

TRS FINANCIAL AWARENESS VIDEO SERIES

VIDEO #3: ESTIMATING YOUR TRS BENEFIT

Transcript

Meet Nancy. Nancy is a high school librarian. She's been a TRS member for 18 years. At home, Nancy sometimes fantasizes about being the big winner on a game show.

NANCY: If I won a million dollars, I could retire right now!

[TRANSITION TO IMAGINARY SCENE OF NANCY ON GAME SHOW]

HOST: Our next question is for Nancy! Nancy, what's the best way to prepare for retirement? Is it:

- A. tell yourself you'll start saving later,
- B. hope you win a million dollars, or
- C. take action now and make a plan for your future?

NANCY: I'd never actually leave my retirement up to chance! I choose "C", take action and make a plan.

BELL SOUNDS.

HOST: That's right Nancy, the correct answer is "C". Get started now by estimating your TRS retirement benefit!

Your TRS retirement benefit - also referred to as your pension or annuity - is the payment you will receive every month for the rest of your life upon retirement. When you become eligible for normal age retirement, the basic formula used to calculate your standard annuity involves just three factors: your years of service, your final average salary, and a multiplier of 2.3%.

Let's say Nancy retires with 32 years of service credit. If we multiply 32 years by the current 2.3% multiplier, we get 73.6%. This means that Nancy will receive a benefit equal to almost 74% of her final average salary. Now, let's assume Nancy's final average salary is \$60,000. Multiplying \$60,000 by 73.6% gives us \$44,160. This is the standard annual annuity Nancy is eligible to receive when she retires. We can divide her annual annuity by 12 to determine her monthly benefit amount - over \$3,600 per month.

The easiest way to estimate your TRS benefit is to use the retirement estimate calculator available on the TRS website through MyTRS. The MyTRS calculator will automatically assign you a tier based on current TRS records. What's a

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tier? As Texas laws have changed, retirement eligibility requirements and benefit calculations have changed too. TRS uses a "membership tier" system to help you determine your eligibility for benefits as well as the calculation of your benefit amount.

When it comes to preparing for retirement, everyone can be a winner. What's the grand prize? It's the peace of mind that comes with knowing you're all set for a financially secure future.

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