

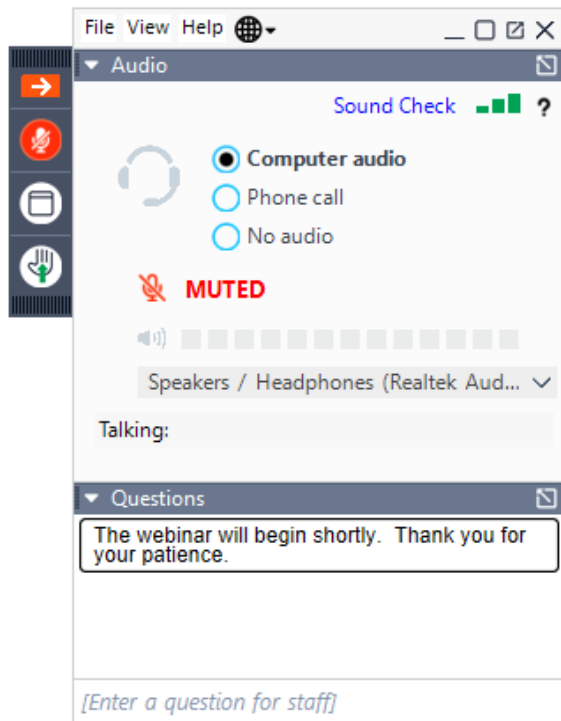


Understanding DROP

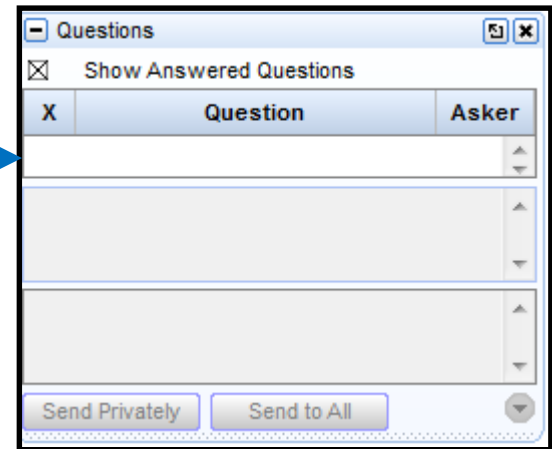
Friendly reminders

- This presentation contains general information.
- It is meant to be used as a guide during the webinar.
- All participants are muted during the webinar.
- **Have a question?**
 - » Type your question in the **Questions** area during the webinar. The moderator will see it and respond.
- There will be a question-and-answer period at the end of the webinar.
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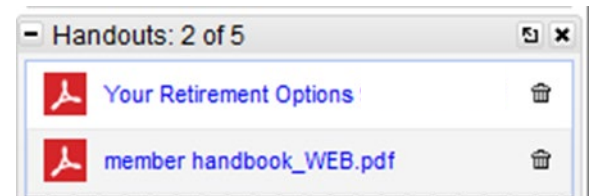
Go To Webinar features



Type your question here.



Download handout here.



If you have any specific questions about your retirement (such as DROP window, retirement eligibility, FAC questions, etc.) please email us at web.master@trsl.org so we can look up your account and assist you directly.

Agenda

- DROP definition
- The DROP window
- Eligibility requirements
- What happens while in DROP
- DROP interest rates
- Options after DROP participation
- Questions to ponder
- Applying for DROP

Understanding DROP: 3 simple rules

1

Educate yourself

- What happens to your salary while you're in DROP?
- What is being deposited into your DROP account?

2

Don't listen to your friends

- What's right for your friend MAY NOT BE right for you.
- Every member has different circumstances.

3

There's a form for everything

- Forms for entering DROP
- Forms for retiring after DROP
- Forms for taking money out of DROP

Deferred Retirement Option Plan (DROP)

- DROP is an optional program that allows you to freeze your retirement benefit. Your monthly benefit is deposited each month into a special account at TRSL while you continue to work and earn a paycheck.
- You can participate in DROP for up to a maximum of three years once your DROP “window” of eligibility opens.
- You can shorten, but not extend your DROP participation time. (Minimum participation time is 1 day.)
- The “frozen” benefit is calculated based upon years of service credit and average compensation upon entering DROP.
- Your decision to participate in DROP is irrevocable.

“What is the DROP window?”

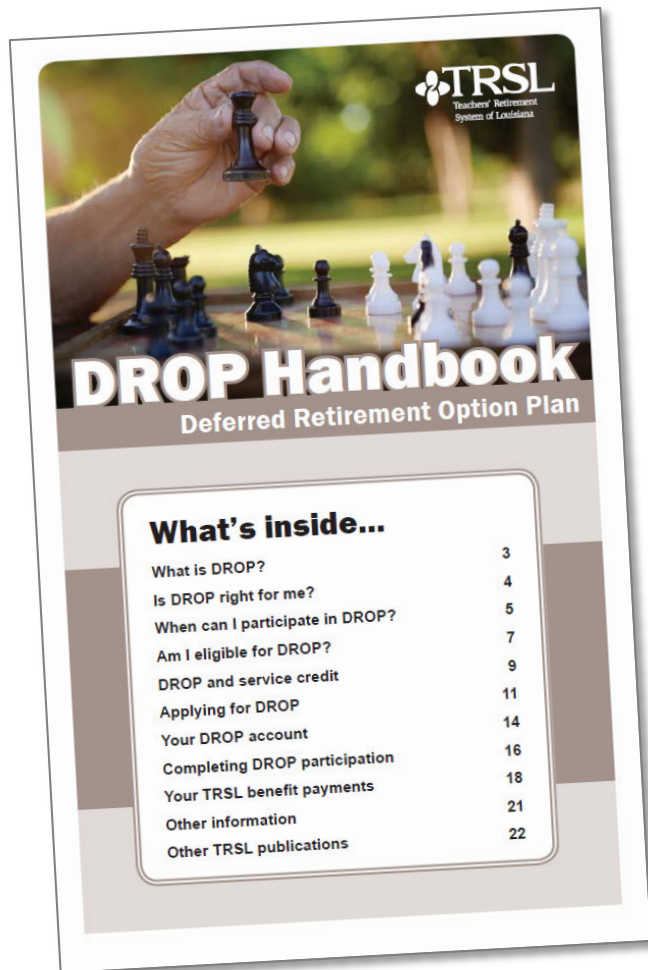
The DROP window refers to the 3-year period (plus a 60-day grace period) of time you can participate in DROP, starting from your first day of eligibility.

This period is your **ONE-TIME** opportunity to participate in DROP during your career.



It is important to find out the **EXACT DATE** you first become eligible for DROP.

DROP eligibility - Regular Plan



Membership *prior to Jan. 1, 2011*

Age 60 with 10 years*

Age 55 with 25 years

Any age with 30 years

**2.0% benefit factor*

Membership *between Jan 1, 2011 & June 30, 2015*

Age 60 with 5 years

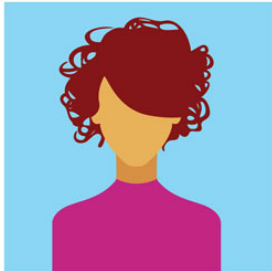
Membership *on or after July 1, 2015*

Age 62 with 5 years

DROP window examples

Regular Plan (prior to January 1, 2011)

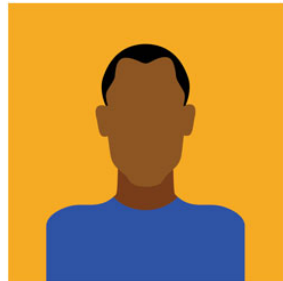
JUDY



**Age 58 at
25 years**

Window opened at 25 years because she was already 55.

BRUCE



**Age 55 at
29 years**

Window opened at age 55 because he had at least 25 years.

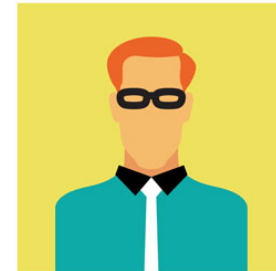
TASHA



**Age 60 at
19 years**

Window opened at age 60 because she had at least 10 years.

SAM

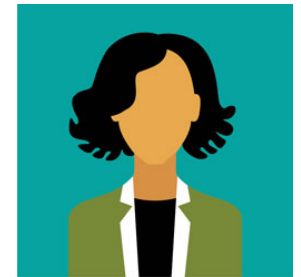


**Age 63 at
25 years**

Window opened at age 60, but he waited too long.

No longer eligible

ANA



**Age 57 at
30 years**

Window opened at age 55, but she waited too long.

Only one year left

While in DROP...

- You continue to work and draw a salary.
- You continue to earn and use leave.
- You are still eligible for raises, promotions, etc.
- You can change jobs or employers.
- Your DROP deposits will continue as long as there is no break in service.
- **Neither you nor your employer make contributions to TRSL.**
 - » No service credit is earned while you are in DROP.
- **Your salary is not reported to us while you are in DROP.**
 - » We will not know if you have received a salary increase/decrease.
- **Your retirement benefit is “frozen.”**
 - » The retirement option you chose determines how much is deposited into your account.

DROP interest rates

- Once you complete DROP, your DROP account is eligible to earn interest.
- DROP accounts earn interest based upon when the member was eligible to participate in DROP:

Fiscal Year End	DROP interest rate for members eligible <u>before</u> 1/1/04	DROP interest rate for members eligible <u>on or after</u> 1/1/04
2021	12.15%* <small>subject to adoption by PRSAC</small>	0.0000%
2020	6.30%	1.0797%
2019	6.98%	1.8940%
2018	8.98%	0.9538%
2017	8.65%	0.2214%

DROP interest rates

Members eligible before
January 1, 2004

Members eligible on or after
Jan. 1, 2004

Earn interest based on TRSL's
actuarial rate of return (less 0.50%)

Earn interest based on the liquid asset
money market rate (less 0.25%)

Funds for this group are invested with
TRSL's portfolio

Funds for this group are invested in a
liquid asset money market account

Interest is posted annually, based on
daily compounding

Interest is posted monthly

Interest rates vary from year to year

Interest rate is similar to the rate paid
by financial institutions on regular
savings accounts

In 2002, TRSL had a negative actuarial rate of return.

In 2003, legislators established a new method for determining interest rates for DROP.

Your options after DROP participation



TERMINATE EMPLOYMENT (RETIRE):

- Start receiving monthly benefits
- Begin DROP account withdrawals

OR



CONTINUE TO WORK:

- Resume contributions to TRSL
- DROP deposits will end
- Earn supplemental benefit (added to your retirement benefit)

Is DROP right for you?

- **Will my benefit be calculated at 2.0% or 2.5%?**
 - » DROP at age 60 with 10 years is calculated at 2.0%. (under Regular Plan)
 - » Regular service retirement at age 65 with 20 years is calculated at 2.5%.
- **What if I receive a salary increase while I'm in DROP?**
 - » Any salary increase you receive while you are in DROP will not be added to your FAC.
- **How long do I plan to work after my DROP participation ends?**
 - » If you work for many years after DROP, it could result in a lower benefit than if you had not participated in DROP.

2.0% vs. 2.5%?

Entering DROP with a 2.0% accrual rate can significantly reduce your lifetime retirement benefit. It may be better to not participate in DROP and retire once you're eligible for a 2.5% accrual rate.

Entering DROP with 2.0% accrual rate

$$15 \text{ years} \times 2.0\% \times \$2,800 = \\ \$840/\text{mo. (maximum)}$$

You will have \$30,240 at the end of 36 months of DROP participation, and receive a \$840 monthly benefit for life.

Not entering DROP & retiring with 2.5% accrual rate

$$20 \text{ years} \times 2.5\% \times \$2,800 \\ = \$1,400/\text{mo. (maximum)}$$

You won't have any DROP funds, but you will receive a \$1,400 monthly benefit for life (\$560 more per month).

To DROP or not to DROP...

Member enters DROP at 30 years. Average compensation is \$4,000. Member works 10 more years after DROP. Average compensation is \$4,500.

$$30 \text{ years} \times \$4,000 \times 2.5\% = \$3,000$$

(maximum)

$$10 \text{ years} \times \$4,500 \times 2.5\% = \$1,125$$

TOTAL \$4,125

Member works 40 years and does not participate in DROP. Average compensation is \$4,500.

$$40 \text{ years} \times \$4,500 \times 2.5\% = \$4,500$$

(maximum)

Applying for retirement



- You can submit your retirement application *as early as six months before* your desired date of retirement or DROP beginning date.
- You will need to complete all purchases, transfers, and/or reciprocals of service credit before the effective date of retirement or entering DROP.
- TRSL recommends you coordinate your retirement or DROP beginning date with your employer. Your employer will verify your service credit and sick leave.

Applying for retirement

There are two ways you can apply for retirement:



Apply online through **MEMBER ACCESS:**
www.TRSL.org/memberaccess



Submit Form 11 & Form 15D

- *Application for Service Retirement, ILSB, or DROP (Form 11)*
- *Direct Deposit of Benefits (Form 15D)*

NOTE: Members applying for DROP do not submit the Form 15D at time of entering DROP.

Apply through Member Access

- Select “Apply for Retirement” from the “My Retirement” drop-down menu.



NOTE: Two weeks after submission of the Form 11 to TRSL, you will receive an acknowledgment letter in the mail.

Applying through *Member Access*

Application for Service Retirement, ILSB, or DROP	
Applications may be canceled before cashing any benefit check, including estimated benefit payments and direct deposits. Your application may be submitted within six months before your effective retirement/DROP date. It is your responsibility to submit your application before your selected retirement/DROP date.	
Your retirement information (Must be completed)	
Select one: <input type="radio"/> Service – 06-11A <input type="radio"/> ILSB – 06-11A5 <input type="radio"/> DROP – 06-11F	Date of retirement/DROP begin date <input type="text"/> (mm/dd/yyyy)
Annual COLA Option (ACO) allows a retiring member to receive a guaranteed annual 2.5% cost-of-living adjustment (COLA) by accepting an actuarially REDUCED retirement benefit. Check the box below only if you are considering ACO. <input type="checkbox"/> Yes, I wish to receive an estimate of REDUCED benefits based on the self-funded Annual COLA Option (ACO).	
Your member information (All fields must be completed)	
Name: Last, first, MI, suffix (Jr., III, etc.) <input type="text"/> **	Your Social Security number <input type="text"/>
Street address/P.O. Box <input type="text"/> **	Your date of birth <input type="text"/>
City <input type="text"/> **	Name of Employer <input type="text"/>
State <input type="text"/> ** LA-LOUISIANA ▼	Zip <input type="text"/> - <input type="text"/> **
Home/cell telephone* <input type="text"/>	Work telephone* <input type="text"/>
* include area code Months of contract <input type="radio"/> 9 <input type="radio"/> 10 <input type="radio"/> 11 <input type="radio"/> 12	Job title <input type="text"/>

Information for you and your spouse will automatically load from your account, but you will be able to make changes, if necessary.

Applying through *Member Access*

Application for Service Retirement, ILSB, or DROP	
Applications may be canceled before cashing any benefit check, including estimated benefit payments and direct deposits. Your application may be submitted within six months before your effective retirement/DROP date. It is your responsibility to submit your application before your selected retirement/DROP date.	
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Name: Last, first, MI, suffix (Jr., III, etc.) <input type="text"/> **	Your Social Security number <input type="text"/>
Street address/P.O. Box <input type="text"/> **	Your date of birth <input type="text"/>
City <input type="text"/> **	Name of Employer <input type="text"/>
State LA-LOUISIANA ▼	Zip <input type="text"/> - <input type="text"/> **
Home/cell telephone* <input type="text"/>	Work telephone* <input type="text"/>
* include area code Months of contract <input type="radio"/> 9 <input type="radio"/> 10 <input type="radio"/> 11 <input type="radio"/> 12	Job title <input type="text"/>

Information for you and your spouse will automatically load from your account, but you will be able to make changes, if necessary.

How TRSL pays your benefits

- **Monthly benefits are paid on the first of the month.**
 - » Your first benefit payment will be a paper check; subsequent payments will be direct deposited.
 - » Your retirement can only be canceled if a benefit payment has not been negotiated (includes direct deposit).
- **For Service and ILSB, there is a 30-day waiting period.**
 - » This period begins on your retirement date. However, we must have your estimated affidavit as well as your direct deposit form to determine your benefit.
- **You will receive estimated benefits as first payments.**
 - » This partial benefit will continue monthly until TRSL finalizes your benefit. (For DROP participants: The estimated benefit is your DROP deposit amount plus your after-DROP estimated benefit, if applicable.)

Summary

- DROP is an optional program, which lets you to build a retirement nest egg while you continue to work.
- There is a window for DROP—this is the one and only time frame you have to participate, and is unique to each member.
- Once you terminate employment (retire), you can begin withdrawals from your DROP account.



Things to do now

- Register for **Member Access**.
- Submit copies of important documents:
 - » Social security cards (member and beneficiary)
 - » Birth certificates (member and beneficiary)
 - » Legal documents (including divorce decrees, judgment of separation, and/or community property settlements)
- Update address & beneficiary/ies.
- Get a retirement estimate:
 - » Use Member Access or
 - » Submit Form 10



Online access to your TRSL account

Member Access is a secure website where you have all the tools you need to plan for retirement:



- View service credit, contributions and beneficiary designations
- Create a benefit estimate
- Update your name or address
- Apply for retirement

Create your account today!

Create a benefit estimate

Online calculators loaded with your account information



1. Log on to Member Access.
2. Under “My Retirement” drop-down menu, select “Estimate Your Retirement Benefit.”
3. Enter your desired retirement date and click “Create Estimate!”

Register for MEMBER ACCESS @ www.TRSL.org

For technical assistance with Member Access, contact support@trsl.org

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LINKS

MEMBER NEWSLETTER

TRSL

April 2015

Summer workshops: We're ready! Are you?

We've scheduled our "Planning for Your Retirement" workshops for the summer. And we'll be coming to a city near you.

If you are within five years of retirement or DROP eligibility, then this workshop is perfect for you! We'll discuss the benefits of your TRSL membership, go over the retirement process, and answer all your retirement questions, such as:

- How is my benefit calculated?
- Can I name both of my children as beneficiaries?
- Should I go into DROP?
- What happens to my sick leave?
- Will I get Social Security?

Remember... it's never too early to start your retirement planning. Check out our workshop [schedule](#) and [register](#). We look forward to seeing you there!



HOME ABOUT TRSL INVESTMENTS

Change Text Size: **AAA** My TRSL


Forms by Subject

Address or name changes

[Active Member Change of Address Authorization](#) (Form 2AC)
[Active Member Name Change Request](#) (Form 2NC)
[Retiree Change of Address Authorization](#) (Form 15C) - Survivors, beneficiaries, and alternate payees
[TRSL Member Change of Address Authorization](#) (Form 166C)

[Direct Deposit of DROP or ILSB Account Withdrawals](#) (Form 11R) - Use 15D for regular benefits
[Direct Deposit of Benefits](#) (Form 15D) - Use 11R for DROP or ILSB account withdrawals
[Addendum to Direct Deposit of Benefits - Nonspousal Joint Signer\(s\)](#) (Form 15JS)

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Teachers' Retirement System of Louisiana

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*Retirement Security
 in a Changing World*

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Questions?



We are here for you!



Local phone: (225) 925-6446

Toll free (outside Baton Rouge):
1-877-ASK-TRSL (1-877-275-8775)

Website: www.TRSL.org

Email: web.master@trsl.org



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