

Special Retirement Issue

CEA *Advisor*

August 2009 • Volume 52, Number 1 • Published by the Connecticut Education Association • www.cea.org

Understanding and Planning Your Retirement

This publication is designed to help you better understand and plan your retirement. In addition to the upcoming CEA Regional Retirement Workshop schedule, it includes a summary of the benefits provided to you by the Connecticut State Teachers' Retirement System, a review of recent legislative changes, and important investment information. It is updated annually by CEA's Department of Policy and Professional Practice.

News Briefs

Legislative Wrap-Up 2009

With the economic storm clouds looming over the state of Connecticut, the General Assembly and Governor Rell spent most of the legislative session at odds over how to pass a state budget. At press time, the Governor had vetoed the democratic budget which, significantly, included the full actuarial appropriation to the teachers' retirement system. Such fiscal prudence can be attributed to the landmark \$2 billion pension bond package adopted two years ago and issued last spring that requires the State to appropriate the full actuarially-required amount to the teachers' retirement fund. It is expected that whatever budget does finally pass will also include the full appropriation since this is required by the covenant contained in that bond package. This same wisdom did not carry over to the Governor's proposed budget which, for the first time in recent history, did not appropriate the required state contribution to the retired teachers' health insurance fund ("health fund"). Adding insult to injury, the Governor also decided to claim the federal government's Medicare Part D reimbursement paid to the health fund. The State Teachers' Retirement Board (STRB) and CEA maintain that these funds belong to the health fund itself and cannot be considered part of the State's required health care contribution. The STRB is pursuing legal action to ensure that those funds are paid directly to the health fund.

Unfortunately, the proposal for the Connecticut Healthcare Partnership contained in House Bill 6582 did not survive the Governor's veto, coming up short by only one override vote in the Senate. The bill would have enabled teachers and others to join, on a voluntary basis, the state employees' health insurance pool and was expected to reduce the cost of health insurance for those participants. The Healthcare Partnership would have had a positive impact on not just active teachers but also retired teachers participating in their former board of education health care plans.

Update on the STRB

The State Teachers' Retirement Board (STRB) is the state agency charged with administering the teachers' retirement system, which covers over 52,000 active and 28,000 retired Connecticut teachers. Unfortunately, over the years, as the number of active and retired teachers has grown, the staff of the STRB has not experienced similar expansion. As a result, the STRB has been unable to provide certain services that are beneficial to members of the system such as educational workshops and individual counseling sessions. Also, the STRB is still experiencing a backlog of anywhere from three to seven months (depending on the time of year) in responding to forms and other written communication (other than retirement applications) that have been filed by teachers.

The recent early retirement incentive that was offered to state employees resulted in a further reduction in STRB staff and it is not expected that these positions will be replaced. Moreover, due to the recent state budget crisis, the agency's overall administrative

budget covering postage and printing costs has been significantly reduced. As a result, over the past several years, the STRB has found that its Web site is the most timely and cost-efficient means of communicating with members. Thus, teachers would be well-advised to frequently check the "Latest News" section of the STRB homepage (www.ct.gov/trb) for all important updates and should not expect to receive communication from them via regular mail except for the annual Member Statement that is sent out in December.

From the investment side

The \$11.5 billion Teachers' Retirement Fund (TRF) is invested by the State Treasurer who is the sole fiduciary of this and the thirteen other state and municipal pension and trust funds which comprise the \$20.5 billion State of Connecticut Retirement Plans and Trust Funds (CRPTF). The TRF represents 56% of the CRPTF. As sole fiduciary, the Treasurer is legally responsible for prudently investing these assets and maximizing investment returns. The Investment Advisory Council (IAC), which consists of 12 members including three teacher union representatives, advises the Treasurer in such areas as investment policy and asset allocation.

During the fiscal year to date ending May 31, 2009, the TRF achieved a total return of -17.35%, outperforming its benchmark return of -17.78% by 43 basis points. For the three years ending May 31, 2009, TRF returned -2.65%, outperforming the benchmark return of -3.41% by 76 basis points. For the five years ending May 31, 2009, TRF returned 2.75% outperforming the benchmark return of 2.04% by 71 basis points.

Based on the calculation rate utilized by the State Teachers' Retirement Board's actuary, on June 30, 2009, active teachers' 6% Accounts and 1% Supplemental Accounts were credited with an interest rate of 3.7%. This return is achieved based on an actuarial method called "smooth market value procedure" whereby any gains and losses of the fund are phased in over a ten-year period. This minimizes volatility in the final rate and includes in the current year some previously unrecognized gains and losses. Members' Voluntary Accounts were posted with a credited interest rate of -20.9%. This represents the estimated actual rate of return since the smoothing method can no longer be applied to the Voluntary Accounts.

Pension funds in TRF were invested across eleven diverse asset classes: Liquidity Fund, domestic equities, international equities (developed and emerging markets), fixed income (core, high yield, inflation linked, and emerging market debt), real estate, and private investments. Domestic equities comprised the largest allocation (27.4%). The remaining asset allocation was as follows as of May 31, 2009: Liquidity Fund (6.8%); international equities developed markets (22.3%); international equities emerging markets (5.7%); real estate (3.8%); core U.S. fixed income (14.5%); emerging market debt (4.4%); high yield (3.5%); inflation linked bonds (3.6%); and private investments (8.0%).

For more information on the Office on the State Treasurer including detailed investment information about the CRPTF (including specific holdings), visit their Web site at www.state.ct.us/ott.

Understanding post-retirement employment

More teachers than ever have decided to return to employment after retirement. Some have done so because they seek to stay connected to their profession or perhaps even venture into a new one. But for many, it's purely an economically-driven decision. The increasing cost of retiree healthcare has led many teachers to take part or full-time positions after retirement in hopes of earning enough to offset the thousands of dollars that they will be required to spend on their retiree health care premiums. Regardless of the reason, teachers need to understand the statutory rules governing post-retirement employment. It is important to note that out-of-state and private school teaching, as well as any other private sector employment, are not regulated and thus retirees have no limitations placed on how much they can earn in those positions.

Post-retirement employment rules are intended to allow districts some flexibility to utilize retired teachers in hard-to-fill subject areas while at the same time continuing to promote the hiring of active teachers in vacant teaching positions. These laws only affect retirees working in a certified teaching position (including substitute teachers) or administrative position in the Connecticut public schools including charter schools, magnet schools, or any of the state's public colleges or universities. The precise title of the position (e.g., educational consultant), is not important. Rather, the STRB will consider whether it is a position in the public schools that requires a teaching certificate.

The basic rule provides that a retiree cannot earn more than 45% of the maximum contractual salary in the district as outlined in the teachers' collective bargaining agreement. For example, if the top-level teacher salary is \$88,000, a rehired retiree can earn no more than \$39,600 (.45 x \$88,000) in a given school year. An exception to the 45% rule applies to subject shortage area positions, as designated by the Connecticut Commissioner of Education each year. For the 2009-10 school year, the Commissioner has designated the following as subject shortage areas: bilingual education, PK-12; comprehensive special education, K-12; English, 7-12; intermediate administrator (excluding superintendents); library media specialist; mathematics, 7-12; music PK-12; science, 7-12; speech and language pathology; and world languages, 7-12.

In subject shortage areas, a retiree can work with no earnings limitation for up to one school year. Moreover, the district is required to offer that retiree the same health insurance (plans and premium share) that is offered to active teachers. After one year, the district can apply for permission to reemploy the retiree for a second year if it can prove that no other qualified active candidates could be found. If approved, the retiree can work the second year with no earnings limit. After the second year, the retiree will be subject to the basic 45% rule. Whether working under the subject shortage area or 45% rule, a retiree who exceeds the statutory limit will be required to reimburse the STRB for the amount of salary earned in excess of the applicable earnings limitation.

For additional information, download the "Post Retirement Employment" bulletin from www.ct.gov/trb.

CEA Advisor

The *CEA Advisor* is mailed to all CEA members. Annual subscription price is \$7.90 (included in membership dues and available only as part of membership). Institutional subscription price: \$25.00. Advertising in the *CEA Advisor* is screened, but the publishing of any advertisement does not imply CEA endorsement of the product, service, or the views expressed.

CEA Advisor UPS 0129-220 (ISSN 0007-8050) is published monthly, August, combined September/October, November, combined December/January, combined February/March, April, May, combined June/July issues by the Connecticut Education Association, Capitol Place, Suite 500, 21 Oak Street, Hartford, CT 06106-8001, 860-525-5641. Periodicals postage paid at Hartford, Connecticut. Postmaster: Send address changes to *CEA Advisor*, Connecticut Education Association, Capitol Place, Suite 500, 21 Oak Street, Hartford, CT 06106-8001.

Production date: 7/31/09

CEA Advisor Staff

Kathy Frega *Communications Director*
Michael G. Lydick *Managing Editor*
Sandra Cassineri *Graphic Designer*
Susan Perl *Graphic Designer*
Laurel Killough *New Media Coordinator*
Linda Carlson *Communications Associate*

CEA Advisor Editorial Board

Karen DiMenna (Chair) Simsbury
Jamie Rowland (Vice Chair) Torrington
Brenda Key (Board Liaison) West Hartford
Cortney Anderson East Lyme
Peter Silva Amity
Jon-Paul Roden Retired

HOW TO REACH CEA

1-800-842-4316 • 860-525-5641

Administration and Finance 860-725-6329

Affiliate & Member

Development 860-725-6320

Communications 860-725-6334

Governance 860-725-6354

Government Relations 860-725-6325

Legal Services 860-725-6349

Policy & Professional

Practice 860-725-6326

Understanding & Planning YOUR RETIREMENT

General Information

The state of Connecticut provides you with a retirement benefits plan administered by the State Teachers' Retirement Board (STRB). The STRB is located in Hartford and is comprised of 12 members: three elected active teachers, two elected retired teachers, the Commissioner of the State Board of Education, the Commissioner of the Department of Social Services, and five public members appointed by the governor. All board members serve without pay.

Most provisions regarding your retirement benefits are governed by state law. If there is any disagreement between the wording of law and this publication, the official wording of the law will always rule.

Your Membership

Membership and participation in the State Teachers' Retirement System are compulsory for all eligible teachers working at least half-time in the public schools of Connecticut.

If you are new to the public schools of Connecticut, your membership in the State Teachers' Retirement System begins when you first start working. At that time, your local board of education will provide you with membership application forms. When you fill out the forms, you will answer questions about your present job in Connecticut, and any other public school or other work experience.

The form also provides a space for you to name a beneficiary to receive benefits in the event of your death. When you return the completed form to your board of education, they will forward your designation to the STRB.

A Special Note

If you are employed as a teacher or professional staff member by the Commission for Higher Education in a state, community, or state technical college or university, you have a choice of retirement plans. You may belong to either the State Teachers' Retirement System, the State Employees' Retirement System, or an alternate retirement program. You may belong to only one retirement program at any one time. You should also know that service as a teacher or professional staff member in the systems described above, counts as public school teaching service.

Contributions to the System

As a part of your membership in the system, you contribute 7.25% of your annual salary through payroll deductions. This is done on a pre-tax basis. Your annual salary means the pay you receive for teaching, longevity, and administrative or supervisory services as outlined in your contract. Annual salary does not include pay you receive for most extra-duty assignments, coaching, unused sick leave, or termination pay.

Contributions by the State

Since you are asked to contribute only a part of the cost of your retirement benefits, the state of Connecticut pays the remaining cost of these benefits.

Withdrawal Privilege

If you leave public school teaching before retirement, you may withdraw your contributions to the system plus accrued interest. Please contact the STRB for more information about withdrawing contributions.

Your Retirement

Your eligibility for retirement and the amount of your expected benefit depend on several factors: your age, your credited service, your average salary, and a retirement benefit formula. Your credited service means the number of years and months you've served in the Connecticut public schools. You earn one month of credited service for each month you work. You may earn credit for a maximum of 10 months in any one school year. This is equal to one year of Connecticut public school service.

In some cases, you may receive credit for other types of service (as listed below) if you purchase this additional service credit. To purchase service means to make a required payment in exchange for service credit.

Additional Service That Can Be Purchased

1. Service as a teacher in a school for military dependents established by the U.S. Department of Defense.
2. Service as a public school or public university teacher in another state of the United States, its territories or possessions.
3. Service in the armed forces of the United States in time of war, as defined in C.G.S. Section 27-103, or service in said armed forces during the period beginning October 27, 1953, and ending January 31, 1955.
4. Service in a permanent full-time position for the state of Connecticut.
5. Service as a teacher at the University of Connecticut prior to July 1, 1965.
6. Service as a teacher at the Wheeler School and Library, North Stonington, prior to September 1, 1949.
7. Service as a teacher at the Gilbert Home, Winsted, prior to September 1, 1948.
8. Any authorized leave of absence as provided in regulations adopted by the STRB, if the member subsequently returns to service for at least one school year (unless contributions are made while on leave).*
9. Service as a teacher at the American School for the Deaf, the Connecticut Institute for the Blind or the Newington Children's Hospital.
10. Forty or more days of service as a substitute teacher or a teacher employed less than half-time in a single public school system within the state of Connecticut within any school year, provided 18 days of such service shall equal one month of credited service.*
11. Service in the armed forces of the United States, other than service described in subdivision (3) of this subsection, not to exceed 30 months.
12. Service as a full-time, salaried elected official of the state or any political subdivision of the state during the 1978 calendar year or thereafter, if such member subsequently returns to service for at least one school year.
13. Service in the public schools of Connecticut as a member of the Federal Teacher Corps, not to exceed two years.

14. Service in the United States Peace Corps.
15. Service in the United States VISTA (Volunteers in Service to America) Program.
16. Service in the public schools of CT as a social work assistant, from January 1, 1969, to December 31, 1986 if you became a certified school social worker and remained in public school service as a social worker after certification.
17. Service prior to July 1, 2007, as a member of the state education resource center employed in a professional capacity while possessing a teaching certificate. (Note: cost is subject to full actuarial value.)

***Count as Connecticut public school service when calculating number of years completed.**

Additional credited service can be purchased at any time in your teaching career or upon application for retirement. However, documentation of such service can and should be completed as early as possible.

The cost of the purchase is based on an actuarial formula utilized by the STRB. To obtain an estimate of your cost, use the "Additional Service Credit Calculator" found on the STRB Web site (www.ct.gov/trb). Additional service credit can be paid for with pre-tax dollars via a direct rollover from a qualified plan such as a 403(b).

One Percent and Voluntary Accounts

If you were hired before July 1, 1989, you contributed one percent of your annual salary into your own individual One Percent Supplemental Account. Since that date, your one percent supplemental contributions (now 1.25%) have been deposited into the retired teachers' health insurance fund. However, your pre-1989 contributions continue to accrue interest. Upon your retirement, you must elect how you would like your One Percent Supplemental Account distributed. You have three options: a lump-sum payment with the non-taxed portion rolled into a tax-deferred plan, the purchase of

If you have questions about your retirement benefits, write to the State Teachers' Retirement Board, 765 Asylum Avenue, 2nd Floor, Hartford, CT 06105-2822, or call 1-800-504-1102. Or visit the STRB Web site at www.ct.gov/trb.

an annuity through the STRB, or the purchase of additional credited service. Effective January 1, 2010, funds from the One Percent Supplemental Account can be used for the purchase of additional service credit **at any time** prior to, or at your retirement.

You may also make Voluntary Contributions into your retirement account. These can be made on an after-tax basis as a lump sum contribution or through payroll deduction. While you are actively teaching, you are limited to making one withdrawal from the Voluntary Account and your Voluntary Account must be liquidated upon retirement. Deductions may be reinitiated but may not be subsequently withdrawn while actively teaching. At retirement, your options for distribution of your Voluntary Account are the same as listed above for the One Percent Supplemental Account.

Retirement Benefit Formulas

Your Annual Salary

Your average annual salary means the average salary of your three highest-paid years in the public schools of Connecticut. This average salary is used, along with your credited service, as part of a retirement benefit formula. This formula is established by statute. The retirement formula used for calculating the amount of your benefit depends on the type of retirement for which you qualify. The various kinds of retirement — normal, proratable, early, and vested deferred — are explained below.

Normal Retirement

You will have what is called a normal retirement if you retire

- At age 60 or later and you have completed 20 years of public school service in Connecticut.
- At any age if you have completed 35 years of public school service, at least 25 of which were in Connecticut public schools.

Your Normal Retirement Benefit

You can calculate your normal retirement benefit by using the following formula:

$$2\% \text{ times your average salary times your credited service (in years) equals your yearly benefit}$$

For example, suppose you retire at age 64 with 22.5 years of credited service. Let us also assume your average salary was \$70,000. Here is how the formula works:

First, 2% times \$70,000 equals \$1,400. Then, \$1,400 times 22.5 years equals \$31,500. Your normal retirement benefit would be \$31,500 a year, or \$2,625 a month.

Benefit Limits

Under the retirement system, you can receive a maximum benefit of 75 percent of your salary, regardless of the number of years of service over 37.5 years.

Assume you retire at 63 with 39 years of credited service and your average salary was \$70,000. Under the formula you would receive: 2% times \$70,000 equals \$1,400. \$1,400 times 37.5 years equals \$52,500. Your normal retirement benefit in this instance would be \$52,500 a year, or \$4,375 a month. Please note that in this example, while you have 39 years of credited service, you will only receive credit for 37.5 years, the maximum allowed by law.

Proratable Retirement

If you are not eligible for a normal retirement benefit, you might be eligible for proratable retirement if you retire:

- At age 60 or later and you have completed between 10 and 20 years of service in Connecticut public schools.

Your Proratable Retirement Benefit

You can calculate your proratable retirement benefit in much the same way as for normal retirement, but the formula is different because you have fewer years of service. The formula used to calculate a proratable retirement benefit is

$$\text{A fraction (your service divided by 10) times your average salary times your credited service (in years)}$$

For example, suppose you retire at age 62 with 15.2 years of Connecticut service. Let us also assume that your average salary is \$70,000. You can use the formula as follows:

First, 15.2 years of service divided by 10 equals 1.52. (We use this fraction as a percent —

in this case 1.52%.) Then, 1.52% times \$70,000 equals \$1,064. \$1,064 times

15.2 years of service equals \$16,172.80. Your proratable retirement benefit is \$16,172.80 a year, or \$1,347.70 a month.

In some cases, you might have fewer than 20 years of Connecticut service but may be eligible to purchase other service credit. If this is the case, your benefit will be higher. For information on how purchased service affects the amount of your proratable retirement benefit, please contact the State Teachers' Retirement Board. Please note that for a proratable retirement, non-Connecticut years are calculated at 1%. This is not the case for a normal or early retirement.

Early Retirement

You may be eligible for an early retirement benefit if you retire:

- At any age before you reach age 60 and you have completed between 25 and 35 years of public school service, 20 of which were in Connecticut.
- or
- You have attained the age of 55 and you have completed at least 20 years of service, 15 of which were in the public schools of Connecticut.

Your Early Retirement Benefit

You can calculate your early retirement benefit using the same benefit formula as for normal retirement. However, your benefit is reduced, because you will probably receive benefits over a longer period of time.

The amount of your benefit reduction depends on how far away you are from normal retirement. In this

case, your normal retirement date is when you reach 60, or the date on which you would have completed 35 years of service, whichever comes first.

For each year and month you are away from normal retirement, there is a different early retirement factor. Your benefit is multiplied by this factor to find the reduced amount of your early retirement benefit. Tables 1A and 1B show the factors.

For example, suppose you retire at age 55 with 28 years of service. Since you are five years away from your 60th birthday, and seven years away from completing 35 years of service, you will use an early retirement factor for five years (Table 1A) which is 70 percent. We will assume that your normal retirement benefit is \$39,200 (2% times \$70,000 times 28). To find your early retirement benefit:

$$\text{Multiply 70\% (factor for 5 years) times } \$39,200, \text{ or } \$27,440.$$

Your early retirement benefit is \$27,440 a year, or \$2,286.60 a month.

If you retire at age 55 with 31 years of service, you are considered four years early (four years away from 35 years of service). Your early retirement factor (Table 1B) is 88%. If your normal retirement benefit would be \$43,400 (2% times \$70,000 times 31), your early retirement benefit is 88% times \$43,400, or \$38,192 per year, or \$3,182.60 per month.

Retirement Percentage Chart

Table 2 shows what percentage of your final average salary you would receive based on your age and years of service at retirement.

Vested Deferred Retirement

You may be eligible for a vested deferred benefit if you leave Connecticut public school service after completing 10 years of teaching service. You'll receive this benefit if

- You have completed at least 10 years of Connecticut service before you reach age 60.
- You leave contributions in the system until you actually retire.

Your Vested Deferred Benefits

You can calculate your vested deferred benefit by first determining whether you would have completed 20 years of Connecticut service by the time you were age 60.

If by age 60 you would have been credited with 20 years of Connecticut service, you would determine your benefit as follows:

$$2\% \text{ times years of CT service times your average salary}$$

All non-Connecticut service is determined as follows:

$$1\% \text{ times years of non-CT service times your average salary}$$

For example, you left teaching at age 47 with 18 years of Connecticut service and 1.8 years of non-Connecticut service and an average salary of \$70,000. Your benefit beginning at age 60 would be:

$$2\% \text{ times } 18.0 \text{ years} = 36\%$$

+

$$1\% \text{ times } 1.8 \text{ years} = 1.8\%$$

$$36\% + 1.8\% = 37.8\% \times \$70,000 =$$

$$\$26,460 \text{ per year, or } \$2,205 \text{ per month}$$

Table 1A

For teachers retiring with less than 30 years of service

Years away from normal retirement	Early retirement factor
0	100%
1	94
2	88
3	82
4	76
5	70
6	66
7	62
8	58
9	54
10	50

Table 1B

For teachers retiring with 30 or more years of service

Years away from normal retirement	Early retirement factor
0	100%
1	97
2	94
3	91
4	88
5	85

AGE
55
56
57
58
59
60

AGE	25 YRS
50	25.00%
51	27.00%
52	29.00%
53	31.00%
54	33.00%
55	35.00%
56	38.00%
57	41.00%
58	44.00%
59	47.00%
60	50.00%

AGE	32 YRS
50	58.24%
51	58.24%
52	58.24%
53	58.24%
54	58.24%
55	58.24%
56	58.24%
57	58.24%
58	60.16%
59	62.08%
60	64.00%

RESIG
60 o
RESIG
60 o

Table 2

20 YRS	21 YRS	22 YRS	23 YRS	24 YRS
28.00%	29.40%	30.80%	32.20%	33.60%
30.40%	31.92%	33.44%	34.96%	36.48%
32.80%	34.44%	36.08%	37.72%	39.36%
35.20%	36.96%	38.72%	40.48%	42.24%
37.60%	39.48%	41.36%	43.24%	45.12%
40.00%	42.00%	44.00%	46.00%	48.00%

26 YRS	27 YRS	28 YRS	29 YRS	30 YRS	31 YRS
28.08%	31.32%	34.72%	38.28%	51.00%	54.56%
28.08%	31.32%	34.72%	38.28%	51.00%	54.56%
30.16%	31.32%	34.72%	38.28%	51.00%	54.56%
32.24%	33.48%	34.72%	38.28%	51.00%	54.56%
34.32%	35.64%	36.96%	38.28%	51.00%	54.56%
36.40%	37.80%	39.20%	40.60%	51.00%	54.56%
39.52%	41.04%	42.56%	44.08%	52.80%	54.56%
42.64%	44.28%	45.92%	47.56%	54.60%	56.42%
45.76%	47.52%	49.28%	51.04%	56.40%	58.28%
48.88%	50.76%	52.64%	54.52%	58.20%	60.14%
52.00%	54.00%	56.00%	58.00%	60.00%	62.00%

33 YRS	34 YRS	35 YRS	36 YRS	37 YRS	37.5 YRS
62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
62.04%	65.96%	70.00%	72.00%	74.00%	75.00%
64.02%	65.96%	70.00%	72.00%	74.00%	75.00%
66.00%	68.00%	70.00%	72.00%	74.00%	75.00%

AGE AT AGE	10 YRS	11 YRS	12 YRS	13 YRS	14 YRS
60 or older	10.00%	12.10%	14.40%	16.90%	19.60%

AGE AT AGE	15 YRS	16 YRS	17 YRS	18 YRS	19 YRS	20 YRS
60 or older	22.50%	25.60%	28.90%	32.40%	36.10%	40.00%

If you would not have been credited with 20 years of Connecticut service by age 60, you must use the early retirement percentage to determine your benefit amount. Suppose you left teaching at age 55 with 10 years of Connecticut service with an average salary of \$50,000 and wish to begin receiving your benefit at age 60. To determine your benefit, you would use the following:

Age for completion of 20 years of Connecticut service: 65
 Age benefits are to begin: 60
 Difference: 5 years
 Early Retirement Factor (Table 1A): 70%
 $70\% \times 2.0\% \times 10.0 \text{ years} = 14.0\% \times \$50,000 =$
 $\$7,000 \text{ per year, or } \583.33 per month

For more information about CEA-Retired, the CEA and NEA affiliate for retired Connecticut teachers, see www.cea.org or call Cheryl Hampson at 1-800-842-4316.

Retirement Payment Plans

How Your Benefit Is Paid

The amount of your benefit depends on the payment plan you choose. There are three different ways you can elect to receive your benefits and all three options may provide benefits to your chosen beneficiary upon your death after retirement. The options, explained below, are known as partial refund option, lifetime and period certain option, and co-participant option.

Partial Refund Option (Payment Plan N)

Under this payment plan, if 25 percent of the benefits you receive between retirement and death is less than your contributions, your beneficiary may receive a lump-sum benefit at your death. The amount of the lump-sum benefit is the difference between 25 percent of the benefits you have already received and your total contributions including accumulated interest.

This means you will receive your full benefit for as long as you live, and your beneficiary may receive a refund of some of your contributions when you die.

Lifetime and Period Certain Option (Payment Plan C)

Under this option, you agree to take a reduced benefit during your lifetime, with a certain number of payments to be paid to a named beneficiary upon your death.

You may choose a guaranteed period of:

- 5 years (60 payments)
- 10 years (120 payments)
- 15 years (180 payments)
- 20 years (240 payments)
- 25 years (300 payments)

This period begins as of your retirement date.

Co-Participant Option (Payment Plan D)

If you elect this payment plan, you can choose to continue payment of a portion of your benefit to a beneficiary after your death. You may continue one-third, one-half, two-thirds, three-fourths, or all of your benefit to your designated co-participant/beneficiary. After you die, your beneficiary will receive a monthly payment for life.

If you elect Plan D, your payment will be reduced, because benefits will be paid over two lifetimes — yours and your beneficiary's. In other words, Plan D is a form of protection for your beneficiary's entire life after you die.

If you die after meeting the eligibility requirements, but before your payments begin, your beneficiary will still receive the benefit you elected.

Plan D is terminated once the designated co-participant dies or is divorced from you after your retirement, but before your death. You will then be paid the unreduced normal, early, or prorable benefit for which you are eligible.

Applying for Your Benefits

To receive your retirement benefits, you must file an application with the STRB.

Your benefits will be effective on the first of the month following your last month of teaching. For example, if you retire from teaching on June 15, 2010, your benefits will be effective July 1, 2010.

When applying for benefits, you must provide the following information and forms:

- Application for retirement
- Birth certificate (or other acceptable proof of birth date)
- Records of other service, if required

A retirement application is available from the STRB, including its Web site, www.ct.gov/trb.

Medical Benefits Upon Retirement

Medicare-Eligible Retirees

Those retired teachers and spouses who are participating in Medicare Parts A and B can purchase a Medicare supplement plan through the STRB. It is a self-insured indemnity plan administered by Stirling & Stirling of Milford, Connecticut. (Some locally negotiated agreements provide such coverage through local boards of education as well.) As of January 1, 2009, the Medicare supplement plan costs \$99.00 per month per person and includes an unlimited prescription drug plan. Dental, vision and hearing coverage is available to be purchased as well. See the STRB Web site for a detailed plan description.

Non-Medicare Eligible Retirees

Those retired teachers and/or spouses who are NOT participating in Medicare Parts A and B may obtain their health insurance through their last employing board of education. Such retired teachers must be offered the same choice of insurance plans as active teachers receive. Absent contractual language to the contrary, teachers are responsible for the full cost of the insurance plan. However, teachers and their spouses receiving insurance through their last employing board of education will receive a monthly subsidy from the STRB to help defray part of the cost. The current subsidy is \$110 per month per person (i.e., \$220 for covered teacher and spouse). If you are age 65 or older and do not qualify for Medicare, the subsidy is \$220 per person (as long as your cost is at least \$220 per month). See the STRB Web site for more information about this higher subsidy amount.

Cost-of-Living Adjustments

To help keep up with rising costs, the STRS provides a cost-of-living adjustment each year. Under the current law, this allowance begins on either July 1 or January 1, after you complete nine months of retirement. For example, if you retire on July 1, 2010, you will have completed nine months of retirement by April 1, 2011. Your first cost-of-living increase will be added to your checks starting July 1, 2011. Cost-of-living adjustments do not apply to survivors' benefits before retirement.

Other information

Lump-Sum Death Benefit

If you and your spouse are living together at the time of your death before retirement, he or she will receive a lump-sum death benefit (unless Plan D for your spouse had been elected and the protection it provides was in effect).

The amount of the lump-sum death benefit is \$1,000 for the first five years of Connecticut public school service. If you had more than five years of Connecticut service, the benefit is increased by \$200 for each full year of service up to 10, for a maximum benefit of \$2,000.

If you have no surviving spouse at the time of your death, this benefit may be used for burial expenses.

Survivors' Benefits Before Retirement

If You Are Not Yet Eligible to Retire:

If you die while still actively working, or within two months of the time you stopped working but before your actual retirement, or while on a formal leave of absence and you are making contributions, the system is designed to provide the following benefits to your surviving spouse and children:

- \$300 a month for each child under 18 or over 18 if disabled.
- \$300 a month to a surviving spouse plus \$25 per month for each year of service you had in excess of 12 years.
- \$300 a month to your dependent parent over age 65 if there is no surviving spouse or dependent former spouse.

The maximum family survivorship benefit is \$1,500 a month.

If you die without a spouse or minor children, the contributions made by you, plus interest, will be paid to your designated beneficiary in a lump sum.

If You Are Eligible to Retire:

If your spouse was your primary beneficiary, he/she would be entitled to a choice of basic survivorship benefits, a lump sum of the contributions you had made, plus interest, or your Plan D — 100% benefit paid to the spouse for his/her lifetime. Survivor benefits will be paid to any minor children in addition to the benefits elected by the spouse.

If you die without a spouse or minor children, the contributions made by you, plus interest, will be paid to your designated beneficiary in a lump sum.

Other options are available in place of these survivors' benefits. Please contact the STRB for more information.

Disability Allowance

If you become disabled and no longer able to teach, you may be eligible for a disability allowance.

Eligibility

To qualify for a disability allowance, you must meet the following criteria:

- You must be certified as disabled by your physicians and approved by the STRB
- and*
- If you have less than five years of Connecticut public school service, become disabled as a result of a sickness or injury brought about while performing your duties as a teacher

or

If you have five or more years of Connecticut public school service, become disabled regardless of the cause.

Disabled means you are unable to perform any substantial work because of a physical or mental disability that is expected to be of long duration or result in death. A group of physicians, appointed by the STRB, will review each application for disability.

Disability Allowance Benefits

The amount of your disability allowance benefit will depend on

- Your average salary
- Your credited service
- Whether you are receiving worker's compensation and/or Social Security disability income benefits
- Any other income you earn

If you qualify for disability allowance benefits, you can receive up to 50 percent of your average salary. Also, if you are receiving worker's compensation and/or disability income benefits from Social Security, the system is designed so that together with these payments, you can receive up to 75 percent of your average salary. In no event will you receive less than 15 percent of your average salary.

The basic formula for calculating your annual disability allowance is:

2% times your average salary times your actual credited service

If during the time you are disabled you are able to earn some income, your disability allowance does not stop. During the first two years you are receiving benefits, your benefit from the system will be reduced by 20 percent of the other income you earn. Beginning with the 25th month, your benefit will be reduced only if the total of your benefits from the system and your other income exceed 100 percent of your average salary.

Your disability allowance benefit will continue for as long as you are disabled or until the attainment of your normal retirement age (but not less than age 60). If your disability ends, you will receive credited service for the period of time you were receiving benefits. If you do not return to service, your disability benefit will be converted to a service retirement benefit. If this happens, you will be credited with the greater of

- Your actual service up to the time you become disabled
- or*
- Your actual service plus the number of years you were disabled, to a maximum of 30 years.

Post Retirement Employment

If you choose to work after retirement as a teacher or in any certified teaching position in Connecticut public schools, you should know that certain earnings limitations apply. Specifically, you may earn up to 45% of the maximum-level salary for the position you are occupying. If you exceed this limitation, you will be required to reimburse the STRB for the amount earned in excess of the limitation. If the position is a shortage area position, as determined by the Commissioner of Education, there is no earnings limit for one school year, with the possibility of a one-year extension if approved by the STRB. Moreover, the local board of education must offer shortage area retirees the same health insurance rate that is offered to active teachers. The \$110 monthly subsidy does not apply in this situation. Any private employment or any public teaching service in another state is not affected by any of these limitations.

Regional Retirement Workshops

SCHEDULE

- September 17, 2009**----Cromwell, Cromwell High School
- September 23, 2009**---Ashford, Ashford School
- September 30, 2009**---Enfield, John F. Kennedy Middle School
- October 8, 2009**-----Killingworth, Haddam-Killingworth Middle School
- October 15, 2009** Torrington, Torrington Middle School
- October 21, 2009**-----Stratford, Flood Middle School
- October 26, 2009**-----Norwich, Kelly Middle School
- November 4, 2009**-----Naugatuck, Naugatuck High School
- November 9, 2009**-----Hamden, Hamden Middle School
- November 19, 2009**----Darien, Middlesex Middle School
- November 23, 2009**----Newington, Newington High School
- November 30, 2009**----Danbury, Danbury High School

REGISTRATION

ONLY ONLINE REGISTRATION IS ACCEPTED
Go to www.cea.org

ABOUT THE WORKSHOPS

Who should attend? Any CEA member who wishes to begin planning for retirement is encouraged to attend. It is never too early to educate yourself!

What issues will be covered? This comprehensive workshop will cover all issues related to the State Teachers' Retirement System such as retirement eligibility, purchasing additional service, how Social Security may be affected, retiree health insurance, and choosing a retirement plan.

Will the workshop provide a question and answer session? Yes, although many of your questions likely will be answered during the presentation, there will be time for a group question and answer period.

Is there a fee to attend? No, these workshops are offered free of charge to all CEA members and are funded by CEA dues dollars.

**Registration and refreshments:
4:00 to 4:15 p.m.
Program: 4:15 to 6:30 p.m.**

- Open to CEA members only.
- Members may attend any of the scheduled workshops.
- Each workshop is limited to the first 150 registrants.
- PRE-REGISTRATION IS REQUIRED. No walk-in will be accepted.
- These workshops are the complete schedule for the 2009-2010 school year.
- Registration will not be accepted by telephone. Only online registrations are accepted. Go to www.cea.org.
- Registration is automatic and you will receive an email confirmation. You will only be contacted directly if the workshop for which you registered is full.

**Questions? Call or email Heidi Krutzky
at 1-800-842-4316 or heidik@cea.org.**

Directions to Workshops

September 17, 2009 – Cromwell High School, Cromwell

From 91 South: Take Exit 22S (left hand exit), Route 9 South. Take your first exit (exit 19) West Street and Rt. 372. At the end of the exit, take a right onto West Street (Rt. 372). Go approximately 50 yards to the first traffic light and take a right onto Shunpike Rd. Rt. 3. At the second traffic light take a right onto Evergreen Road. At the second stop sign take a left onto Donald Harris Drive – Cromwell High School's driveway.

From 91 North: Take Exit 22 (right hand exit) for Route 9 South. Then follow directions above.

From Middlesex Shoreline Area, Old Saybrook, Westbrook, Clinton, etc.: Take Route 9 North. Get off at Exit 18 for Cromwell, Rocky Hill, and Route 99N (just north of Middletown). Go through one traffic light and travel 1.2 miles. Take left onto Evergreen Road. At stop sign take right onto Donald Harris Drive – Cromwell High School's driveway.

September 23, 2009 – Ashford School, Ashford

From the South and Willimantic: From Willimantic, take Route 195 North toward The University of Connecticut. In Mansfield Center, turn right onto Route 89. Follow Route 89 North into Ashford. Cross Route 44. Ashford School is located on Route 89 2 miles North of the intersection with Route 44.

From the West and Hartford: Take I-84 East to Exit 69. Turn right onto Route 74. Follow Route 74 through Willington to Route 44 in Ashford. Turn left on Route 44 to the intersection of Route 89. Turn left on Route 89. The school is on the right 2 miles to the North.

From the North and Massachusetts: Take I-84 to Exit 72. Turn left on Route 89. Follow Route 89 (south) watching the signs because it turns twice. Ashford School is located on the left side of Route 89 about 6 miles from I-84.

From the East and Rhode Island: From the Rhode Island border, take Route 101 West. It merges with Route 44 in Pomfret. Continue on Route 44 West until Route 89 in Ashford. Turn right on Route 89. Ashford school is located on the right about 2 miles North of Route 44.

September 30, 2009 – John F. Kennedy Middle School, Enfield

From Springfield, MA: Take I-91 South to Exit 47E. At end of exit, bear right onto Phoenix Avenue. Follow Phoenix Avenue to traffic light and turn left onto South Road. Continue on South Road to second light. Turn right onto Raffia Road. John F. Kennedy Middle School is approx. 1-1/2 miles on left.

From Hartford: Take I-91 North to Exit 46. At stop sign, turn left onto King St. (Rt. 5). Take immediate left onto Weymouth Road. Follow Weymouth Road to end and turn left onto Simon Road. Follow to four corners and go straight. It changes to Raffia Road. John F. Kennedy Middle School is approx. 100 yards on right.

October 8, 2009 – Haddam-Killingworth Middle School, Killingworth, CT

From the North: Follow Route 9 South.

Take Exit 9 for CT-81 toward Clinton. Turn right onto CT 81 and continue 6 miles. The school will be on the left.

From the South: Follow I-95. Take Exit 63 for CT-81 toward Clinton. Turn left at CT-81/Killingworth Turnpike (signs for Middletown/Higganum). Continue to follow CT-81 North for 5.1 miles. At the traffic circle, take the 2nd exit onto CT-81/Higganum Road/Route 81. The school will be on the right.

October 15, 2009 – Torrington Middle School, Torrington

From Waterbury: Follow Route 8 North to Exit 44 (E. Main Street). Take a right at end of exit. Proceed approximately 2 miles up the hill. Take a left at the intersection of Route 183. Take 2nd right onto E. Pearl Road. School is on the left just past the cemetery.

From Route 202 East – Litchfield: Follow Route 202 East. Take a left at the intersection of Route 202 and Route 183. Take 2nd right onto East Pearl Road. School is on the left just past the cemetery.

From Route 202 West – Canton: Follow Route 202 to Torrington. Take a right at the intersection of Route 202 and Route 183. Take 2nd right onto East Pearl Road. School is on the left just past the cemetery.

From Hartford: Follow Route 4 West into Torrington. Take a right at the intersection of Route 4 and Route 83. At the stop light, go straight across Route 202. Take 2nd right onto East Pearl Road. School is on the left just past the cemetery.

From Winsted: Follow Route 8 South to Exit 46 (Pinewoods Road). At the end of the exit, take a left. Proceed to the stop sign and take a right onto Route 183. Proceed approximately 2 miles. Watch for school sign and take a left at the sign onto East Pearl Road.

October 21, 2009 – Flood Middle School, Stratford

From New Haven/Milford: Take I-95 South to Exit 32. At the end of ramp, take a left. At first light, take a left onto West Broad Street. Continue straight to light at intersection of Main Street approximately 3 miles. Take a left on Cutspring Road (there will be a Cutspring Deli on your right prior to this). Take a right at second stop sign onto Chapel Street. Flood Middle School is at the top of the hill on your left.

Take Merritt Parkway South to Exit 53 (first exit after the Sikorsky Bridge). At the end of the ramp, take a left onto Main Street. Go through one light at Ryder's Landing. Very shortly thereafter, bear right onto Main Street in Putney. At the first stop sign, take a right onto Chapel Street. At the stop sign, bear left (remaining on Chapel Street). Flood Middle School is the second school on the right.

Take Route 8 South to Exit 11 (Bridgeport Avenue). At the end of the ramp, take a left. At traffic light, take a left onto Huntington Road. Proceed several miles to stop sign. At stop sign, take a left onto Tavern Rock Road. Proceed to stop sign. At stop sign, take a right onto Cutspring Road. Proceed to stop sign. At stop sign, take a left onto Chapel Street. Flood Middle School is at the top of the hill on your left.

From Bridgeport/New York: Take I-95 North to Exit 32. At the end of the ramp, continue straight through stop light to West Broad Street. Continue to intersection of Main Street and West Broad Street. Follow directions above from "I-95 South".

Take Merritt Parkway North to Exit 53S. At the end of the ramp, take a right onto Main Street. Take the next right onto Main Street in Putney. At the first stop sign, take a right onto Chapel Street. At the stop sign, bear left (remaining on Chapel Street). Flood Middle School is the second school on the right.

October 26, 2009 – Kelly Middle School, Norwich

From Route 2 West: Take Route 2 into Norwich. At the end of the highway, go straight at the light onto Route 169. At the first light, turn right onto Ox Hill Road. Then turn onto Mahan Drive. Kelly Middle School is the second school on the right. Parking is at the back of the school.

From 395: Take 395 to Exit 81 (Route 2 West). Follow above directions

November 4, 2009 – Naugatuck High School, Naugatuck

From I-84 East or West: Take I-84 to the Route 8 Interchange. Take Route 8 south to Exit 26 South Main Street. At the end of the exit, there is traffic light. Go right. Stay on that road. At the fourth light, go left (Dunkin Donuts should be on your left). This is Rubber Avenue. Stay on this street. Counting this traffic light, go straight until the fourth traffic light. Go right into the Naugatuck High School parking lot. Stay to the right. The auditorium will be on the left.

From Route 8 North: Take Route 8 to Exit 26 South Main Street. At the end of the exit ramp, there is a light. Go left. Stay on this road. At the fifth light, go left (Dunkin Donuts should be on your left). This is Rubber Avenue. Stay on this street. Counting this traffic light, go straight until the fourth traffic light. Go right into the Naugatuck High School parking lot. Stay to the right. The auditorium will be on the left.

From Route 8 South: Take Route 8 to Exit 26 South Main Street. At the end of the exit ramp, there is a light. Go right. Stay on this road. At the fourth light counting this traffic light, go left (Dunkin Donuts should be on your left). This is Rubber Avenue. Stay on this street. Counting this traffic light, go straight until the fourth traffic light. Go right into the Naugatuck High School parking lot. Stay to the right, the auditorium will be on the left.

November 9, 2009 – Hamden Middle School, Hamden

From Route 15 Parkway (North or South): Take exit 60 (CT 10). Turn left onto Dixwell Avenue. Proceed 1.2 miles. School is on the right.

From I-91 – (North or South): Take Exit 10 (CT 40 toward Hamden/Cheshire). Take first exit on right. Turn right onto Devine St. Turn right onto State St. Turn right onto Dixwell Avenue. Proceed 1.7 miles. School is on the left.

November 19, 2009 – Middlesex Middle School, Darien

From I-95 North: Take Exit 10. At end of ramp, turn left onto Noroton Ave. At third traffic light (West Ave.), turn left. At first traffic light (Hollow Tree Ridge Road), turn right. Continue up a slight hill. School is on the right

From I-95 South: Take Exit 10. Go to stop sign and bear left. Go to traffic light (Noroton Ave.), turn right. Go to second traffic light (West Ave.), turn left. Go to first traffic light (Hollow Tree Ridge Road), turn right. Continue up a slight hill. School is on the right

From Merritt Parkway North or South:

Take Exit 37. At end of ramp, turn right (Route 124/Mansfield Ave.). Continue on Mansfield Ave. (1.5 miles), turn right on Middlesex Road. At stop sign, turn left (Ox Ridge Hunt Club on left). Continue on Middlesex Road through one stop sign and one traffic light (Noroton Ave.). At four way stop, turn left (Hollow Tree Ridge Road). School is on the left (approx. 4.0 miles from exit to school)

November 23, 2009 – Newington High School, Newington

From Rt. 84 East: East on Route 84 to Exit 35 (Route 72) in New Britain. Follow Route 9 to Newington take right onto Exit 29. At end of ramp take a right onto Cedar St. Proceed on Cedar Street until you come to Willard Ave. and Cedar Street Intersection. At 4th light take a left onto Willard Ave. – Route 173. Proceed on Willard Ave for approximately a 1/4 of a mile. At second light (past NHS on Willard Ave.) take a left onto Veterans Drive.

From I-84 West: West on Route 84 to South Main St. takes right onto Exit 41. At end of ramp take a left onto South Main St. Proceed about 1 mile to West Hill Road. Take a left onto West Hill Road. At end of West Hill Road, turn right onto Willard Avenue for about 1/4 of a mile, NHS is on your right. At the first light, take a right into the NHS driveway.

From East and North: Mass. Pike to I-91 South. Take Route 91 South to Newington/Wethersfield Exit. Stay on this connector, which "feeds" into Route 5 & 15 (Berlin Tpke). Take the first formal exit in Newington (Route 175 – Cedar Street) Proceed on Cedar Street for about of a 3/4 of a mile. Proceed on Cedar Street until you come to Willard Ave. and Cedar Street Intersection. Take a right into (Willard Ave.–Route 173). Proceed on Willard Ave. for a 1/4 of a mile. At second light, take a left onto Veterans Drive to access.

From South – New Haven: Take I-91 to Berlin Tpke. (Routes 5 & 15) northbound to intersection where Arby's is on the right and Bob's Furniture is on the left. Take a left onto Richard Street and at first light take a right onto Willard Ave. Proceed on Willard Ave. for approx. 2 miles until you come to intersection Cedar Street and Willard Ave. Continue on Willard Ave. At second light, take a left onto Veterans Drive.

From Shoreline Area – Route 9: Take Route 9 North. When you get to Cromwell, stay to the left. Take the New Britain Exit, Route 9 North, staying on Route 9. Follow Route 9 to Newington take right onto Exit 29. At end of ramp take a right onto Cedar St. Proceed on Cedar St. and at 4th light take a left onto (Willard Ave.–Route 173). Proceed on Willard Ave for about a 1/4. At second light (past NHS on Willard Ave.) take a left onto Veterans Drive

November 30, 2009 – Danbury High School, Danbury

From I-84 West: Take Exit 5. At traffic light, turn left on Route 39. Follow Route 39 for .8 mile. Danbury High School is at the top of the hill on the right.

From I-84 East: Take Exit 5. After stop sign at end of exit, go straight to traffic light. At traffic light, turn left onto Route 39. Travel on Route 39 through one traffic light. Continue for .8 mile past light. Danbury High School is at the top of the hill on the right.

What you need to know about social security and teacher retirement

Are Connecticut teachers covered by social security?

No, Connecticut teachers do not participate in the social security (FICA) system.¹ As a result, they do not pay the required contribution of 6.2% of salary and do not accrue social security credits. However, some school districts have an agreement with the Social Security Administration to include in social security certain part-time positions not covered by the Connecticut Teachers' Retirement System (CTRS) like coaching and extracurricular advisors. If you perform work in a district that covers such positions, you must pay the FICA tax even if you do not need or want the social security credit.

Why aren't we covered?

Simply stated, it's better for teachers to be excluded. Years ago, the federal government allowed those employees who were not part of social security to elect whether or not to join. Connecticut teachers chose not to because it was clear that the CTRS is a significantly better retirement plan that takes into account the specific retirement and disability needs of teachers. An analysis performed by the Connecticut Teachers' Retirement Board confirmed this fact. Teachers in fourteen other states (e.g., Ohio, California, Colorado, Massachusetts) similarly have chosen not to participate in social security. Moreover, because teachers are not covered, school districts are relieved of their obligation to pay the required employer contribution of 6.2% of salary for each teacher.

I held various private part-time jobs throughout my teaching career and have earned at least 40 credits of social security. Am I entitled to collect any social security benefits?

Yes. Public school teachers who have earned at least 40 credits of social security will be entitled to

collect social security.

A federal law, the Windfall Elimination Provision (WEP), may reduce the amount of your social security benefit.

Exactly how does the Windfall Elimination Provision work?

First, it is helpful to understand that social security benefits are intended to provide low-income workers with a higher replacement income in retirement than high-wage earners. Because teachers' salaries are not reflected on the social security system and most teachers' earnings under social security are relatively low, they can be mistaken for low-wage earners. Under the WEP, a modified formula is utilized to rectify this. In general, the WEP results in teachers receiving approximately 50-60% of the estimate provided in their annual social security statement. In no event should the teacher lose his or her entire social security benefit. Moreover, if you were eligible for an early, proratable or normal retirement benefit from the CTRS prior to January 1986, you are exempt from the WEP and will receive your full social security benefit without any reduction. In either case, the WEP does not affect your Medicare eligibility or the amount of your CTRS pension. Finally, you should be aware that the Estimate of Benefits statement that Social Security sends to you periodically does not take into account the WEP and thus may overstate the future benefit to which you will be entitled. For a more accurate estimate of benefits, you should utilize the Online WEP Calculator contained in the Social Security Administration Web site (www.ssa.gov).²

I am a second career teacher who retired from private industry. Does that mean that I will lose 40-50% of my social security benefits?

Probably not. The WEP is not intended to affect those teach-

ers who have had a significant first career under social security. However, this is defined as 30 years of "substantial" social security earnings. That is, if you worked for 30 years or more and earned the "substantial earnings" amount each year (see chart below), you are totally exempt from the WEP and will receive all of your estimated benefits. If you had 21-29 years of substantial earnings under social security, your reduction will be scaled down from the normal reduction of approximately 40%.

Would it make sense for me to leave teaching, withdraw my retirement funds and forego collecting my teacher's pension in order to avoid losing some of my social security under the WEP?

The rules provide that a pension withdrawal is not a "pension" for GPO purposes if a teacher withdraws only his or her contributions plus interest and relinquishes all entitlements and benefits of the plan. For WEP purposes, such a withdrawal must occur before all factors of eligibility are met in order to avoid the modified formula. However, in most cases, from a financial standpoint, it is not worth forfeiting your right to a teacher's pension and to subsidized retiree health insurance for you and your spouse simply to collect your relatively low (albeit full) social security benefit. In fact, your accrued teacher's pension may amount to more than you think, perhaps even more than you were entitled to from social security in the first place. For example, the maximum social security benefit in 2009 for any individual retiring at full retirement age is \$2,323 per month. Before making any critical decisions of this nature, please be sure to compare exactly what you would get from your teacher's pension versus what you would lose, if anything, under the WEP.

I have no social security credits of my own but my spouse will be collecting social security benefits. Am I entitled to a spousal benefit or a widow's benefit if he should die?

Probably not. The Government Pension Offset (GPO) applies if you receive a pension from a job like teaching where you did not pay social security taxes. Specifically, the GPO will reduce the amount of your social security spousal or widow's benefit by two-thirds of the amount of your teaching pension. For example, if you receive \$4,000 per month from the TRS, two-thirds of that amount, or \$2,666, will be deducted from your anticipated social security spousal or widow's benefit. In all likelihood, the social security benefit will be less than \$2,666, so you will not receive anything from social security (but the GPO does not affect your Medicare eligibility). You will, however, be exempt

"Substantial earning" amounts for the purpose of the WEP exemption/reduction

Year	Substantial Earnings	Year	Substantial Earnings
1955-58	1,050	1989	8,925
1959-65	1,200	1990	9,525
1966-67	1,650	1991	9,900
1968-71	1,950	1992	10,350
1972	2,250	1993	10,725
1973	2,700	1994	11,250
1974	3,300	1995	11,325
1975	3,525	1996	11,625
1976	3,825	1997	12,150
1977	4,125	1998	12,675
1978	4,425	1999	13,425
1979	4,725	2000	14,175
1980	5,100	2001	14,925
1981	5,550	2002	15,750
1982	6,075	2003	16,125
1983	6,675	2004	16,275
1984	7,050	2005	16,725
1985	7,425	2006	17,476
1986	7,875	2007	18,150
1987	8,175	2008	18,975
1988	8,400	2009	19,800

from the GPO if you were eligible to receive an early, proratable or normal retirement benefit from the CTRS before December 1982.

Why are teachers the target of the GPO?

Actually, all working spouses, not just teachers, are similarly affected. Spousal benefits from social security always have been intended for the dependent, non-working spouse. In most cases, professionals in the private sector also do not collect a spousal benefit because their own earned benefit is equal to their spouse's.

I think the GPO and WEP are unfair. What can I do about it?

These provisions are based on federal (not state) law and can only be changed by Congress. For years, CEA and NEA have lobbied unsuccessfully for the repeal of the GPO and WEP. There has been more momentum in the last two sessions of Congress so you should contact your U.S. Representative and Senator and ask that they support a repeal.

Some of my teaching colleagues are paying a 1.45% tax and some are not. What is this for?

All teachers hired after March 31, 1986, or who transferred from one district to another after that date are required to pay 1.45% of their salary as a Medicare tax. Their local school district also pays this tax. These teachers will then be entitled to Medicare coverage when they turn age 65.

I was hired before March 31, 1986. Am I entitled to Medicare coverage?

Pre-1986 hires qualify for Medicare in two ways. First, if you are married to someone who is eligible for (even if not collecting) social security benefits (and is at

least age 62), you will be entitled to Medicare coverage at age 65. If you are divorced, you must have been married to your ex-spouse for ten years in order to qualify for Medicare on his or her record. Second, if you have earned the 40 credits through other jobs that you have held outside of teaching, you also will be eligible for Medicare beginning at age 65. If you retire with some social security credits but fall short of the required 40, you may earn more quarters through post-retirement employment. If you will never have the requisite 40 credits, you will never qualify for Medicare. In that case, when you turn age 65, you will remain in your local board of education's health care plan(s) for life. In no event will you be without any health care coverage in retirement.

What exactly are social security credits (sometimes called "quarters") and how many do I need to qualify for a benefit?

As you work and pay social security taxes (FICA), you earn social security credits. In 2009, you earn one credit for each \$1,090 in earnings that you have — up to a maximum of four credits per year. In general, you need 40 credits or quarters (10 years of work) to qualify for a social security benefit.

How do I find out how many credits I have earned or any other information about my social security coverage?

You should contact your regional social security office or you can call the national social security information line at 1-800-772-1213.

¹ Except teachers at the Norwich Free Academy.

² Because teachers at The Norwich Free Academy do participate in social security, neither the WEP nor the GPO will apply to them.

CEA and retirement

CEA proposes retirement legislation, testifies at hearings on retirement matters, provides background information on retirement issues to legislators, and follows the progress of legislation through the Connecticut General Assembly.

During the last 15 years, CEA's lobbying efforts have resulted in a lowering of the retirement age and years-of-service requirements, a reduction in the early retirement penalties, liberalized opportunities for purchasing additional service credits (e.g., less than half-time service), improved survivor and disability benefits, as well as increased state contributions toward retired teachers' health insurance premiums, in addition to many other improvements.

CEA staff and many CEA Retirement Commission members attend every State Teachers' Retirement Board (STRB) meeting to monitor its activities and decisions.

CEA offers Regional Retirement Workshops during the year to acquaint members with the retirement system and ongoing changes.

CEA members may direct questions about the enclosed information to Robyn Kaplan-Cho, Retirement Specialist, Connecticut Education Association, 21 Oak Street, Suite 500, Hartford, CT 06106-8001, 1-800-842-4316, robjnk@cea.org.