2021 Hybrid Plan
(Non-University)

Plan Overview

- Applies to new members beginning January 1, 2022
- Plan designed to have no unfunded liability
  - No unfunded liability risk to state
  - Risk controls 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 38 years of service
- Provides portability
- Health Insurance
  - Access to coverage at retirement, but retiree pays full premium before age 60
  - State-paid premiums become available at age 60; 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
- Age factor increases incrementally monthly
  - Minimum of 1.85% at age 55 up to maximum of 2.25% at age 65
- Career factor begins at 33 years of service
  - Maximum of 0.25% at 38 years of service
- 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, into which is deposited annual contributions for the foundational and supplemental benefits that exceed the ADEC.
    - When the contributions to this account with the funded status of the foundational and supplemental accounts exceed a total funded level of xxx%, the excess will be used to restore benefits that may have been reduced, to make an additional contribution to members' supplemental accounts, and/or be applied to the existing legacy unfunded liability
    - Funds in the stabilization reserve account may not be used to increase benefits to members otherwise.

    - Use future mandatory 2% supplemental benefit contributions for the foundational benefit
    - Adjust any of the following for individuals becoming members on or after Jan. 1, 2021:
        - Future annual interest credited to a member's account
        - The age factor and/or career factor
        - The annual COLA for retired members in the new tier
- The TRS Board of Trustees may utilize the adjustments above at any time to maintain trust funding