

RETIREMENT PRIMER FOR EARLY CAREER TEACHERS



2020-2021
Connecticut Education
Association

INTRODUCTION

This information is provided by your state teachers' association, the Connecticut Education Association (CEA), in an effort to familiarize you with the basics of your retirement system. It focuses on those issues of particular importance to both teachers just entering the state retirement system and others who may be years away from actually retiring. Through this publication and workshops that we offer, CEA hopes to make you more knowledgeable about the pension benefits to which you will be entitled, as well as the steps that you should take early in your career to maximize future opportunities. Proper planning will ensure that your road to retirement will be less complicated, less stressful and more productive.

2020-2021

The State Teachers' Retirement Board (STRB)

The STRB is the state agency that administers the Connecticut State Teachers' Retirement System (STRS), a defined benefit pension plan. The Board is comprised of 14 members—four elected active teachers, two elected retired teachers, the Commissioner of Education, the State Treasurer, the Secretary of the Office of Policy and Management (OPM), and five public members appointed by the Governor. The Board usually meets monthly, except during the summer.

The role of the state legislature

Virtually all of the provisions governing teacher retirement benefits in Connecticut are statutory. As a result, the state legislature plays a critical role in determining any positive or adverse changes in retirement benefits, eligibility requirements, funding levels, retiree health insurance, etc. Consequently, maintaining contact with your state senator and state representative is vital. Your local board of education, on the other hand, is not involved in any aspect of your retirement system, other than its reporting duties and matching Medicare contribution.

Your membership

Membership in the STRS is mandatory for all public school teachers who work at least half-time. Any teachers who work less than half-time are not members of the retirement system at that time, although that time worked may be purchased at a later date if they begin working half-time or more. (See *Purchasing Additional Service Credit* section). You must hold proper certification for the position that you occupy (such position must require certification) and you will not receive retirement credit for any time worked in a position for which you are not properly certified.

Your contributions

Currently, all teachers who are members of the STRS must contribute 8.25 percent of their annual salary into the state retirement fund. This contribution is made on a *pretax* basis. Of the 8.25 percent contribution, seven percent is posted to your Regular Account and 1.25 percent is posted to the Retired Teachers' Health Insurance Fund. The Regular Account represents your own contributions toward your pension plus interest. The Retired Teachers' Health Insurance Fund is a general state fund that is used to subsidize the cost of health insurance for retired teachers.

Annual salary does not include pay you receive for most extracurricular work (e.g., club advisors and athletic coaching), unused sick leave, terminal pay or any payment predicated on your retirement. While no teachers in Connecticut pay social security taxes on the basis of their teaching service,¹ any teachers hired after 1986 are required to pay the federal Medicare tax.

Your Regular Account is credited with interest each June 30th and the rate cannot exceed four percent.

Voluntary contributions

In addition to your mandatory STRS contributions, you may elect to accumulate extra savings in a STRS Voluntary Account. Deposits into this account may be achieved only through payroll deductions. Payroll deductions (payment is withheld by your employer and transmitted to STRB on a monthly basis) are made on an after-tax basis.

To initiate payroll deductions:

- Obtain an Authorization for Voluntary Deductions Form from the STRB website (ct.gov/trb).

¹ Except teachers at Norwich Free Academy

- Complete the form and submit it to your employer.
- Your employer will begin withholding voluntary deductions from your check.
- To increase, decrease or cancel payroll deductions, submit a new form to your employer.

The credited interest rate on Voluntary Accounts is the *actual* rate of return of the Teachers' Retirement Fund.

Consequently, 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. See the STRB website for a list of interest rates from previous years. 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.

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. Partial withdrawals are not permitted; the *entire* account must be withdrawn.
- 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 a lump sum or direct rollover
 - as an additional annuity payment
 - 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.

Withdrawal from the STRS/refunds

If you terminate your teaching position in Connecticut, you may apply for a refund of your Regular Account contribution balance, including accrued interest. By withdrawing your funds, you forfeit your right to any monthly benefit that you may have been eligible to receive. You also forfeit any right to participation in the retired teachers' health insurance program.

All mandatory contributions made after July 1991 and all accrued interest are eligible for a rollover to a 403(b) plan or to another eligible plan. This rollover can be accomplished in two ways. You can have all or any portion of your payment either paid into a direct rollover or paid directly to you.

If payment is made directly to you, the STRB is required to withhold 20 percent and send it to the IRS as income tax withholding to be credited against your taxes.

STRB INFORMATION

The STRB is located at 165 Capitol Ave, Hartford, CT 06106. The toll-free phone number is 1-800-504-1102.

The STRB website contains important updates and notices, retirement planning information, forms and applications that can be downloaded.

Go to ct.gov/trb.

Prior Connecticut service/returning to teaching

As was just noted, if you were a member of the STRS in the past and withdrew your funds, you effectively erased all prior service credit. In the future, if you return to the STRS as an active member, you may immediately reinstate this service by paying back the amount of money that you withdrew plus interest in a lump sum from the date of refund to the date of final payment. Payment can be made in a lump sum, in installments through after-tax payroll deductions, or via a direct rollover from a qualified plan such as a 403(b). The full credit will be posted to your account after you have made your final payment. Because the interest owed is based on a compounding formula, it is best to initiate the re-payment as soon as possible upon your re-entry into the teachers' retirement system.

Accruing service credit

As a member of the STRS, you earn one month of credited service for each month worked from September through June. Ten months of teaching credit equals one year of service. No credit is ever earned for work performed in the months of July and August.

If your first day of teaching was not the first working day of the month, you will not receive credit for that month. Conversely, in your last month of teaching, you need only work on the first working day of the month to receive credit for the entire month. For example, if you began teaching on September 22, you would not receive any credit for that month. However, if your last day of teaching were March 6, you would receive credit for the month of March.

Part-time service

At some point in your teaching career, you may decide to work part-time. To remain an active member of the STRS, you must work *at least half-time*. In terms of service credit, part-time service is counted in the same manner as full-time service. That is, if you work for three years at half-time, you will accrue three additional years of credit, as you would have working full-time. However, the amount of your ultimate retirement benefit will be affected proportionately.

Example: You retire at age 60 with 20 years of service, eight of which were half-time.

At retirement, you will be credited with 20 full years of teaching. Your monetary benefit, however, will reflect that eight years were worked on a half-time basis. Rather than receiving two percent for each of the 20 years, you will receive two percent for the 12 full-time years and half of two percent, or one percent, for each of the eight half-time years.

Purchasing additional service credit

Connecticut state law allows teachers to purchase certain types of other service into the STRS to increase their ultimate retirement benefit. You are not permitted, however, to purchase service credit from another system if you are receiving, or entitled to receive, a retirement benefit from that system. Credit is purchasable at any time, pursuant to an actuarial formula utilized by the STRB. To obtain an estimate of the cost, use the "Additional Service Credit Cost Estimator" found on the STRB website (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). Regardless of when you choose to purchase service, it is very important to *document* this service *as early as possible* in your teaching career, since obtaining the requisite proof becomes increasingly difficult over time. The chart on page 5 shows the types of service that can be purchased and the necessary forms. All forms can be downloaded from the STRB website (ct.gov/trb). Be sure to also check this website for additional rules pertaining to each specific type of service credit.

Example: You worked as a public school teacher in Massachusetts for three years prior to teaching in Connecticut. Upon commencing membership in the STRS, you should obtain the Outside State Service Form and send it to the appropriate entities in Massachusetts to document that service. The form is returned to the STRB and remains on file until you indicate that you wish to purchase those three years of service.

Leaves of absence

As the chart on the previous page illustrates, time spent on an unpaid leave of absence (from a Connecticut public school) can be purchased. However, state law also allows teachers to make the mandatory retirement contribution into the STRS *while on* a leave of absence (for maternity, family or personal illness, etc.) for up to a total of 10 months in your career. You would submit the “Current Leave of Absence” form, pay the monthly amount directly to the STRB and payment must be initiated before the start of the leave period. If you choose not to make the mandatory payments while on the leave, you would have to return to teaching for one school year following the leave in order to purchase back this time at a later date.

Annual statements

Every year, you will receive a member statement from the STRS. It contains a comprehensive history of your salary, full-time equivalency (FTE) and credit as well as your account balances, all as of the prior June.

If you note any discrepancy between your records and the STRS statement, you should make every effort to clarify the discrepancy immediately, while documentation is more readily available, rather than wait until you approach retirement age.

Disability benefits

Any teacher who has accrued five or more years of teaching service in the public schools of Connecticut is eligible to apply for a disability allowance administered through the STRB. A teacher with less than five years of service would qualify for these benefits only if the disability were service related. Moreover, the teacher must have an active employment status with the local board of education. To qualify, the teacher must prove, through personal and medical documentation, that he or she cannot perform the duties of the assigned job due to a physical or mental impairment.

The application process is quite simple, requiring the following information: a personal statement that outlines the effect the illness has had on the teacher’s ability to perform the job and the effect on day-to-day personal activities; all relevant medical reports, tests, evaluations, diagnoses and medical treatments; and a statement from your human resources office that provides background on the teacher’s employment status, including days missed from school, difficulties at work, and additional assistance required at work. Once the application is completed, the physicians comprising the Medical Review Committee of the STRB review it. It is important to note that all physical examinations are performed by the teacher’s own doctors. The Medical Review Committee then makes a recommendation to the 14 members of the STRB to either approve or reject the application.

If approved, the teacher will be entitled to a monthly benefit equal to two percent for every year of service completed, up to a maximum of 50 percent of the average of the highest three years of salary (the minimum benefit is 15 percent of salary). For example, if you had 14 years of full-time service as of the date of the application, you would receive a benefit equal to 28 percent of the average of your highest three years of salary. However, while on disability, you continue to accrue teaching service credit, to a maximum of 30 years. When you turn age 60 with at least 20 years of service credit (this may occur before reaching the maximum limit of 30 years), the disability allowance will be converted to a normal retirement benefit automatically.

TYPE OF SERVICE REQUIRED	DOCUMENTATION
Wartime Military Service	Discharge papers (DD214)
Peacetime Military Service	Discharge papers (DD214)
Military Dependents School	Department of Defense Dependents School (DODDS) Form
Outside State Teaching Service	Outside State Teaching Service Form
Previous Leave of Absence	Previous Leave of Absence Form
Previous Absence or Terminations Due to Pregnancy	Special Rules For Absences Due to Maternity Form
Previous Leave of Absence for Child Rearing Purposes When Not Granted by CT Local School District	Child Rearing Leave of Absence – Special Board Policy
Full-time State of CT Employment (including but not limited to (DMV, DPW, DPH)	State of CT Non-Teaching Form
Teaching service at: American School for the Deaf; CT Institute for the Blind; Newington Children’s Hospital	American School For the Deaf Teaching Service Form; CT Institute for the Blind Teaching Service Form; Newington Children’s Hospital Teaching Service Form
Substitute Service	Substitute Teaching Service Form
Service as an Elected Official	Elected Official Form
Federal Teacher Corp Service	Federal Teacher Corp Form
Part-time Service (less than 50%)	Verification of Less than Half-Time CT Public School Employment Form
Peace Corps Service	Verification of Service Letter
Social Work Assistant in a Public School from 1969 to 1986	Social Work Assistant Public School Form
VISTA Service	Verification of Service Letter
Part-Time Lecturer	Part-Time Lecturer Form
Adult Education Assignments – High School Credit Diploma Program Only – Not GED	Adult Education Assignment Form
Prior CT Service Withdrawn	Prior Connecticut Service
Hourly Paid Certified Teaching Service (Tutoring, CETA, etc.)	Hourly Paid Certified Teacher Form
State of CT Employment – Teaching (UConn, colleges, RVTHs, State of CT agencies, i.e., DOC, DMR)	State of CT Teaching Form
State Education Resource Center Teaching	State Education Resource Center Teaching Service Form

Some teachers also have a private disability plan obtained either on their own or through their local board of education. You are permitted to apply for both the STRS disability benefit as well as a disability benefit through such a private plan. While the STRB disability allowance is not affected by such a private plan, the reverse may not be true. Therefore, you should check your private policy to better understand how the STRB disability may affect those benefits.

Preretirement death benefits

If you die while an active member of the STRS, certain benefits will be paid to your beneficiaries. If, at the time of your death, you were not eligible to retire and you have any statutory survivors (a spouse and/or child under age 18), the following benefits will be paid to them:

- \$300 per month to each minor child under age 18
- \$300 per month to each disabled child
- \$300 - \$600 per month to surviving spouse (\$300 plus \$25 for each year of service over 12 to a maximum of \$600)

The maximum family survivors' benefit is \$1,500 per month.

If at the time of your death, you were not eligible to retire and did not have a surviving spouse or minor children, the balance of your STRS account will be paid to your designated beneficiary.

Once you become eligible to retire from the STRS, the preretirement death benefits will change. Check the STRB website for additional information about what these options will be.

Provisions affecting your future social security benefits

Although Connecticut public school teachers do not make social security contributions,² many teachers have made such contributions through prior or part-time employment. Other teachers are married to spouses who participate in social security, and these teachers may anticipate collecting a spousal social security benefit in the future. Two federal laws affect how much a Connecticut teacher will be allowed to collect in social security benefits while also collecting a STRS pension. These provisions do not affect Medicare eligibility or the STRS benefit.

The Windfall Elimination Provision (WEP)

The WEP applies to any teacher who, in addition to receiving a STRS pension, also has earned 40 or more social security credits. Under the WEP, a modified formula is used to calculate the anticipated social security benefit. The result is generally a reduction of 40-50 percent of the social security benefit. In no case should you ever lose your entire social security benefit. If you have worked under social security earning "substantial earnings" for 21-29 years, this reduction will be less. If you have 30 or more years of "substantial earnings" under social security, you will be totally exempt from the WEP.

The Government Pension Offset (GPO)

Because spousal benefits from social security are intended for non-working and low-paid spouses, once you retire from teaching you likely will not receive any social security spousal benefit.

HOW TO CONTACT CEA

CEA is located at Capitol Place, Suite 500, 21 Oak Street, Hartford, CT 06106. You can reach CEA by calling 1-800-842-4316 or 860-525-5641, or visit the CEA website at cea.org.

² Except teachers at Norwich Free Academy

Under the GPO, two-thirds of the teacher's STRS pension is deducted from the anticipated spousal benefit from social security. Because two-thirds of the STRS pension is almost always more than the anticipated social security benefit, teachers rarely receive a spousal benefit at all.

For years, CEA and NEA have lobbied Congress to repeal these two provisions. For the latest updates on legislative efforts to repeal the WEP/GPO, go to the Legislative Action Center at nea.org.

403(b) and 457 plans

Although not part of the STRS, 403(b) and 457 plans provide teachers with an excellent opportunity to save money by setting aside pretax dollars via payroll deduction to grow on a tax-deferred basis for retirement. CEA strongly encourages its members to take advantage of 403(b) and 457 plans administered through local school districts. Check with your district's business office for more information on the investment options available to you.

Retirement eligibility

To qualify for a retirement benefit, you must meet one of the following eligibility requirements:

Normal retirement

Age 60 + with 20 or more years of service (20 of Connecticut service)

or Any age with 35 or more years of service (25 of Connecticut service)

Early retirement

Age 55 + with 20 or more years of service (15 of Connecticut service)

or Any age with 25 or more years of service (20 of Connecticut service)

Proratable retirement

Age 60 + with 10 – 19.9 years of Connecticut service

Vested deferred retirement

Minimum of 10 years of Connecticut service before age 60 and leave the balances of your account on deposit with the STRS until you are eligible to collect at age 60

You can obtain an estimate of your future retirement benefit by utilizing the Benefit Estimator on the STRB website (ct.gov/trb).

RETIREMENT SERVICES FOR CEA MEMBERS

Throughout its long history, CEA has been a strong advocate at the state legislature for the protection and improvement of retirement benefits for Connecticut's teachers. Representatives of CEA also attend all meetings of the STRB and the State Treasurer's Investment Advisory Council to monitor their activities and ongoing changes.

Every year, CEA conducts regional retirement workshops across the state in order to educate members about their retirement benefits and how best to plan for retirement. Moreover, throughout the year, if you have questions about the STRS, call Robyn Kaplan-Cho, CEA Retirement Specialist, at 1-800-842-4316, or email her at robynk@cea.org.

Retirement benefits

The charts below illustrate what percentage of a teacher's final average salary (average of the highest three (3) years) would be provided as an annual pension benefit, based on the teacher's age and years of service at retirement.

The retirement percentages shown in this table are based on all full-time Connecticut credited service. A minimum of 20 years of Connecticut service is required to use these tables.

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%

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 prortable 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%

NOTES



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