



## Hybrid Retirement Plan Information for General State & Higher Education Employees hired on or after July 1, 2014

RetireReadyTN is the state's retirement program, combining the strengths of a defined benefit plan provided by the Tennessee Consolidated Retirement System (TCRS), the State of Tennessee 401(k) plan through services provided by Empower Retirement, and retirement readiness education. We strive to empower public employees to take actionable steps toward preparing for the future.

Full-time state and higher education employees hired on or after July 1, 2014 are members of the Hybrid Retirement Plan for State Employees and Teachers ("Hybrid Plan") as a condition of employment.



### About Tennessee Consolidated Retirement System (TCRS)

- TCRS provides a lifetime monthly benefit at retirement once eligibility has been met.
- Higher education and general state employees become vested in TCRS upon completing at least 5 years of creditable service with a TCRS-covered employer.
- Vested members are eligible for an unreduced monthly retirement benefit at age 65 or based on the rule "Rule of 90" (years of service + age = 90 or greater)
- Benefits are calculated based on the member's years of creditable service, age, the benefit accrual factor, and average final compensation (AFC). AFC is the average of the highest five consecutive years of compensation.

Benefit Calculation Example for member age 60	
Accrual Factor	1.00%
Average Final Compensation <sup>1</sup>	x \$30,000
Years of Creditable Service	x 30
Annual Benefit	= \$9,000
	÷ 12
Regular Monthly Benefit	= \$750.00

*This hypothetical example assumes a general state/higher education employee, and an eligible member in the Hybrid Plan, is retiring at age 60.*



### About the 401(k)

- The amount a member has available in retirement is based on contributions, plus accumulated earnings (if any), to the member's account.
- Members are immediately vested in the 401(k). Upon terminating employment or retiring, an employee may leave the account balance in the plan, roll it over to another qualified plan, or begin taking distributions.<sup>2</sup>
- Members select their investment options based on their individual goals, risk tolerance, and timeline.
- State and higher education employees are eligible for a dollar-to-dollar match up to \$100 each month.

<sup>1</sup>The IRS limits the maximum amount of compensation that may be recognized for retirement purposes. Annual limits are published at irs.gov.

<sup>2</sup>If the member withdraws money from the 401(k) account balance prior to age 59 ½, they may be subject to an early distribution tax.



## Retirement Readiness Education

In addition to retirement plans, RetireReadyTN offers retirement readiness education and retirement counseling to all members. Members can meet with a local RetireReadyTN plan advisor for assistance with retirement planning or to discuss other financial planning needs. These services are provided to members at no additional fee. To find your local representative and schedule a one-on-one meeting, please visit “Meet with an advisor” at [RetireReadyTN.gov](http://RetireReadyTN.gov).



Contributions to the Hybrid Plan			
	Employer <sup>3</sup>	Member	Total
TCRS	4%	5%	9%
401(k)	5%	2% <sup>4</sup>	7%
<b>TOTAL</b>	<b>9%</b>	<b>7%</b>	<b>16%</b>

## Contributions to your Retirement

Your retirement is funded by contributions from both the State of Tennessee and you, the member. Contributions to TCRS are deducted pre-tax. Employee contributions to the 401(k) plan may be made on a pre-tax or after-tax (Roth) basis.

## Designate a Beneficiary

One of the most important decisions a member can make is to designate a beneficiary(s). Designations for your TCRS benefit and the 401(k) account are made separately. In the event of a member’s death, survivor benefits may be available to designated beneficiaries. Situations such as marriage, divorce, remarriage, or death do not automatically change a designated beneficiary(s).

For more information, refer to our *Selecting a Beneficiary* guide on [RetireReadyTN.gov](http://RetireReadyTN.gov).

## Contact Us

Call (800) 922-7772 Monday through Friday 8:00 a.m. to 7:00 p.m. CT

Visit [www.RetireReadyTN.gov](http://www.RetireReadyTN.gov)



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For more plan information, please refer to the Hybrid Member Guide.

*The information in this document is general in nature and may be subject to change without notice. In the event of a conflict between this guide and plan documents, the plan documents will take precedence. Additionally, the value of a 401(k) account will fluctuate and it is possible for the value to be less than what was contributed. The risks associated with investing are numerous, and as with any investment, it is possible to lose money. The state of Tennessee and its employees are not authorized to provide legal, financial or tax advice. For legal and tax advice concerning your situation you should consult your personal legal, tax or other advisers.*

<sup>3</sup>Employer contributions to TCRS are not refundable and employer 401(k) contributions are pre-tax only.

<sup>4</sup>The employee’s contribution to the 401(k) plan may be modified at any time. If the employee was auto enrolled in the plan, the employee has a 90 day window to opt out of the 401(k) plan and obtain a refund of the 2% employee contribution. New members will receive notice on how to opt out and or change their contribution amount. Members may also go online to make any changes to their accounts at [RetireReadyTN.gov](http://RetireReadyTN.gov). Contributions are subject to Internal Revenue Service (IRS) limitations, which can be found at [irs.gov](http://irs.gov).