



# Planning for Retirement

Includes a TRSL retirement timetable

## Are you ready to retire?

Moving from work into retirement can be quite a transition. That's why TRSL wants you to have all the information you need to make the best choices for you and your family.

We encourage you to take some time to carefully read this handbook. It outlines the process you will go through to retire, and gives you a good idea of the many important financial and budgeting issues you will need to consider before retiring.

## What's inside...

For your information...	2
A timetable for retirement	3
Your benefit payment	5
Budgeting 101	6
Your monthly expenses	7
Your household income	8
Your net worth	9
Should I hire a financial planner?	11
Creating a will	13
Protecting yourself from scams	13
Health and life insurance	14

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## For your information...

### Date of retirement

Please coordinate your date of retirement with your employer and inform TRSL of any change(s) before cashing or depositing a retirement payment. Once you cash or deposit a retirement payment, you are retired as of the effective date of your retirement application or your first eligible date, and you cannot cancel your retirement.

### DROP participation

DROP participants cannot cancel their DROP participation once the designated beginning DROP participation date has passed and a properly executed affidavit has been received.

Once DROP is chosen, the participation period cannot be extended and can only be shortened by retirement, termination of employment, or death.

### Returning to work

Once you retire, reemployment in a position eligible for TRSL membership will be subject to the state's return-to-work laws. For more information, please see our brochure, *Returning to Work after Retirement* or visit [www.TRSL.org/rtw](http://www.TRSL.org/rtw).

### Other helpful TRSL publications:

- ***Sick Leave & Conversion to Service Credit***  
Understand what happens to your unused sick and annual leave upon retirement.
- ***Community Property & TRSL Benefits***  
Louisiana is a community property state. Find out what this means for you and your TRSL retirement benefits.
- ***Special Tax Notice Regarding TRSL Payments***  
Payments from TRSL may be subject to certain taxes. Find out how you may be affected.
- ***TRSL & Social Security Benefits***  
If you're counting on Social Security income in retirement, find out how certain federal laws could impact you.

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## A timetable for retirement

It's never too early to start planning for your retirement. The information below gives you a general timeframe of important events as you near retirement.

### Two to three years before retirement

- **REVIEW** the accuracy of your years of service with TRSL's secure, online Member Access. If you haven't registered for Member Access, visit [www.TRSL.org](http://www.TRSL.org) and follow the easy registration instructions.
- **ASK** your employer to review your years of service and certify or correct any questionable years or incorrect data.
- **RESOLVE** any issues involving the purchase or transfer of service credit. Purchases and transfers of service credit can only be made before the effective date of your retirement or DROP participation. TRSL strongly recommends that you submit any application for purchase or transfer of service credit at least six months before you retire or enter DROP. For more information about purchases and transfers, read our [Purchases & Transfers](#) handbook available at [www.TRSL.org](http://www.TRSL.org).

### One to two years before retirement

- **CALCULATE** an estimate of your retirement benefits. You can do this with our online calculator or check your annual member statement through TRSL's Member Access at [www.TRSL.org](http://www.TRSL.org). Or, you can submit a completed *Benefit Estimate Request* (Form 10).
- **ATTEND** a retirement seminar. Virtual and in person options are offered on a variety of topics. Check the workshop schedule on our website, [www.TRSL.org](http://www.TRSL.org).

### Four to six months before retirement

- **APPLY** for retirement through Member Access at [www.TRSL.org](http://www.TRSL.org). Or submit an *Application for Service Retirement, ILSB, or DROP* (Form 11).
- **SUBMIT** a *Direct Deposit of Benefits* (Form 15D), available at [www.TRSL.org](http://www.TRSL.org), to designate the financial institution that is to receive your funds, if applying for regular service retirement. (*NOTE: Direct deposit of your monthly benefit check is required.*)

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## Two weeks after applying for retirement

TRSL will acknowledge your application within two weeks of its receipt in our office. If you do not receive this acknowledgment, contact TRSL to check the status of your application.

## TRSL sends retirement affidavit

Once we receive your Social Security card, and your application is processed, TRSL will send you an *Affidavit of Retirement Option Election* (Form 11E), which will be based on the most current information available to TRSL. The affidavit will list the estimated benefit amount for each of the eight retirement options available through TRSL.

**Note:** *If you have ever been divorced, or your current marital status is "divorced," attach a certified copy of all divorce judgments, judgments of termination of community property, or judgments of separation of property. Also, include a certified copy of all domestic relations orders or judgments of community partition, if applicable. The Affidavit of Retirement Option Election (Form 11E) will be sent once we receive your Social Security card, and all divorce-related documents.*

## Return notarized retirement affidavit

- **REVIEW** your affidavit. Carefully select a retirement option, notarize, and return the affidavit to TRSL:

**For those applying for service retirement:** Affidavit is due within 15 days of receipt.

**For those applying for DROP participation:** Affidavit is due within 90 calendar days after you receive it or within 120 calendar days of the DROP effective date, whichever is later.

- If you do not return the affidavit within the required time, you will be removed from DROP participation, effective the date you were to begin DROP. You will also be required to remit your member contributions due back to your original requested DROP participation date, if applicable.
- If you still wish to participate in DROP after the cancellation of your original application, you will need to submit a new *Application for Service Retirement, ILSB, or DROP* (Form 11). Your DROP participation date will be effective on the date TRSL receives your new application or the beginning date of participation on the form, whichever is later. This may cause you to lose DROP participation time.



**Remember that the retirement option you select on your affidavit is irrevocable, no matter how your situation may change in the future!**

## Your benefit payment

Once you have been retired for a minimum of 30 days and TRSL has received your completed affidavit and direct deposit forms, you will begin receiving an estimated benefit payment. The first payment will be mailed to your home address. All subsequent payments are made by direct deposit. You will receive estimated payments until the final benefit amount has been calculated.

TRSL will also issue a payment for your retroactive benefits which includes the difference between your estimated payments and your final monthly benefit amount. The retroactive payment is issued after final benefits are confirmed, which may take up to six months after your retirement date. TRSL will send you a letter to inform you of any changes to your benefit once final benefits have been calculated.

- **For regular retirement benefits:** TRSL makes regular retirement benefits, including estimated benefits, available on the first of each month.
- **For DROP/ILSB withdrawals:** DROP/ILSB withdrawals are made available on the 15th of each month.

However, when the first (or the 15th in the case of DROP/ILSB withdrawals) of the month falls on a weekend or a holiday, some financial organizations post the direct deposit to your account the next business day.

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## Budgeting 101

You have a lifetime retirement benefit from TRSL. Still, a budget in retirement can help you reduce stress, prepare for emergencies, and save money.

Begin a budget by simply writing down your monthly income and then subtract your monthly expenses. From this, you can work out a rough budget estimate of your future living costs.

### **Expenses to consider**

**Your budget should take into account unexpected purchases and emergencies.**

- It is wise to overestimate these figures so that you have extra money on hand if needed. The “Recreation” and “Miscellaneous” listings on the following worksheet can be used to track these expenses.

**Don’t overlook your “plastic money” when figuring expenses.**

- Credit purchasing is too easily forgotten or ignored. The “Installment payments” listing on the worksheet is the catchall for payments that must be made for things bought on credit.

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## Your monthly expenses

Some expenses will dwindle or disappear in retirement. For instance, unless you take another job, you won't have work-related expenses which can cost as much as 5% of a household budget. Housing costs are likely to be less as mortgages are paid off. Child-related expenses decrease as children grow up and leave home. And you may choose to cut back on life insurance coverage.

Although your living expenses are likely to be lower in retirement, you need to plan for inflation. Your pension dollars will buy less. When you draft your projected retirement budget, think of all the budget angles—savings here, added costs there.

After completing your monthly budget, see if you have money left over or if you don't have enough to cover your spending. Use the budget worksheet below to get a better picture of your spending pattern and help guide your budget.

### *Worksheet: Monthly expenses*

<b>Budgeted expenses</b>	<b>Current</b>	<b>Retirement</b>
Housing (utilities, maintenance, etc.)	\$ _____	\$ _____
Food and beverages	\$ _____	\$ _____
Clothing	\$ _____	\$ _____
Transportation (gas, oil, repairs, etc.)	\$ _____	\$ _____
Installment payments	\$ _____	\$ _____
Medical and dental care	\$ _____	\$ _____
Insurance (personal, auto, & household)	\$ _____	\$ _____
Taxes	\$ _____	\$ _____
Contributions (church, charities, etc.)	\$ _____	\$ _____
Recreation	\$ _____	\$ _____
Miscellaneous	\$ _____	\$ _____
Savings & investments (IRAs, etc.)	\$ _____	\$ _____
<b>Total</b>	\$ _____	\$ _____

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## Your household income

Once you've come up with a figure for your monthly expenses, list the salaries or wages of family members who contribute to the monthly household income. Include all other income, whatever the source, such as interest received, stock dividends, Social Security benefits, veterans compensation, etc.

Add your income figures. Subtract the expense total. The two totals should show a rough balance. If there is more coming in than being paid out, you're in good shape. If there is more being paid out than coming in, you will need to make adjustments to reduce the gap.

### Worksheet: Household income

<b>1. Annual pension</b> (yours & your spouse's)	\$
<b>2. Annual Social Security income</b> (yours & your spouse's)*	\$
<b>3. Total guaranteed income in retirement</b> (total of above)	\$
<b>4. Estimated annual income from savings &amp; investments</b> (IRAs, mutual funds, stocks, bonds, property, DROP withdrawals, etc.)	\$
<b>5. Anticipated annual retirement income from other sources</b> , including a retirement job	\$
<b>6. Total projected income from retirement</b> (Lines 3, 4, and 5)	\$
<b>7. Total projected retirement expenses from page 7</b> (Don't underestimate)	\$
<b>8. Amount you need to add to savings income</b> (If Line 7 is more)	\$
<b>9. Reserve</b> (If Line 6 is larger)	\$
<b>TOTAL</b>	\$

*\*Receiving a TRSL pension may affect your Social Security benefits. Please contact your nearest Social Security office for details or consult their website at [www.SSA.gov](http://www.SSA.gov).*



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## Your net worth

As you start financial planning, it is also important to know your net worth. Your net worth is your estate.

Your estate is basically the accumulated - and still accumulating - total of your assets. These assets can be a financial cushion throughout your life but particularly so in retirement years. They can soften the impact if monthly income ever fails to cover your needs. They can be tapped, if necessary, when you need money to cover unexpected expenses.

There are two major parts to a net worth statement: What you own and what you owe. You can also ask what insurance protection you have because a net worth statement provides a good test of whether insurance coverage is adequate.

Use the worksheet on the next page to compute your net worth. After completing your worksheet, file it. You may want to review and update it from time to time.

### **Cost-cutting tips**

Many retirement advisors suggest cutting costs gradually as retirement approaches to see whether you'll be comfortable on a tighter budget.

#### **Get rid of unnecessary credit cards.**

Keep a major credit card with little or no fee attached, and use it minimally. Pay off the balance monthly to avoid finance charges. You could save approximately 20% annually by relying more on cash and less on credit purchases.

#### **Consider paying off a mortgage early.**

You can cut years off your mortgage payments by increasing your monthly payments to cover one additional payment per year. That extra amount pays off the principal early.

## Worksheet: Net worth

Assets	
Money in savings accounts	\$
IRAs, certificates of deposit, other time deposits	\$
Series E and other government bonds	\$
Stocks or mutual fund certificates	\$
Bond certificates	\$
Cash value of life insurance	\$
Pensions and annuities	\$
Market value of automobiles, other motor vehicles	\$
Market value of home and other real estate	\$
Household furniture and appliances (Keep separate room-by-room inventory for insurance)	\$
Jewelry	\$
Sports and musical equipment	\$
Antiques and other collections (Keep separate inventory)	\$
Clothing (Particularly fur coats and other high-priced items)	\$
Loans receivable	\$
Cash value of any business(es) you might have	\$
Other assets	\$
<b>Total Assets</b>	\$

Liabilities	
Mortgage on home or other real estate	\$
Unpaid taxes	\$
Notes (Total unpaid, not current amount due)	\$
Installment debts (Total unpaid, not current amount due)	\$
Charge account debts (Total unpaid, not current amount due)	\$
Other personal obligations (Think hard and note everything)	\$
<b>Total Liabilities</b>	\$

Totals	
<b>Total Assets</b>	\$
	minus (-)
<b>Total Liabilities</b>	\$
	equals (=)
<b>NET WORTH</b>	\$

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## Should I hire a financial planner?

Financial planners can help you with retirement planning, budgeting, and investing. If you decide you need a financial planner, ask how they get paid. Be careful. Some are simply salespersons for products they recommend. Fee-only planners charge a straight fee for their services. Be sure you get a written statement of their charges and ask for a sample of a written financial plan.

### Questions to ask

If you're considering hiring a financial advisor, it's a good idea to interview several candidates before making a decision.

#### *Compensation*

1. How are you compensated? Do you get a commission for recommending specific products?
2. If you charge a fee for services, how is the fee calculated? Is there a cap on fees?
3. Does any member of your firm act as a general partner or receive compensation from investments you recommend?

#### *Education & work history*

1. What is your educational background?
2. How long have you been in this business? What did you do before you became a financial advisor?
3. What are your special areas of expertise?
4. Where do you get your research? Do you get it from Wall Street or is it third-party academic research?
5. Will you provide me with a list of clients I can call for references?
6. May I see documentation of your work history from the past 10 years, conflicts of interest, and lawsuits, as well as fees and methodology?
7. Are you a Certified Financial Planner? Do you belong to any professional organizations?
8. Who regulates you? Have you ever been disciplined by the Securities and Exchange Commission (SEC), or other regulatory organization, like the National Association of Securities Dealers?
9. Are you registered as an investment adviser with the SEC? Are you registered with the state?

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## Services

1. Who will handle my account? Will it be handled by an individual or a team?
2. Will you provide a written analysis of my finances and your recommendations?
3. What is your investment philosophy?
4. Will you help me implement your recommendations?
5. Do you work with other professionals, such as lawyers, accountants, and stockbrokers?
6. Once we have a plan, how often will we review its progress?
7. How often will we meet?

## Resources for finding a financial planner

- The Financial Planning Association provides a list of planners in your area plus information to help you choose a planner. [www.plannersearch.org](http://www.plannersearch.org)
- National Association of Personal Financial Advisors provides names of fee-only planners in your area and a list of questions to ask a potential advisor. [www.napfa.org](http://www.napfa.org)
- Certified Financial Planner Board of Standards can tell you whether a financial planner is certified. [www.cfp.net](http://www.cfp.net)
- The American Institute of CPAs (AICPA) and the Chartered Institute of Management Accountants (CIMA) can provide a list of CPAs in your area who are personal financial specialists. [www.aicpa-cima.com](http://www.aicpa-cima.com)
- The Securities and Exchange Commission (SEC) can tell you whether a financial planner is registered with the SEC as an investment advisor. The SEC also provides educational materials. [www.sec.gov](http://www.sec.gov)

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## Creating a will

After you have planned and nurtured an estate, protect it through a will. That way, if anything happens to you or your spouse, your assets will be distributed the way you—not the courts—want them to be.

Only about one-third of all adults have wills. Creating a will can be a do-it-yourself project, such as using a template available online, but it's better done with the help of an attorney. However you do it, don't put off making a will. Your spouse should make one also.

## Protecting yourself from scams

Telemarketing and internet scams defraud thousands of people every year. Never give your credit card, bank account, or Social Security number to a telemarketer or via email.

- Consumers with questions about possible phone and internet scams can contact the Consumer Protection Section in the La. Attorney General's Office. (1-800-351-4889 or [www.ag.state.la.us](http://www.ag.state.la.us))
- To learn more about fraud or if you believe you have been affected by fraud, contact the Louisiana Office of Financial Institutions (OFI). (225-925-4660 or [www.ofi.state.la.us](http://www.ofi.state.la.us))
- Many states offer "do not call" programs for consumers who wish to reduce telephone solicitations. The Louisiana Public Service Commission offers such a program to Louisiana residents. (1-877-676-0773 or [www.lpsc.louisiana.gov](http://www.lpsc.louisiana.gov))



**TRSL does not endorse any insurance or other products. If you receive a call, mail, or email from a company claiming to work with TRSL, please contact TRSL immediately at 225-925-6446 or 1-877-ASK-TRSL (outside Baton Rouge).**



## **Health and life insurance**

### **Questions about coverage, premiums, etc.**

Because health and life insurance are benefits of employment, they are connected to employment even in retirement. Although TRSL does process premium deductions for certain types of insurance as a service to retirees, we don't administer the insurance programs or make any determinations of coverage or the dollar amounts of premiums.

The payroll deductions TRSL does make are processed only when a retiree has requested the deduction and the employer/insurance provider has given TRSL the necessary premium information.

For answers to your questions about insurance coverage, benefits, premiums and deductions, it's best to start with your employer's personnel office. Here are some questions to keep in mind:

1. Will my premiums remain the same or will they increase after I retire?
2. Will I continue to have dependent coverage?
3. Can my premiums be deducted from my retirement check, or will I be billed through my employer?
4. Will I remain covered if I am eligible for Medicare?
5. One important question you may want to ask yourself is, "Do my loved ones have access to my insurance policies?"

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## Life insurance

Everyone's circumstances are different, and only you can decide if you need life insurance. It can help with medical and burial costs beyond what might be otherwise covered under medical and hospitalization and other forms of insurance. However, in some cases, money that would be put into insurance premiums can be invested more profitably.

### *Life insurance options*

- **TERM INSURANCE** provides the greatest dollar amount of coverage for the least amount of money. However, the premiums for a specific amount of insurance become greater as you grow older. Since your needs for such protection grow less too, you can reduce the amount of your coverage as you see fit. Term insurance does not build any cash value.
- **WHOLE LIFE INSURANCE** provides a stipulated death benefit, but it also includes a savings feature, building cash value as the years go by. You can borrow against this cash value. If you eventually cancel the policy, you can cash it in, obtaining the savings that have built up. The chief problem with this type of policy is the low rate of interest usually earned in the savings component of the plan. (*Universal life is similar to whole life but ordinarily provides a better return on the savings portion of the policy because of the way the savings funds are invested.*)
- **VARIABLE LIFE INSURANCE** combines many of the advantages of whole life policies with those of a mutual fund investment. You have a guaranteed minimum death benefit, as with whole life. However, the savings portion of the insurance is invested in a mutual fund (of varying types) that may provide you with greater growth and appreciation.

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**It's never too early  
to plan for retirement**

## **We're here to help!**

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**Questions:** *AskTRSL.org*

**Web:** *www.TRSL.org*

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