONLINE REGISTRATION IS ACCEPTED**

Go to [www.cea.org/retirement](http://www.cea.org/retirement)

**About the workshops**

**Who should attend?**

Any CEA member who wishes to begin planning for retirement is encouraged to attend. It is never too early to educate yourself!

**What issues will be covered?**

This comprehensive workshop will cover all issues related to the State Teachers' Retirement System such as retirement eligibility, purchasing additional service, how Social Security may be affected, retiree health insurance, and choosing a retirement plan.

**Will the workshop provide a question and answer session?**

Yes, although many of your questions likely will be answered during the presentation, there will be time for a group question and answer period.

**Is there a fee to attend?**

No, these workshops are offered free of charge to all CEA members and are funded by CEA dues dollars.

**Registration & Refreshments: 4:00 to 4:15 p.m.**

**Program: 4:15 to 6:30 p.m.**

- Open to CEA members only.
- Members may attend any of the scheduled workshops.
- Each workshop is limited to the first 150 members who register.
- PRE-REGISTRATION IS REQUIRED. No walk-ins accepted.
- These workshops are the complete schedule for the 2008-09 school year.
- Registration will not be accepted by telephone. Only online registrations are accepted. **Go to [www.cea.org/retirement](http://www.cea.org/retirement)**
- Registration is automatic; you will only be contacted if the workshop for which you are registering is full.

**Questions? Call or email Heidi Krutzky:  
1-800-842-4316 or [heidik@cea.org](mailto:heidik@cea.org).**

**CEA and Retirement**

CEA proposes retirement legislation, testifies at hearings on retirement matters, provides background information on retirement issues to legislators, and follows the progress of legislation through the Connecticut General Assembly.

During the last 15 years, CEA's lobbying efforts have resulted in a lowering of the retirement age and years-of-service requirements, a reduction in the early retirement penalties, liberalized opportunities for

purchasing additional service credits (e.g., less than half-time service), improved survivor and disability benefits, as well as increased state contributions toward retired teachers' health insurance premiums, in addition to many other improvements.

CEA staff and many CEA Retirement Commission members attend every State Teachers' Retirement Board (STRB) meeting to monitor its activities and decisions.

CEA offers Regional Retirement Workshops during the year to acquaint members with the retirement system and ongoing changes.

CEA members may direct questions about the enclosed information to Robyn Kaplan-Cho, Retirement Specialist, Connecticut Education Association, 21 Oak Street, Suite 500, Hartford, CT 06106-8001, 1-800-842-4316, [robynk@cea.org](mailto:robynk@cea.org).

**Directions to Workshops**

**\* Directions also available online \***

**September 18, 2008 — Cromwell High School, Cromwell, CT**

**From 91 South:** Take Exit 22S (left hand exit), Route 9 South. Take your first exit (exit 19) West Street and Rt. 372. At the end of the exit take a right onto West Street (Rt. 372). Go approximately 50 yards to the first traffic light and take a right onto Shunpike Rd. Rt. 3. At the second traffic light take a right onto Evergreen Road. At the second stop sign take a left onto Donald Harris Drive — CHS's driveway.

**From 91 North:** Take Exit 22 (right hand exit) for Route 9 South. Then follow directions above.

**From Middlesex Shoreline Area, Old Saybrook, Westbrook, Clinton, etc.:**

Take Route 9 North. Get off at Exit 18 for Cromwell, Rocky Hill, and Route 99N (just north of Middletown). Go through one traffic light and travel 1.2 miles. Take left onto Evergreen Road. At stop sign take right onto Donald Harris Drive — CHS's driveway.

**September 24, 2008 — Joseph A. DePaulo Middle School, Southington, CT**

**From I-84 East:** Take Exit 32 (Queen Street). Left onto Queen Street. Approx. 1 mile take left at traffic light onto Flanders Street (Oak Hill Cemetery on left). Approx. .7 miles take right onto Pleasant Street. Approx. .8 miles DePaulo Middle School is on the left.

**From I-84 West:** Take Exit 32 (Queen Street). Right onto Queen Street. Then follow same directions as above.

**October 2, 2008 — Torrington Middle School, Torrington, CT**

**From Waterbury:** Follow Route 8 North to Exit 44 (E. Main Street). Right at end of exit. Proceed approximately 2 miles up the hill. Take a left at the intersection of Route 183. Take 2nd right onto E. Pearl Road. School is on the left just past the cemetery.

**From Route 202 East — Litchfield:** Follow Route 202 East. Take a left at the intersection of Route 202 and Route 183. Take 2nd right onto East Pearl Road. School is on the left just past the cemetery.

**From Route 202 West — Canton:** Follow Route 202 to Torrington. Take a right at the intersection of Route 202 and Route 183. Take 2nd right onto East Pearl Road. School is on the left just past the cemetery.

**From Hartford:** Follow Route 4 West into Torrington. Take a right at the intersection of Route 4 and Route 83. At the stop light, go straight across Route 202. Take 2nd right onto East Pearl Road. School is on the left just past the cemetery.

**From Winsted:** Follow Route 8 South to Exit 46 (Pinewoods Road). At the end of the exit, take a left. Proceed to the stop sign and take a right onto Route 183. Proceed approximately 2 miles. Watch for school sign and take a left at the sign onto East Pearl Road.

**October 16, 2008 — Mark T. Sheehan High School, Wallingford, CT**

**From I-91 North:** Take Exit 15 (Yalesville/Durham). Turn left at end of exit onto Route 68W. Continue on Route 68W, eventually passing over Route 5. After going under overpass, go left at 3rd light onto Hope Hill Road. You will pass a church and rectory. Mark T. Sheehan High School is on the right.

**From I-91 South:** Take Exit 15 (Yalesville/Durham). Turn right at end of exit onto Route 68W. Continue on Route 68W, eventually passing over Route 5. After going under overpass, go left at 3rd light onto Hope Hill Road. You will pass a church and rectory. Mark T. Sheehan High School is on the right.

**October 23, 2008 — Sedgwick Middle School, West Hartford, CT**

**From I-84:** Take Exit 43 (Park Road Exit). Take left at traffic light onto Park Road. Continue straight. Park Road becomes Sedgwick Road. Continue past school and take first right onto Wardwell to get to parking lot for school.

**October 27, 2008 — Old Saybrook High School, Old Saybrook, CT**

**From I-95 South:** Take Exit 67 (Elm Street). At the end of the exit ramp, turn left, then an almost immediate right at the stop sign onto Ingham Hill Road. Follow Ingham Hill for about 2 miles, ends with

McDonalds on the right. Take a right onto Route 1, then a quick right into the parking lot of Old Saybrook High School.

**From I-95 North:** Take Exit 66 (Spencer Hill Road). Take a right at the end of the exit, about 1/4 mile to stop light. At light, take a left onto Route 1 and go through 2 traffic lights. After the 2nd light, turn left into parking lot of Old Saybrook High School.

**From Route 9:** Take Exit 2. Turn right at the end of the ramp onto Route 1. Follow through town for about 2 miles. Old Saybrook High School is on the right just past McDonalds.

**October 30, 2008 — Cloonan Middle School, Stamford, CT**

**Merritt Parkway from the North:** Take Exit 34 (Long Ridge Rd. CT-104). At light make left onto Long Ridge Road. Follow Long Ridge Rd. approximately 2.3 miles to Cold Spring Road (10 traffic lights). Turn right onto Cold Spring Rd. and bear left onto Washington Blvd. At 4th traffic light turn right onto West North Street. Cloonan MS is on the right (0.2 miles). Enter through the back door and proceed up one floor to the auditorium.

**Merritt Parkway from the South:** Take Exit 34. At light make a right onto Long Ridge Road (CT-104) and follow directions above.

**I 95 from the North:** Take Exit 7 (Atlantic Street CT-137N). Continue straight to 5th traffic light and turn right onto Washington Blvd. At 8th traffic light turn left onto West North Street. Cloonan MS will be on the right (0.2 miles). Enter through the back door and proceed up one floor to the auditorium.

**I 95 from the South:** Take Exit 7 (Greenwich Ave), continue straight to go onto S. State Street. Proceed to 2nd traffic light and turn left onto Washington Blvd. (CT-137N). At 9th traffic light turn left onto West North Street. Cloonan MS on right (0.2 miles). Enter through the back door and proceed up one floor to the auditorium.

**November 5, 2008 — Killingly Intermediate School, Killingly, CT**

**From Hartford:** Take I-84 East to Route 44 to Route 101. Go to light (corner of Maple

Street and Route 101). Take a left at the light. Killingly Intermediate School is on the left.

**From Route 395:** Take Exit 93. Follow Route 101 West to the corner of Maple and Route 101. Take a right at the light. Killingly Intermediate School is on the left.

**November 13, 2008 — Tolland High School, Tolland, CT**

**From the West:** Take I-84 to Exit 68. At the end of the exit, take a left. Go past the light and the Mobil station. Take a right at the next light. At the stop sign, merge into Tolland Stage Road. Take a right onto Old Cathole Road. You will travel past the old high school on the right. After the tennis courts, take a left into the driveway of Tolland High School.

**From the East:** Take I-84 to Exit 69. At the end of the exit, take a right onto Tolland Stage Road. Follow until you can take a left onto Old Cathole Road. Follow the directions from above to the Tolland High School.

**November 17, 2008 — Amity High School, Woodbridge, CT**

**From I-95:** Take Exit 41 (Marsh Hill Rd.). Follow Marsh Hill Rd to traffic light. Turn RIGHT at traffic light onto Indian River Rd. Stay left where Indian River Rd. divides. Cross over U.S. Route 1 (Boston Post Rd.) to Route 114 (Racebrook Rd.) Follow Route 114 approx 7 miles to the Woodbridge Fire Department. Turn LEFT through old firehouse driveway onto Newton Road. Amity H.S is second driveway on RIGHT. (sign in front)

**From I-91 South to I-95 WEST (New York in New Haven):** Follow above directions for I-95.

**From Wilbur Cross/ Merritt Parkway:** take Exit 59 (New Haven). Turn LEFT at the end of ramp onto Route 69 North. Follow Route 69 for 1/4 mile to light at Lucy Street. Turn LEFT onto Lucy Street and follow to light at Route 63 (Amity Road and follow for approximately 1 mile to light at Route 114 (Center Road. Turn LEFT onto Route 114 (Center Road and follow for approximately 1 mile to Woodbridge Fire House (on right) and turn RIGHT onto Newton Road. Amity High School is the second driveway on the RIGHT.

**November 20, 2008 — Danbury High School, Danbury, CT**

**From I-84 West:** Take Exit 5. At traffic light, turn left on Route 39. Follow Route 39 for .8 mile. Danbury High School is at the top of the hill on the right.

**From I-84 East:** Take Exit 5. After stop sign at end of exit, go straight to traffic light. At traffic light, turn left onto Route 39. Travel on Route 39 through one traffic light. Continue for .8 mile past light. Danbury High School is at the top of the hill on the right.

**November 24, 2008 — Norwich Free Academy, Norwich, CT**

**From Points Southwest of Norwich (Bridgeport, New Haven, Madison):** Take I-95 to I-395 North to Exit 81 East.\*\* After taking exit 81 you will be on Route 2. At the end, turn right at the traffic light. The William Backus Hospital will be on your right. Stay on Washington Street past Arnold on your left and Fanning Avenue on your right. Just ahead you will see a traffic light at Carroll Avenue. This is a three-way intersection joining Washington Street, bearing to your right, Carroll Avenue off to the extreme left and Broadway, a slight turn to your left. Take Broadway (the middle choice), and you will see NFA on your left. Continue to Tirrell building (the brick building with the satellite antennas on the roof). Drive in at far end of the horseshoe-shaped driveway to visitor parking spaces.

**From Points Due West of Norwich (Waterbury, Hartford):** Take 84 East to Route 2 East (\*\* Follow directions above).

**From Points Due North of Norwich (Putnam, Killingly):** Take I-395 South to Exit 81 East (\*\* Follow directions above).

**From Points Northwest of Norwich (Storrs, Willimantic):** From Storrs take route 195 towards Willimantic to route 32 south. Soon after you pass Modesto's Restaurant on your right you will see a sign for route 2 east. Angle to the right following Route 2 East. Go past the Route 395 entrance ramp. Continue past Backus Hospital on your right to a traffic signal at Broadway. (\*\* Follow directions above).

**From Points East or Southeast of Norwich (Westerly, Groton):** You will be entering Norwich on either Route 2 or Route 12 which intersects with Route 2 shortly after entering Norwich. Follow route 2 through downtown Norwich. Route 2 becomes Washington Street (Dunkin Donuts on the right). Follow Washington Street north to Chelsea Parade South (about a

mile). Turn right onto Chelsea Parade South. You will be facing the Tirrell building straight ahead. Turn right onto Crescent Street and left into the horseshoe drive. Look for "visitor" parking spaces.

**From Points Due South of Norwich (New London):** Following Route 32 North to I-395. Take Exit 81 East off I-395. (\*\* Follow directions above)

**Understanding Voluntary Contributions** (continued from page 2)

funds deposited throughout the year via payroll deduction receive no interest until June 30th of the following year so there is no benefit to making deposits earlier in the year. All voluntary contributions received on or before the thirtieth of June will be first credited with interest on the thirtieth of June of the following year. For example, funds deposited in May of 2009 will be credited with interest on June 30, 2010.

Effective July 1, 2007, pursuant to IRS requirements, the credited interest rate on Voluntary Accounts is the actual rate of return of the Teachers' Retirement Fund which is invested by the State Treasurer. That is, the 10-year smoothing method that previously had been utilized (and is still utilized for the mandatory 6% and 1% Accounts) no longer applies to the Voluntary Account. As a result, depending on the Fund's actual rate of return, this could be a positive or negative number and will vary (sometimes widely) from year to year. The actual interest rate announced on June 30, 2008, was -.3%. This credited interest rate will be applied to teachers' Voluntary Accounts based on their balances as of June 30, 2007. Starting from 2007 and working backwards, the actual rates of return have been: 16.11%, 14.84%, 10.49%, 15.34%, 2.13%, -6.58%, -3.71%, 13.11%, 10.55% and 17.34%. Past performance is not a guarantee of future performance.

Funds in your Voluntary Account can be withdrawn with regular interest to the date of withdrawal but are subject to the following conditions:

- While you are actively teaching, you are limited to one withdrawal as an active member. The full account balance must be withdrawn since partial withdrawals are not permitted.
- You may use some or all of the Voluntary Account to purchase additional credited service. Such a purchase is not considered a withdrawal.
- Upon your termination from public school teaching in Connecticut, you may withdraw your funds.
- If you die before retirement, payment will be made to your designated beneficiary.

Voluntary Accounts must be liquidated at retirement either as (1) a lump sum or direct rollover, (2) as an additional annuity payment, or (3) to purchase additional credited service (i.e. military, substitute, etc.). At the time of withdrawal, any after-tax contributions will not be considered taxable income. The interest accrued on these contributions will be considered as taxable income if a lump sum withdrawal is made. If a member elects to apply his/her voluntary contributions towards the purchase of additional service credit or as an additional monthly annuity, any after-tax portion will be added into the "investment in contract" for purposes of determining the portion of the monthly benefit which is non-taxable.

Finally, the CEA does not make recommendations concerning whether or not to invest in the Voluntary Account. Rather, this information is provided to ensure that members have a more complete understanding of options available to them.

**For more information about CEA Retired, the CEA and NEA affiliate for retired Connecticut teachers, see <http://www.cea.org/about/cear/index.cfm> or call Cheryl Hampson at 1-800-842-4316.**

# What you need to know about social security and teacher retirement

## Are Connecticut teachers covered by social security?

No, Connecticut teachers do not participate in the social security (FICA) system.<sup>1</sup> As a result, they do not pay the required contribution of 6.2% of salary and do not accrue social security credits. However, some school districts have an agreement with the Social Security Administration to include in social security part-time positions not covered by the Connecticut Teachers' Retirement System (CTRS) like coaching and extracurricular advisors. If you perform work in a district that covers such positions, you must pay the FICA tax even if you do not need or want the social security credit.

## Why aren't we covered?

Simply stated, it's better for teachers to be excluded. Years ago, the federal government allowed those employees who were not part of social security to elect whether or not to join. Connecticut teachers chose not to because it was clear that the CTRS is a significantly better retirement plan that takes into account the specific retirement and disability needs of teachers. An analysis performed by the Connecticut Teachers' Retirement Board confirmed this fact. Teachers in fourteen

other states (e.g., Ohio, California, Colorado, Massachusetts) similarly have chosen not to participate in social security. Moreover, because teachers are not covered, school districts are relieved of their obligation to pay the required employer contribution of 6.2% of salary for each teacher.

## I held various private part-time jobs throughout my teaching career and have earned at least 40 credits of social security. Am I entitled to collect any social security benefits?

Yes. Public school teachers who have earned at least 40 credits of social security will be entitled to collect social security. A federal law, the Windfall Elimination Provision (WEP), may reduce the amount of your social security benefit.

## Exactly how does the Windfall Elimination Provision work?

First, it is helpful to understand that social security benefits are intended to provide low-income workers with a higher replacement income in retirement than high-wage earners. Because teachers' salaries are not reflected on the social security system and most teachers' earnings under social security are relatively low, they

can be mistaken for low-wage earners. Under the WEP, a modified formula is utilized to rectify this. In general, the WEP results in teachers receiving approximately 50-60% of the social security benefit that they have earned. In no event should the teacher lose his or her entire social security benefit. Moreover, if you were eligible for an early, proratable or normal retirement benefit from the CTRS prior to January 1986, you are exempt from the WEP and will receive your full social security benefit without any reduction. In either case, the WEP does not affect your Medicare eligibility or the amount of your CTRS pension. Finally, you should be aware that the Estimate of Benefits statement that Social Security sends to you periodically does not take into account the WEP and thus may overstate the future benefit to which you will be entitled. For a more accurate estimate of benefits, you should utilize the Online WEP Calculator contained in the Social Security Administration website ([www.ssa.gov](http://www.ssa.gov)).<sup>2</sup>

## I am a second career teacher who retired from private industry. Does that mean that I will lose 40-50% of my social security benefits?

Probably not. The WEP is not intended to affect those teachers who have had a significant first career under social security. However, this is defined as 30 years of "substantial" social security earnings. That is, if you worked for 30 years or more and earned the "substantial earnings" amount each year (see chart below), you are totally exempt from the WEP and will receive all of your earned benefits. If you had 21-29 years of substantial earnings under social security, your reduction will be scaled down from the normal reduction of 40%.

## Would it make sense for me to leave teaching, withdraw my retirement funds and forego collecting my teacher's pension in order to avoid losing some of my social security under the WEP?

The rules provide that a pension withdrawal is not a "pension" for GPO purposes if a teacher withdraws only his or her contributions plus interest and relinquishes all entitlements and benefits of the plan. For WEP purposes, such a withdrawal must occur before all factors of eligibility are met in order to avoid the modified formula. However, in most cases, from a financial standpoint, it is not worth forfeiting your right to a teacher's pen-

sion and to subsidized retiree health insurance for you and your spouse simply to collect your relatively low (albeit full) social security benefit. In fact, your accrued teacher's pension may amount to more than you think, perhaps even more than you were entitled to from social security in the first place. For example, the maximum social security benefit in 2008 for any individual retiring at full retirement age is \$2,185 per month. Before making any critical decisions of this nature, please be sure to compare exactly what you would get from your teacher's pension versus what you would lose, if anything, under the WEP.

## I have no social security credits of my own but my spouse will be collecting social security benefits. Am I entitled to a spousal benefit or a widow's benefit if he should die?

Probably not. The Government Pension Offset (GPO) applies if you receive a pension from a job like teaching where you did not pay social security taxes. Specifically, the GPO will reduce the amount of your social security spousal or widow's benefit by two-thirds of the amount of your teaching pension. For example, if you receive \$4,000 per month from the TRS, two-thirds of that amount, or \$2,666, will be deducted from your anticipated social security spousal or widow's benefit. In all likelihood, the social security benefit will be less than \$2,666, so you will not receive anything from social security (but the GPO does not affect your Medicare eligibility). You will, however, be exempt from the GPO if you were eligible to receive an early, proratable or normal retirement benefit from the CTRS before December 1982.

## Why are teachers the target of the GPO?

Actually, all working spouses, not just teachers, are similarly affected. Spousal benefits from social security always have been intended for the dependent, non-working spouse. In most cases, professionals in the private sector also do not collect a spousal benefit because their own earned benefit is equal to their spouse's.

## I think the GPO and WEP are unfair. What can I do about it?

These provisions are based on federal (not state) law and can only be changed by Congress. For years, CEA and NEA have lobbied unsuccessfully for the repeal of the GPO and WEP. There has been more momentum in the last two sessions of Congress so you should contact your U.S. Representative

and Senator and ask that they support a repeal.

## Some of my teaching colleagues are paying a 1.45% tax and some are not. What is this for?

All teachers hired after March 31, 1986, or who transferred from one district to another after that date are required to pay 1.45% of their salary as a Medicare tax. Their local school district also pays this tax. These teachers will then be entitled to Medicare coverage when they turn age 65.

## I was hired before March 31, 1986. Am I entitled to Medicare coverage?

Pre-1986 hires qualify for Medicare in two ways. First, if you are married to someone who is eligible for (even if not collecting) social security benefits (and is at least age 62), you will be entitled to Medicare coverage at age 65. If you are divorced, you must have been married to your ex-spouse for ten years in order to qualify for Medicare on his or her record. Second, if you have earned the 40 credits through other jobs that you have held outside of teaching, you also will be eligible for Medicare beginning at age 65. If you retire with some social security credits but fall short of the required 40, you may earn more quarters through post-retirement employment. If you will never have the requisite 40 credits, you will never qualify for Medicare. In that case, when you turn age 65, you will remain in your local board of education's health care plan(s) for life. In no event will you be without any health care coverage in retirement.

## What exactly are social security credits (sometimes called "quarters") and how many do I need to qualify for a benefit?

As you work and pay social security taxes (FICA), you earn social security credits. In 2008, you earn one credit for each \$1,050 in earnings that you have — up to a maximum of four credits per year. In general, you need 40 credits or quarters (10 years of work) to qualify for a social security benefit.

## How do I find out how many credits I have earned or any other information about my social security coverage?

You should contact your regional social security office or you can call the national social security information line at 1-800-772-1213.

<sup>1</sup> Except teachers at The Norwich Free Academy.

<sup>2</sup> Because teachers at The Norwich Free Academy do participate in social security, neither the WEP nor the GPO will apply to them.

"Substantial earnings" amounts for purposes of the WEP exemption/reduction:

Year	Substantial Earnings	Year	Substantial Earnings
1951-54	\$ 900	1988	8,400
1955-58	1,050	1989	8,925
1959-65	1,200	1990	9,525
1966-67	1,650	1991	9,900
1968-71	1,950	1992	10,350
1972	2,250	1993	10,725
1973	2,700	1994	11,250
1974	3,300	1995	11,325
1975	3,525	1996	11,625
1976	3,825	1997	12,150
1977	4,125	1998	12,675
1978	4,425	1999	13,425
1979	4,725	2000	14,175
1980	5,100	2001	14,925
1981	5,550	2002	15,750
1982	6,075	2003	16,125
1983	6,675	2004	16,275
1984	7,050	2005	16,725
1985	7,425	2006	17,476
1986	7,875	2007	18,150
1987	8,175	2008	18,975

\* Credited earnings from 1937-50 are divided by \$900 to get the years of coverage (maximum 14 years).