



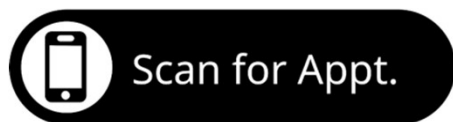
**Thank you for being here.**  
**This webinar will begin momentarily.**



# Retirement Planning Strategies for Educators

**Presented by TCG, a HUB International Company**

# TeleWealth Virtual Appointments



**Sherry Echart**

Sr. Retirement Plan Specialist

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**Schedule a Virtual Meeting:**

[www.tcgservices.com/sechart](http://www.tcgservices.com/sechart)

# Today's Topics

- TRS Pension Basics
- Understanding the Retirement Income Gap
- 457 and 403b Retirement Savings Plan
- Investment Basics
- How to get started

# Retirement & Private Wealth Services



## We help you get ready for tomorrow

When you work with TCG, a HUB International Company you're at the center of a vast network of retirement, wealth management, and financial wellness specialists ready to bring clarity to a changing world with tailored solutions and unrelenting advocacy.



## Who We Serve



Advisory  
**\$142B+**  
Retirement plan assets under advisement

Retirement Plans  
**7,900**  
Retirement plans under advisement

**HUB**  
By the Numbers

**530+**  
Locations in North America

**14,000+**  
Employees

5 HUB owned RIAs provide investment advisory and management services to clients. All HUB RIAs reflect an aggregated amount of \$105,369,032,198 in regulatory assets under advisement. This includes \$74,817,452,822 in nondiscretionary institutional assets under advisement, primarily comprised of ERISA qualified retirement plans where we act as a 3(21) fiduciary, and \$24,392,640,791 in discretionary institutional assets under management, comprised of qualified retirement assets where our RIA acts as an ERISA 3(38) investment manager, and other institutional client assets and nonqualified plans, as well as \$2,936,425,431 in total Wealth Client assets under advisement. HUB Retirement and Private Wealth employees are Registered Representatives of and offer Securities and Advisory services through various Broker Dealers and Registered Investment Advisers, which may or may not be affiliated with HUB International. Insurance services are offered through HUB International, an affiliate.

# RAMS: A National Cooperative



**The Retirement Asset Management Services (RAMS) program is a national cooperative established in 2001 by Education Service Center Region 10 in Dallas, TX**

- TCG, a HUB International Company, was selected to manage the RAMS program
- Plan Investments are overseen by an investment advisory committee made up for Executive Directors, Superintendents and Chief Financial Officers—ensuring the interests of government employees remain top priority

## RAMS Services

- 457(b) Retirement Plan
- 403(b) Administration
- 401(a) TERRP (Teacher Employee Recruitment & Retention Plan)
- FICA Alternative Plan Administration
- FinPath Financial Wellness

# TCG Advisors



- Full-service investment advisory firm
- Provides fiduciary protection over plan investments
- Fee-only provider
- Acts as the Investment Advisor for the ESC Region 10 Cooperative to support the Investment Advisory Committee (composed of Superintendents & Chief Financial Officers)
- Registered with the Securities and Exchange Commission (SEC)

## Advisory Services

- Plan Education
- Fiduciary oversight
- Investment plan design
- Investment committee formation and support
- Wealth Management & Family Office Services

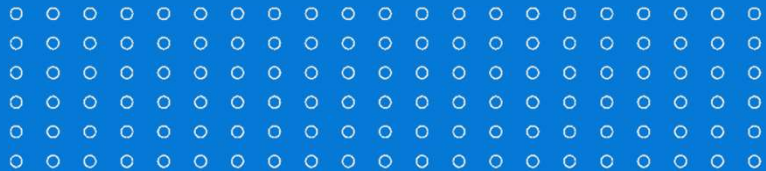
# TCG Administrators



- Third Party Administration Services for the Region 10 RAMS program
- Handles salary elections and contributions
- Responsible for processing loans and distributions daily
- Handles all paperwork and compliance for plans
- Operated by bilingual customer service representatives based in Texas
- Online recordkeeper plan access



# 1



## The Retirement Income Gap

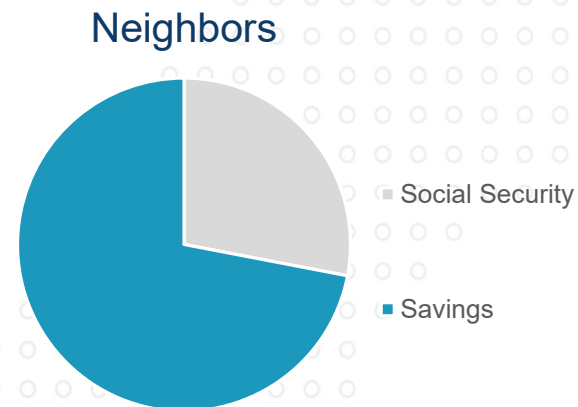
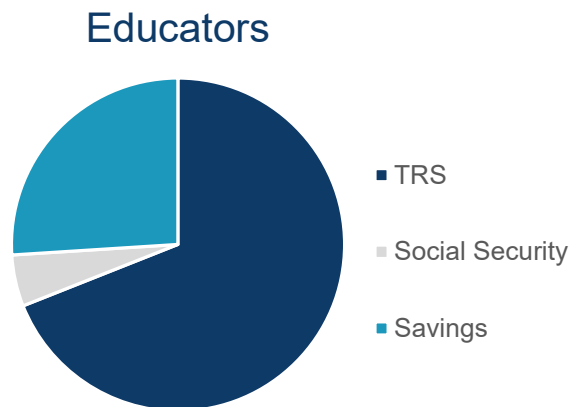
Important information for Texas Educators



# TRS vs. Corporate Retirement



Income in retirement is very different for educators than it is for their spouses and neighbors outside of education



# Texas Teacher Retirement System



- TRS administers a pension trust fund that has been serving the needs of Texas public education employees for over 80 years.
- You become a TRS member on the first day of eligible employment
- TRS is a Defined Benefit Plan

Effective	State Contribution Rate	Active Member Contribution Rates
September 1, 2019	7.5%	7.7%
September 1, 2020	7.5%	7.7%
September 1, 2021	7.75%	8.0%
September 1, 2022	8.0%	8.0%
September 1, 2023	8.25%	8.25%
September 1, 2024	8.25%	8.25%

Additionally, you also contribute 0.65% of your salary and the District contributes 0.75% of your salary towards TRS–Care, the retiree group health benefits program.

# TRS Financial Awareness Series



- TRS has begun an initiative focused on Financial Awareness for educators
- Topics include
  - *What you have*
    - Your TRS defined benefit plan
  - *What you need*
    - To save more
  - *How to get it*
    - By saving smart

Watch at: [www.youtube.com/trsoftexas](https://www.youtube.com/trsoftexas)



# TRS Service Credit



The school year begins on September 1 each year for all TRS members. This means that TRS service and compensation credit for all members is determined based on the following dates:

**September 1 through August 31**

**Regardless of the dates of the individuals contract work agreement, or employers' calendar.**

# TRS Computation Year



A minimum of 90 days.



The full fall semester in the last year before you retire.



TRS compensation is computed on the same basis

- Exception for 7/1 12-month employee in last year of employment – look back to 7/1 of previous year



# TRS Service Credit



1000 Red River Street  
Austin, TX 78701-2698  
(800) 223-8778  
[www.trs.texas.gov](http://www.trs.texas.gov)

## Annual Statement

TRS123 (08-20)



Please review your salary and service credit information on this statement. If salaries are incorrect, contact your employer(s) immediately. To report service credit discrepancies, promptly notify TRS. For help in reading this statement or estimating retirement benefits, visit [www.trs.texas.gov](http://www.trs.texas.gov) and click on Annual Statement.

**INFORMATION PRESENTED ON THIS STATEMENT ONLY REFLECTS TRS DATA. SALARIES, SERVICE CREDIT, AND OTHER DATA ARE SUBJECT TO AUDIT AND ADJUSTMENT PRIOR TO PAYMENT OF ANY BENEFITS.**

Date of Birth:		Salary Reported for FY*	2020
Tier:	5	Highest Salaries	2016 \$57,310
Years of Service Credit:	8		2018 \$55,960
Service Credit based on school year (Sept.1 through Aug. 31), not calendar year.			2014 \$54,212
Beginning Account Balance	\$28,832.04		2015 \$53,890
Total Annual Deposits	\$0.00		2017 \$51,474
Interest Credited in 2020	\$576.64	Average Salary:	\$54,569
Account Balance as of Aug 31, 2020	\$29,408.68		

# Grandfathered or Non-Grandfathered



- Individuals who were members and met one of the following conditions by August 31, 2005 are considered Grandfathered:
  - At least age 50
  - At least 25 years of service; or
  - Met the rule of 70
- Grandfathered = 3 years average
- Non-Grandfathered = 5 years average





# TRS Retirement Formula

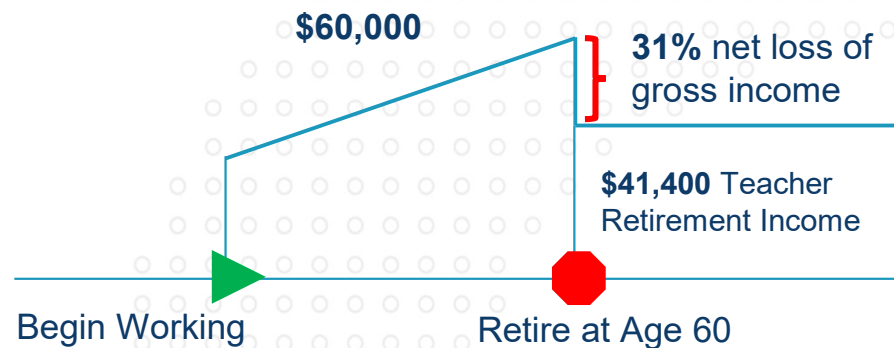


$$\text{Years of Service} \times \text{State Factor (2.3\%)} \times \text{Average 3/5 Highest Years of Income} = \text{Maximum Benefit}$$

## Example:

Years of Service	30
State Multiplier	69%
Average Income	\$60,000

<b>Maximum Benefit</b>	<b>\$41,400</b>
------------------------	-----------------



# Ways to Maximize Your TRS



- Increase salary (easier said than done)
- Increase years of service credits
  - Work longer
  - Purchase service credits
- Types of service credits
  - Withdrawn, out-of-state, military, unreported or substitute, etc.
  - Cost varies depending on type of service
  - Contact TRS for cost estimate



# What is My Tier?



Changes to the retirement plan over the years have resulted in several distinct membership categories, each with its own retirement eligibility requirements and early-age reductions.

## TRS Tier 1 & 2

- Current membership began PRIOR to September 1, 2007, and
- Had at least five years of service on August 31, 2014

### Retirement Criteria:

- Rule of 80 and at least 5 years of service, or
- Age 65 with at least 5 years of service

## TRS Tier 3 & 4

- Current membership began **BETWEEN** September 1, 2007 and August 31, 2014
- Had at least five years of service on August 31, 2014

### Retirement Criteria:

- At least age 60, meet the Rule of 80, and at least 5 years of service, or
- Age 65 with at least 5 years of service

## TRS Tier 5 & 6

- Current membership began On or After September 1, 2014, or
- Did not have at least five years of service on August 31, 2014

### Retirement Criteria:

- At least age 62, meet the Rule of 80, and at least 5 years of service, or
- Age 65 with at least 5 years of service

# Rule of 80!



- The Rule of 80 is the qualifier, not the percentage
- To be eligible for Normal-Age service retirement, you must meet one of the conditions within your tier
- The same is true for Early-Age Retirement Eligibility

$$\text{Age} + \text{Yrs. Of Service} = 80$$

# TRS Vesting

## When Can I Retire From TRS?



### If you became a TRS member....

### You must meet

**BEFORE** September 1, 2007 **AND**  
had 5 Years of Service before  
August 31, 2014

Rule of 80 or be age 65 with  
5 years of service

**AFTER** September 1, 2007 **AND** had 5 Years  
of Service before August 31, 2014

Minimum age 60 to retire and  
receive unreduced benefits or be  
age 65 with 5 years of service

**AFTER** August 31, 2014 **OR** you didn't  
have 5 years by August 31, 2014

Minimum age 62 to retire and  
receive unreduced benefits or be  
age 65 with 5 years of service

# TRS Annuity Options



- **Standard Annuity**
  - Maximum benefit for retiree's life only
- **Option 1: 100% Joint Survivor**
  - Reduced annuity, payable for retiree's life with continuous payments for beneficiary's life. If beneficiary predeceases, retiree's annuity is increased to standard annuity amount
  - Most common, typically 8-13% reduction from Standard Annuity
- **Option 2: 50% Joint Survivor**
  - Reductions range from 4-8% based on same age beneficiary
- **Option 3: 60 Month Period Certain**
  - Reduced annuity, payable for retiree's life with annuity payments guaranteed for a minimum of 60 months
  - If retiree dies before 60th payment, beneficiary will receive the remaining payments
  - Typically 1-2% reduction from Standard Annuity
- **Option 4: 120 Month Period Certain**
  - Typically 1-4% reduction from Standard Annuity
- **Option 5: 75% Joint Survivor**
  - Reductions range from 6-12% based on same age beneficiary

# Early-age Service Retirement



## ESTIMATE OF STANDARD ANNUITY

TRS uses the following formula to calculate a normal-age retirement monthly standard annuity.

Years of Service Credit X 2.3% = Total %	8 X 2.3% = 18.40%
Total % X Average Salary = Annual Annuity	18.400% X \$54,569 = \$10,040.70
Annual Annuity ÷ 12 = Monthly Annuity	\$10,040.70 ÷ 12 = \$836.72 per month

Based on your current years of service credit and without rendering any additional service, you are entitled to apply for Early-age service retirement benefits effective 10/31/2041. You may be eligible for an earlier retirement date; however, TRS does not project service credit on the member statement. Your eligibility for retirement assumes that you do not terminate your membership in TRS by requesting a refund of your account.

This statement is only intended to provide a general idea of what your standard retirement benefit could be. At retirement, in lieu of a standard annuity, you have five options for annuity payments. If you wish to obtain an estimate of what your retirement benefit could be if you choose an optional annuity other than a standard annuity at retirement, an online retirement estimate calculator is available through *MyTRS* on the TRS website.



# Early-age Service Retirement

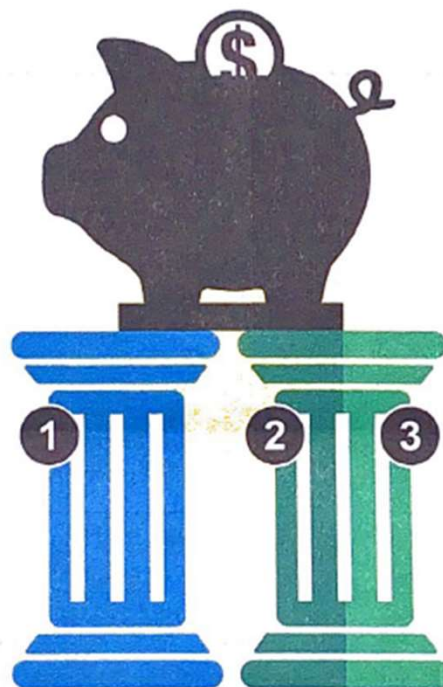


## WILL MY TRS PENSION BE ENOUGH?

There are three pillars used to describe your retirement savings. A secure retirement would depend on two (or in some cases three) of those pillars – your TRS pension, your personal savings, and social security. However, approximately 96% of public school employees **do not** pay into the social security system. This increases the importance of your personal savings.

### 1. Pension: TRS Retirement

Your monthly TRS contributions, as well as contributions from the state and your employer, help fund your future TRS retirement. Upon retirement, you would receive a monthly annuity for life. Your estimated monthly standard annuity amount is \$836.72. There are no automatic increases to your annuity once you have retired.



### 2. Personal Savings & Other Assets

Your personal savings and other assets may supplement your TRS pension at retirement. Contact your financial planner to discuss personal savings options that may be available to you.

### 3. Social Security (If Applicable)

If you are currently contributing or have contributed in the past, you may receive a social security benefit. To determine if you are eligible for social security and estimate potential benefits, contact the Social Security Administration. Two federal social security provisions could impact your social security benefits – the Government Pension Offset and the Windfall Elimination Provision.

457 or 403b  
Helps

TCG can help  
explain  
WEP & GPO



# Partial Lump Sum



## Possible Reasons to Do

- Poor Health
- Estate and Critical Need for Heirs (e.g., disabled child)
- Other Estate Needs — Guarantees money to heirs instead of reversion to retirement system at death
- No Savings Going into Retirement

## Reasons Not to Do

- You will not be able to invest the money and beat the Retirement System
  - Pay Actuarial Cost for funds; Usually have to earn minimum Net 11.00% if try to match State — Can you do this with no risk??
- You have not planned for inflation and budget in retirement so your income runs short later
- You will be tempted (and give in) to spend the money you planned to save

Note Partial Lump Sum (PLSO) Eligibility  
➤ 5 Year Average — Rule of 90  
➤ 3 Year Average — Rule of 80

# Other Items



- QDROs
  - Must be approved by TRS
  - Should run by TRS before finalized
  - TRS Rule that can change the QDRO
    - Texas Government Code Sec. 804.005
    - Designed to provide retirement income for spouse once member can retire
    - Can significantly reduce growth in member's future TRS benefit increases
- Check Your TRS Statement!
  - Unreported service credit can only be corrected if pointed out to TRS within 5 years
  - Correction of Compensation and/or Service Records
    - No correcting information will be accepted by TRS after the member has retired and received the first annuity check

# Additional Options for Educator Retirement Savings



## Employer-sponsored plan types

- 457(b) Savings Plan
- 403(b) Savings Plan



## Individual Plan Types

- Traditional IRA
- Roth IRA

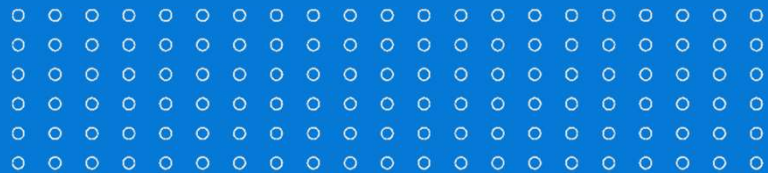
# About Roth Savings



- Roth is a distinctive retirement program and refers to the tax treatment of employee's contributions, growth, and distributions
  - Common perception is that it's an IRA only
    - Can be used for 403(b), 457(b), 401(k)
  - Not eligible in all plans, must check specific plan and employer availability
  - See your plan description here:  
[www.region10rams.org/documents](http://www.region10rams.org/documents)



# 2



## Your Employer's Retirement Savings Plans



# Benefits of Contributing



- Avoid a gap in your income during retirement
- Take advantage of tax benefits
- Improve your financial wellbeing
- Automatic payroll deductions take stress out of planning
- Decrease your dependency on government-funded pension plans
- Build savings of up to \$22,500 (or \$30,000 if age 50+) in 2023



# Comparison of 403(b) & 457(b)



Feature	403(b)	457(b)
<b>Individual vs Group Plan</b>	Most have higher fees, pay commissions/ sales loads. Limited number of no commission options	Low fees relative to most 403(b) plans; no commissions; full disclosure of fees
<b>Penalty to withdraw funds</b> (+ income tax)	10% unless qualified exception is met	None
<b>Investment Options</b>	Fixed / Variable interest annuities or Mutual Fund / Custodial accounts	Target Date Funds, Risk-Based Portfolios, or Self-directed Mutual Funds
<b>Access to Funds</b>	Termination of employment, Death, Disability, Retirement, Age 59½ (even if still employed), Hardship or Loan	Termination of employment, Death, Disability, Retirement, Age 59½ (even if still employed), Unforeseen Emergency, Loans
<b>Investment Committee/ Advisor Oversight</b>	No	Yes, overseen by school district superintendents and chief financial officers
<b>Contribution Limits</b> (can contribute to both plan types)	2023: \$22,500; \$30,000 age 50+	2023: \$22,500; \$30,000 age 50+

# 403(b) Retirement Plan

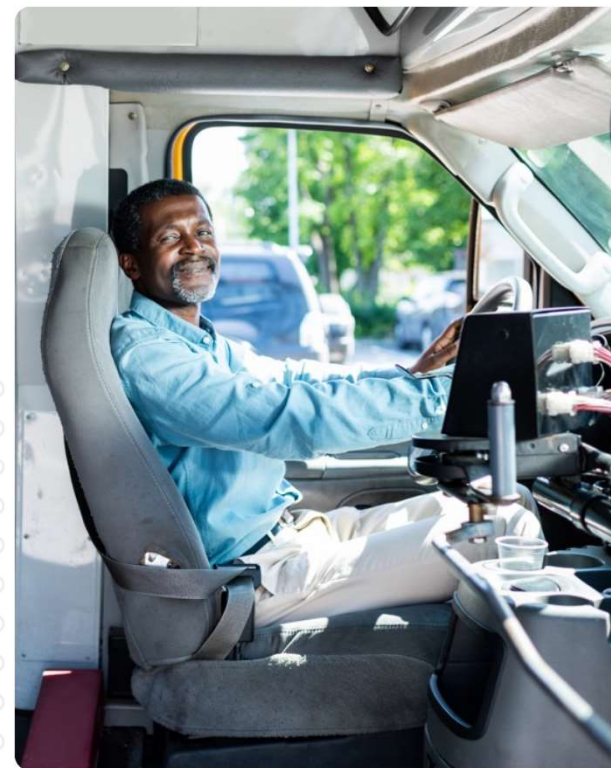




# What is a 403(b) Savings Plan?



- A 403(b) is a voluntary retirement savings plan designed for employees of state and local governments
- You can make contributions directly from your paycheck to a retirement account
- Contributing a 403(b) savings plan can help bring financial stability for life upon retirement
- Note: Early withdrawals from a 403(b) account are subject to a 10% penalty unless a qualified exception is met



# 403(b) Plan Investments



- Investments in the plan are managed by a provider of your choosing
- If you elect to contribute to a 403(b) plan, you should do your research and pick a vendor that matches your investment goals
- Pay attention to fees, expense ratios, and the investment lineup
- Plan administration services are provided by TCG, helping you with account distributions, transfers, loans, and rollovers

# 403(b) Vendor Examples



# 403(b) Plan Administration



- TCG Administrators works with the RAMS program to provide administration services, including:
  - Enrolling in a new account (remember you must enroll with a vendor first)
  - Electing/changing your salary contribution amounts or vendor
  - Directing your salary contributions to the 403(b) vendor of your choice
  - Reviewing and approving loans/distributions daily
  - Full IRS compliance of account transactions and plan document

# How to get started



## Saving with a 403(b) is a two-step process

- First, you must research and select a from a list of investment vendors and open an account
  - View approved vendors here:  
[www.region10rams.org/documents](http://www.region10rams.org/documents)
- Next, decide how much you want to contribute and create an account with TCG Administrators
  - Create your account here:  
[www.region10rams.org/enroll](http://www.region10rams.org/enroll)



# 457(b) Retirement Savings Plan

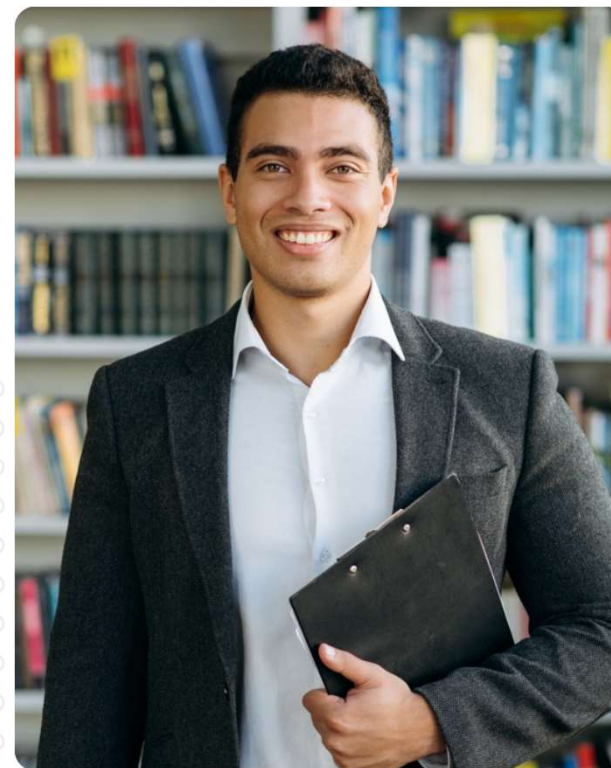




# What is a 457(b) Savings Plan?



- A 457(b) is a voluntary retirement savings plan designed for employees of state and local governments, as well as many tax-exempt organizations
- While you may qualify for a government pension, payments may not be enough to replace your pre-retirement income
- Contributing to a 457(b) plan can help you enjoy tax benefits, reduce your retirement income gap, and get on track for living a comfortable life after retirement



# RAMS 457(b) Plan Overview



- Plan is overseen by Superintendents and Chief Financial Officers, ensuring the needs of public employees are addressed
- Fiduciary oversight by TCG Advisors
- No 10% early withdrawal tax (regular income tax still applies)
- Access to financial education
  - Retirement Plan Specialist available to help you enroll
  - Free access to FinPath Wellness - financial education platform
- Tax and estate planning services included with your plan



# RAMS 457(b) Account Holder Perks



Included at no cost to you



## FinPath Financial Wellness

FinPath is a financial wellness program designed to help you build better financial habits and help your dollars can go farther.

Here's what you get:

- Unlimited 1:1 confidential financial coaching
- Financial health tools to help you budget, reduce debt, plan for emergencies, explore student loan forgiveness, and more!
- FinPath University financial education workshops and courses
- Monthly giveaways, including a \$1,000 sweepstakes



## Estate Planning

Spending a bit of time creating a solid estate plan can help you prepare for the expected and unexpected.

Redeem a **complimentary will**<sup>‡</sup> (valued at \$259) to help you secure your legacy and your loved ones.



## Tax Preparation

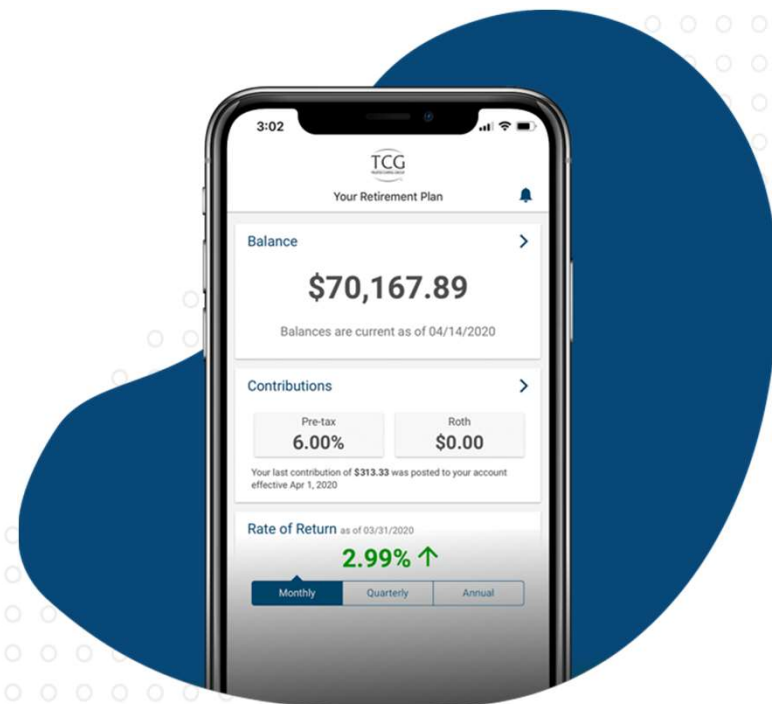
We can help you take the stress away from your tax bill. Our team can assist with **filing your W-2 tax returns at no cost to you** and or a \$250 credit towards complex preparation services.<sup>‡</sup>

\*Registration is required to use FinPath. †Services may be offered through third-party vendors. \*\*TeleWealth virtual meetings provided by TCG Advisors, a HUB International company. ‡Tax and estate services may be provided through third party vendors. TCG.83.2022

# RAMS 457(b) Plan Investments



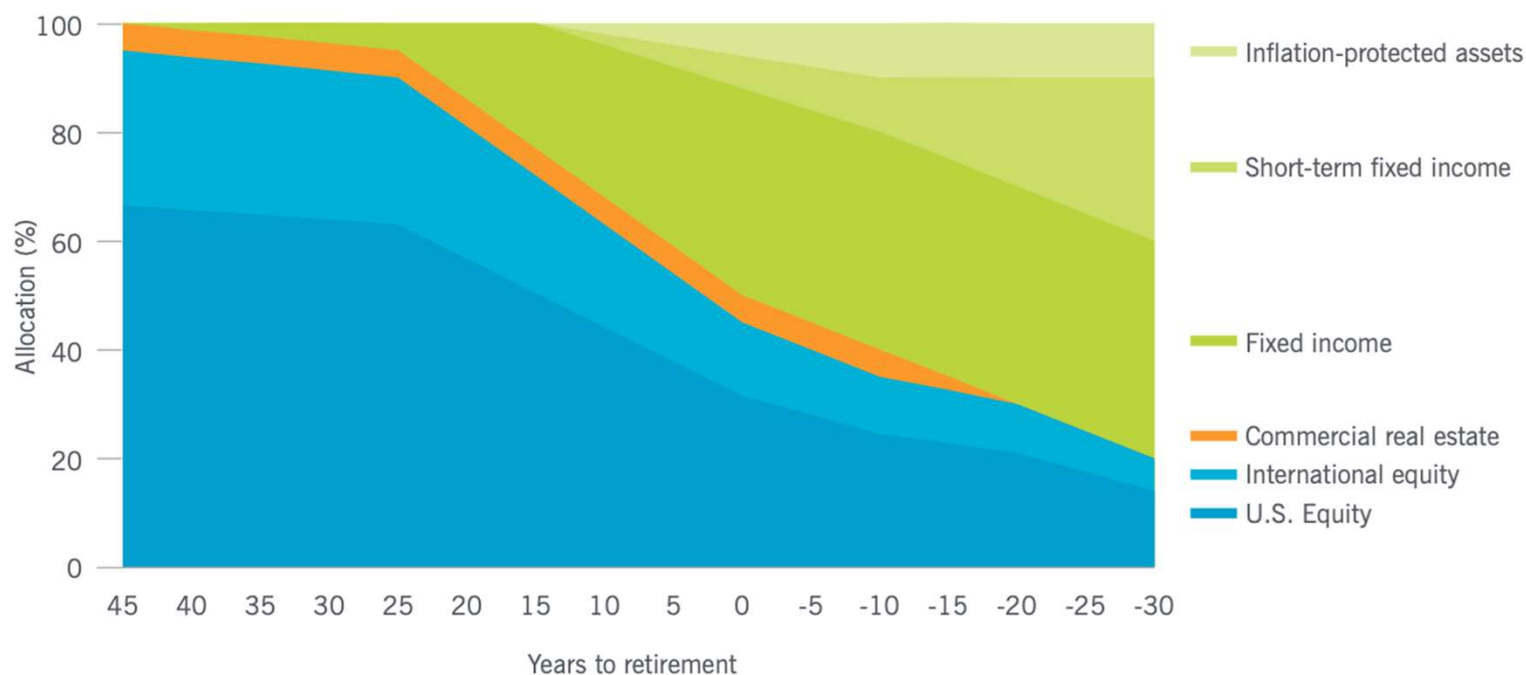
- Target Date Funds
- 6 Model Portfolios
  - Preservation
  - Conservative
  - Moderately Conservative
  - **Signature Portfolio**
  - Growth
  - Aggressive Growth
- 15+ Mutual Funds: Choose own allocation
  - High Quality, No-Load and Load-Waived
  - Low Cost Funds



# Target Date Fund



TIAA-CREFF Lifecycle Funds glidepath: Allocations become more conservative over time



# RAMS Investment Advisory Committee (IAC)



- Meets every quarter to review investments and all matters of the plan
- Made up of Superintendents and CFOs from participating districts
- TCG Advisors does research for and gives suggestions to the IAC
- **Underperforming funds are put on “Watch List”**
- The IAC has authority to replace underperforming investments

# How to get started

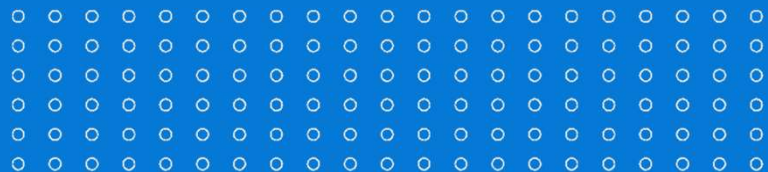


## Saving with a 457(b) is easy!

- Get started at [www.region10rams.org/enroll](http://www.region10rams.org/enroll)
- In a single session, you will:
  - Open your account
  - Select your beneficiary
  - Choose your contribution amount
  - Choose your investment allocation



# 3

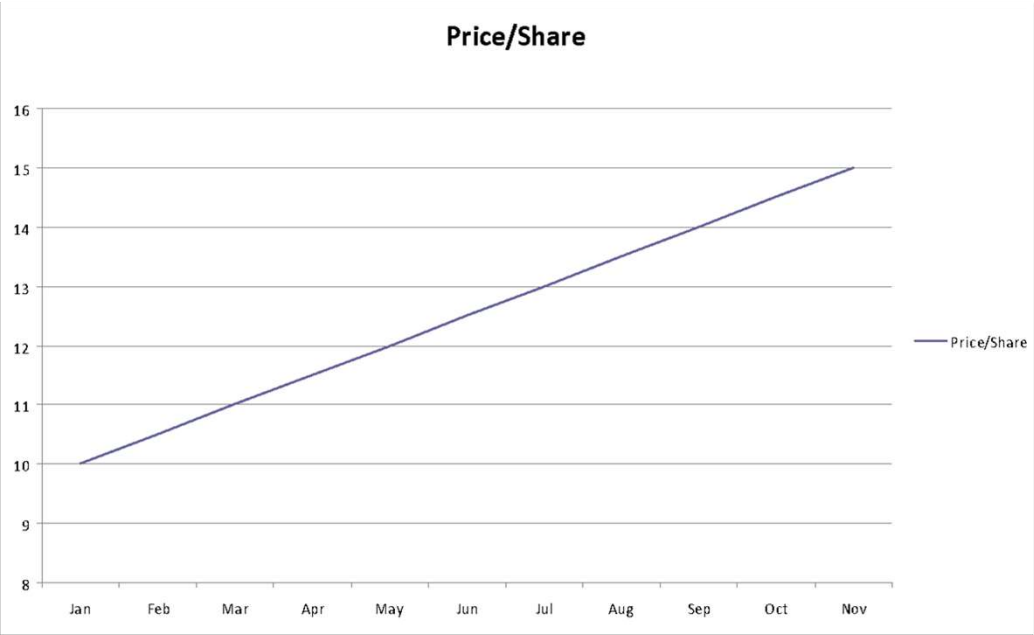


## Investment Basics & What to Look For

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# Market Movement – Good or Bad?



## Investing \$200/mo

Month	\$/Share	# Shares
Jan	10	20.0
Feb	10.5	19.05
Mar	11	18.18
Apr	11.5	17.39
May	12	16.67
Jun	12.5	16.0
Jul	13	15.38
Aug	13.5	14.81
Sep	14	14.29
Oct	14.5	13.79
Nov	15	13.33

Total Shares Owned 178.90 / Total Account Value \$2,683.48



# Market Movement – Good or Bad?



## Investing \$200/mo

Month	\$/Share	# Shares
Jan	10	20.00
Feb	9	22.22
Mar	8	25.00
Apr	7	28.57
May	6	33.33
Jun	5	40.00
Jul	6	33.33
Aug	7	28.57
Sep	8	25.00
Oct	9	22.22
Nov	10	20.00

Total Shares Owned 298.25    Total Account Value \$2,982.54  
**11.14% Increase in Account Value**

# Things to Look Out For



- Life Insurance as an Investment
- Pension Maximization
- Take Lump Sum, Invest, and Beat the State Retirement System
- Excessive hidden fees



# Partial Lump Sum



## Possible Reasons to Do

- Poor Health
- Estate and Critical Need for Heirs (e.g., disabled child)
- Other Estate Needs — Guarantees money to heirs instead of reversion to retirement system at death
- No Savings Going into Retirement

## Reasons Not to Do

- You will not be able to invest the money and beat the Retirement System
  - Pay Actuarial Cost for funds; Usually have to earn minimum Net 11.00% if try to match State — Can you do this with no risk??
- You have not planned for inflation and budget in retirement so your income runs short later
- You will be tempted (and give in) to spend the money you planned to save

# Excessive Fees



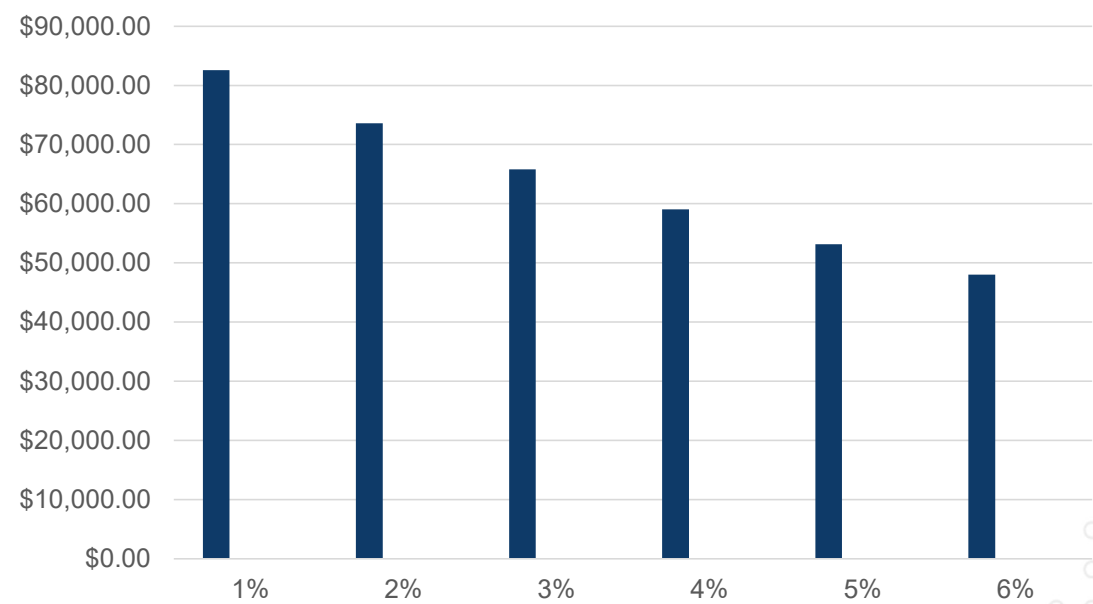
- 12b-1 Fee
  - Generally allows distributors to compensate broker/dealers and representatives for selling their funds. It also can be a charge to cover marketing and distribution costs of the investment.
- Withdrawal Charge (a.k.a. Surrender Charge)
  - A fee charged by some annuities and funds when an investor takes money out of his or her account.
- Mortality and Expense Fee (M&E)
  - This applies to some types of annuities and covers insurance related costs.
- Transfer Fee
  - This is an amount charged by a fund to transfer either within the fund family or to another company.

# Excessive Fees



- Expense Deductions
  - Charges for investment management, administration and distribution services.
- Management Fee
  - Also called the investment advisory fee, this represents the company's cost for managing the money in the fund.
- Wrap Account Fee
  - Charged by some types of funds for fund management, this is an annual percentage of the investor's assets in the account.
- Custodial Fee
  - The charge for safekeeping or physically holding the securities in the fund.

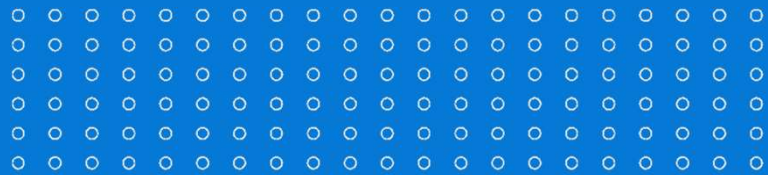
# The Fee Effect



Annual Fee	Balance
1%	\$82,549.26
2%	\$73,599.44
3%	\$65,824.55
4%	\$59,057.63
5%	\$53,156.51
6%	\$48,000.00

Balance based on 6% earning net of fees with \$200 monthly contributions for 20 years at the beginning of the month. Actual rate of return is not guaranteed, for illustrations purposes only.

# 4



## Social Security Provisions

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**Important:**

**Your TRS Annuity is never  
reduced by Social Security.**

# Social Security Considerations



- 2 Regulations
- Government Pension Offset (GPO)
  - Applies to member's SPOUSAL Social Security benefits
  - (SSA Pub No. 05-1007)
- Windfall Elimination Provision (WEP)
  - Applies to member's OWN Social Security benefits
  - (SSA Pub No. 05-10045)

# Government Pension Offset – Spousal Benefit



- This law uses a two-thirds offset rule
- Two-thirds of your TRS Annuity benefit will be subtracted from your spousal SS benefit
- Does NOT reduce TRS Pension Benefit
- Current Law Exemption: You have to be employed by a SS-covered District for your last 60 months to be eligible

# Government Pension Offset — SPOUSAL BENEFIT



- TRS Pension: \$2,100
- Spousal SS Benefit: \$1,000
- Subtract 2/3 of TRS benefit from eligible SS benefit

SS BENEFIT	\$1,000
- (2/3 of \$2,100)	\$1,400
	<hr/>
	-\$400

TRS Member is **not** eligible for spousal benefit but receives full TRS annuity

- TRS Pension: \$2,100
- Spousal SS Benefit: \$1,600
- Subtract 2/3 of TRS benefit from eligible SS benefit

SS BENEFIT	\$1,600
- (2/3 of \$2,100)	\$1,400
	<hr/>
	\$200

TRS Member **is** eligible for spousal benefit of \$200 plus full TRS annuity

# Windfall Elimination Program



- Does NOT reduce TRS Pension Benefit
- Affects employees who are eligible for their OWN government/state pension and Social Security
- Uses a factor to calculate your SS benefit income based on 'Years of Substantial Earnings'
- Different than 'Service Credits' under SS

**Remember:**  
**Your TRS Annuity is never  
reduced by Social Security.**

# SS Service Credits vs. Years of Substantial Earnings



- Service Credits under Social Security (SS)
  - Eligible for 4 credits per year (\$1,640 per credit)
  - Total of 40 credits to qualify for a benefit
  - For 2023, received 4 credits if earned \$6,560
- Year of Substantial Earnings
  - Higher income number
- May accumulate all Service Credits under SS without earning Years of Substantial Earnings



# Sample Social Security Statement



## Your Earnings Record

Years You Worked	Your Taxed Social Security Earnings	Your Taxed Medicare Earnings	Years You Worked	Your Taxed Social Security Earnings	Your Taxed Medicare Earnings
1974	220	220	1999	32,395	32,395
1975	570	570	2000	34,489	34,489
1976	1,067	1,067	2001	35,570	35,570
1977	1,882	1,882	2002	36,138	36,138
1978	2,705	2,705	2003	37,232	37,232
1979	3,529	3,529	2004	39,140	39,140
1980	4,628	4,628	2005	40,734	40,734
1981	6,355	6,355	2006	42,679	42,679
1982	7,935	7,935	2007	44,614	44,614
1983	9,366	9,366	2008	45,588	45,588
1984	10,884	10,884	2009	44,776	44,776
1985	12,265	12,265	2010	45,573	45,573
1986	13,482	13,482	2011	46,569	46,569
1987	15,121	15,121	2012	47,472	47,472
1988	16,580	16,580	2013	47,288	47,288
1989	17,869	17,869	2014	47,660	47,660
1990	19,296	19,296	2015	47,833	47,833
1991	20,549	20,549	2016	46,770	46,770
1992	22,115	22,115	2017	Not yet recorded	
1993	22,765	22,765			
1994	23,778	23,778			
1995	25,092	25,092			
1996	26,659	26,659			
1997	28,564	28,564			
1998	30,392	30,392			

# Windfall Elimination Provision – YOUR BENEFIT



## Years of Substantial Earnings:

<b>1968–1971</b> \$1,950	<b>1989</b> \$8,925	<b>2007</b> \$18,150
<b>1972</b> \$2,250	<b>1990</b> \$9,525	<b>2008</b> \$18,975
<b>1973</b> \$2,700	<b>1991</b> \$9,900	<b>2009</b> \$19,800
<b>1974</b> \$3,300	<b>1992</b> \$10,350	<b>2010</b> \$19,800
<b>1975</b> \$3,525	<b>1993</b> \$10,725	<b>2011</b> \$19,800
<b>1976</b> \$3,825	<b>1994</b> \$11,250	<b>2012</b> \$20,475
<b>1977</b> \$4,125	<b>1995</b> \$11,325	<b>2013</b> \$21,075
<b>1978</b> \$4,425	<b>1996</b> \$11,625	<b>2014</b> \$21,750
<b>1979</b> \$4,725	<b>1997</b> \$12,150	<b>2015</b> \$22,050
<b>1980</b> \$5,100	<b>1998</b> \$12,675	<b>2016</b> \$22,050
<b>1981</b> \$5,550	<b>1999</b> \$13,425	<b>2017</b> \$23,625
<b>1982</b> \$6,075	<b>2000</b> \$14,175	<b>2018</b> \$23,850
<b>1983</b> \$6,675	<b>2001</b> \$14,925	<b>2019</b> \$24,675
<b>1984</b> \$7,050	<b>2002</b> \$15,750	<b>2020</b> \$25,575
<b>1985</b> \$7,425	<b>2003</b> \$16,125	<b>2021</b> \$26,550
<b>1986</b> \$7,875	<b>2004</b> \$16,275	<b>2022</b> \$27,300
<b>1987</b> \$8,175	<b>2005</b> \$16,725	<b>2023</b> \$29,700
<b>1988</b> \$8,400	<b>2006</b> \$17,475	

## Years of Substantial Earnings %:

30 or more: 90%  
 29: 85%  
 28: 80%  
 27: 75%  
 26: 70%  
 25: 65%  
 24: 60%  
 23: 55%  
 22: 50%  
 21: 45%  
 20 or less

# WEP Formula



EXAMPLE: AIME of **\$1,500** who becomes eligible in 2023  
and has **20** years of Substantial Earnings

## Regular Formula

<b><u>90%</u></b> of first \$960	\$864.00
32% over \$960	
\$172.80	
through \$5,785	
15% over \$5,785	
\$0.00	
<b>TOTAL</b>	
<b>\$1,036.80</b>	

## WEP Formula

<b><u>40%</u></b> of first \$960	\$384.00
32% over \$960	
\$172.80	
through \$5,785	
15% over \$5,785	
\$0.00	
<b>TOTAL</b>	
<b>\$556.80</b>	

# Maximum WEP Reduction 2023



## Maximum WEP Reduction for Workers Who Become Eligible in 2023, by Years of Substantial Coverage

Years of Social Security Coverage										
20 or fewer	21	22	23	24	25	26	27	28	29	30+
First factor in formula:										
40%	45%	50%	55%	60%	65%	70%	75%	80%	85%	90%
Maximum Dollar amount of monthly WEP reduction for workers who first become eligible for Social Security in 2023.										
\$558	\$502	\$446	\$390	\$335	\$279	\$223	\$167	\$112	\$56	\$0

**Don't forget!!**  
**Your TRS Annuity is never  
reduced by Social Security.**

## 4 Easy Action Items

### 1. Write down your goals and know the cost

- Retirement Income
- Other: Travel, second homes, children/grandchildren gifts, etc.

### 2. Know your projected retirement income

- MyTRS – [www.trs.texas.gov](http://www.trs.texas.gov)
- Social Security – [www.ssa.gov](http://www.ssa.gov)

### 3. Identify cash flow issues

- Develop a budget
- Public Service Loan Forgiveness

### 4. Address your current savings strategy

- 403(b) / 457 accounts
- Investment allocation





# Financial Wellness

Included with your 457(b) Account



# FinPath Financial Wellness



FinPath is a workplace benefit program designed to help you take control of their money with the help of trusted financial coaches and powerful online financial health tools.

## Key Components



**Personal, 1:1 Financial Coaching**



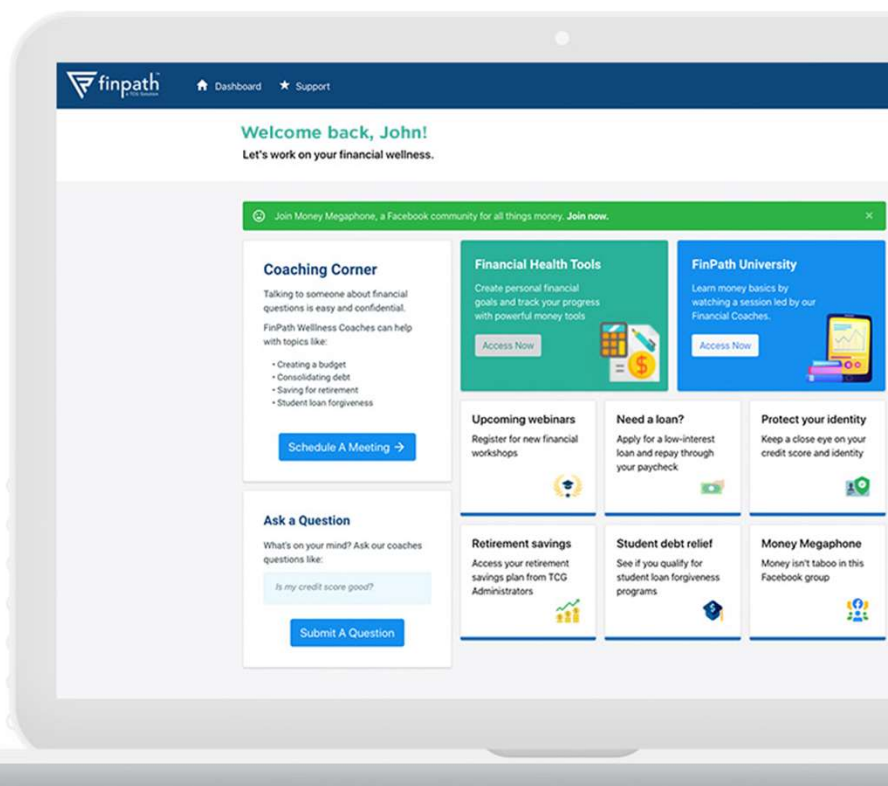
**FinPath University financial education**



**Financial Health Tools**



**FinPath Program Perks**



# Areas of Focus



## Emergency Savings

From day one, we work hard to help individuals prepare for the next financial shock with a solid emergency savings strategy.



## Budgeting & Spending

Financial success doesn't require a lot of money—it just requires a little extra planning. We help give each dollar a purpose.



## Debt Management

Piling debt can make it hard to move forward. We help explore potential debt forgiveness options and create a plan to pay down debt.



## Credit Score Improvement

Credit worthiness is crucial to financial success. We work to identify areas of opportunity to improve credit scores.



## Low-Interest Loans

If faced with an emergency expense, payday loans and pulling from retirement savings is often the answer. We provide a better alternative.



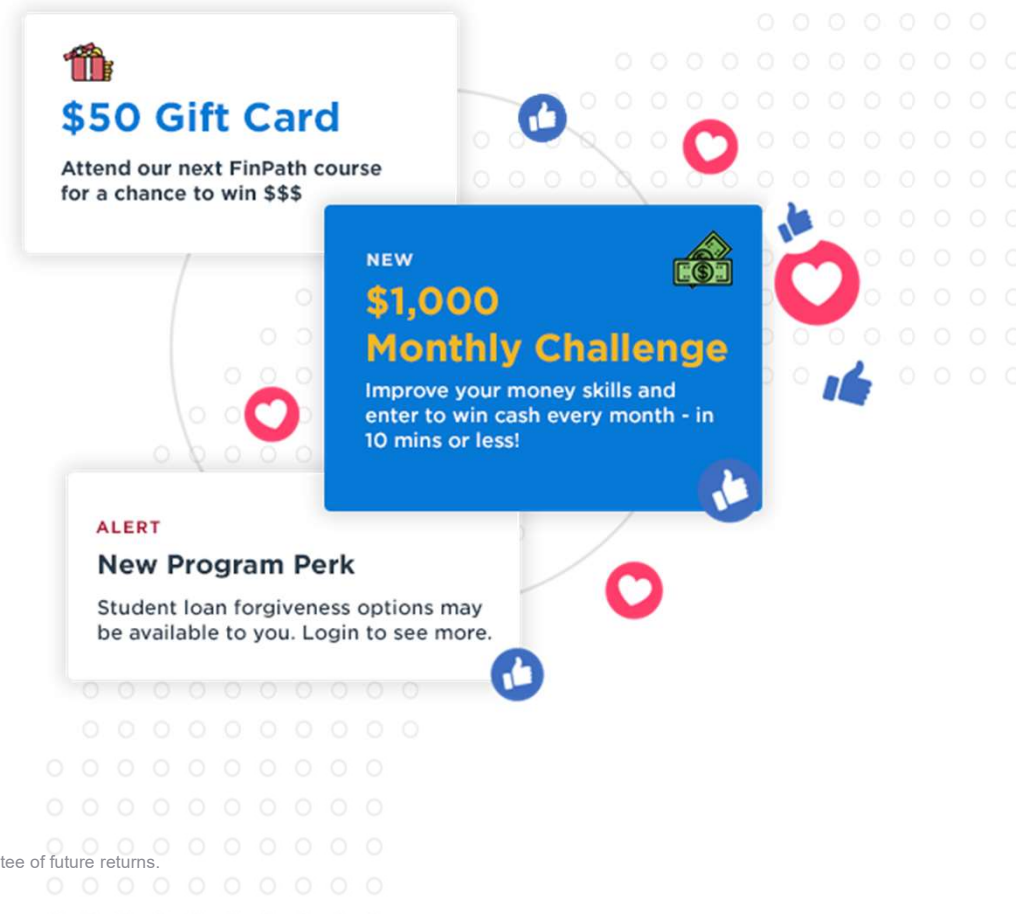
## Security & Protection

No plan is complete without protection. We help identify areas of need and encourage individuals to seek coverage.

# FinPath Program Perks



- FinPath partners with a list of preferred providers to bring you even more resources and rewards.
- **Current perks include:**
  - \$1,000 monthly contest
  - Student loan forgiveness evaluations
  - Identity protection and credit monitoring discounts
  - Debt consolidation & emergency loans
  - Nonprofit referral services

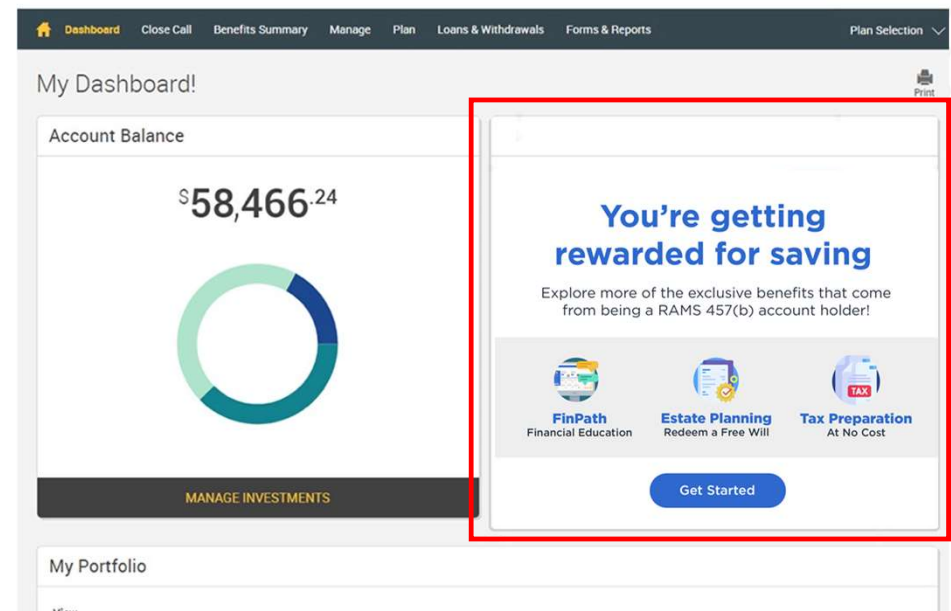




## How to get started

1. Open a 457(b) Retirement Plan
2. When your account is created, look for the FinPath banner on your dashboard
3. Enter some details and wait 24 hours for your personal registration email

If you have trouble, please email  
[finpath@tcgservices.com](mailto:finpath@tcgservices.com)





# We're here to help!

Book a TeleWealth Virtual Meeting  
for 1:1 Assistance

Get started at:

[www.tcgservices.com/telewealth](http://www.tcgservices.com/telewealth)



Scan QR code

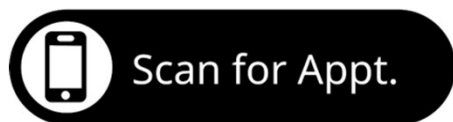
# Can we answer any questions?



Get one-on-one help at  
[www.tcgservices.com/telewealth](http://www.tcgservices.com/telewealth)



# TeleWealth Virtual Appointments



**Sherry Echart**

Sr. Retirement Plan Specialist

Phone: 512-600-5387

[sechart@tcgservices.com](mailto:sechart@tcgservices.com)

**Schedule a Virtual Meeting:**

[www.tcgservices.com/sechart](http://www.tcgservices.com/sechart)






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Learn more at [www.tcgservices.com](http://www.tcgservices.com)

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