2021 Hybrid Plan
(Non-University)

Plan Overview

- Applies to new members beginning January 1, 2022
- Plan designed to have no unfunded liability
    - Risk is shifted from the employer / state to the employee
    - Controls provided for Board of Trustees to maintain funding level above 90%
- Limits the state's pension contribution to a fixed statutory of 10%
- Provides retirement security through foundational benefit plus supplemental savings
- Encourages longer careers
    - No retirement before age 55
    - Puts highest benefit factors at age 65 with 30 years of service
- Provides portability
- Health Insurance
    - Access to coverage at retirement (with 15 years of service as is currently required for new hires)
    - State-paid premiums become available at age 55; contribution percentages remain the same
- Life Insurance benefit of $5,000 for active members and $10,000 for retired members

Foundational Benefit Component

- Employee contributions of 9% and Employer contributions of 8%
- Employee contributions earn annual interest of the 30-year Treasury Bill rate until account is vested
- Employee contributions and accrued interest vest immediately and are portable
- Undiscounted benefits at:
    - Age 55 with 30 years of service
    - Age 60 with 10 years of service
    - Age 65 with 5 years of service
- Age factor increases incrementally monthly
    - Minimum of 1.7% at age 55, through age 60, up to maximum of 1.9% at age 65
- Career factor begins at 20 years of service
    - 0.25% factor when member has between 20 – 29.99 years of service
    - 0.5% factor when member has equal to or greater than 30 years of service
    - Service factor to be applied to all years of service
- 6% benefit reduction for the lessor of:
    - Each year of service less than 30
    - Each year of age less than 60
- Final average salary
    - Calculated on high five years of service
    - Anti-spiking rules apply
    - Does not include lump-sum payouts
- Annual retiree COLA of 1.5%
- Changes to the foundational benefit only can be changed prospectively
- Disability retirement included

Supplemental Benefit Component

- Employee and state contributions of 2% each are mandatory subject to risk control provision
- Additional (employee, employer, state) contributions, including lump-sum payouts, are voluntary
- All contributions earn annual interest of the 30-year Treasury Bill rate
- Employee contributions and accrued interest vest immediately and are portable
- Employer contributions and accrued interest vest at five years of service and are portable
- Various forms of benefits (annuity, lump sum, etc.)

Risk Controls

- State's cost is limited to the statutory contribution
- If funding is below 90%, the TRS Board of Trustees shall utilize the adjustments below necessary to maintain the trust funding until restored to at least 90%:
    - Utilize assets from the stabilization reserve account, which holds contributions to the foundational benefit that are in excess of the actuarial determined employer contribution
    - Use future mandatory 2% supplemental benefit contributions for the foundational benefit
    - Adjust any of the following:
        - Future annual interest credited to a member's account
        - The age factor and/or career factor
        - The annual COLA for retired members
- The TRS Board of Trustees may utilize the adjustments above at any time to maintain trust funding
- Funds in the stabilization reserve account cannot be used to increase benefits to members

Updated as of December 20, 2020