

## MEMBER EDUCATIONAL VIDEO SERIES

### #6 – SELECTING A RETIREMENT BENEFIT OPTION

Transcript

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OPENING GRAPHICS

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Hi, my name is Sekethia Tejada, with TRS. In this video you will learn about options available to you when you retire.

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Choosing a benefit option is one of the most important things you will need to do when applying for your retirement with TRS.

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You may ask yourself, “What is the best benefit option for me?” The truth is, one option is not better than the other – it just depends on your situation.

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One consideration may be “Does someone depend on me for financial support?”

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TRS retirement options provide a monthly annuity payment for the life of the retiree. At the time of retirement, there’s a choice of: standard annuity, a joint and survivor annuity, or guaranteed period annuity payment plans.

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Let’s talk first about the Standard Annuity. The Standard Annuity benefit option provides the highest monthly payment, but all payments stop when the retiree passes away. Upon the retiree’s passing, a beneficiary will not continue to receive monthly payments.

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If you want your beneficiary to receive monthly annuity payments after your death, then you may want to consider a joint and survivor annuity or a guaranteed period annuity.

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TRS offers joint and survivor annuity options that provide a monthly payment for you during your lifetime and then for a named beneficiary’s lifetime after you pass away.

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Under the joint and survivor annuity options, you may select only one beneficiary to receive a percentage of your benefit payment for the rest of his or her life upon your passing.

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You may choose for your beneficiary to receive: 100 percent; 50 percent; or 75 percent of your monthly annuity payment.

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In general, the higher the percentage you select for your beneficiary, the lower your monthly annuity payment will be during your lifetime.

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Conversely, the lower the percentage you select for your beneficiary, the more you'll receive monthly during your lifetime.

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If you choose a joint and survivor annuity and want to name someone other than your spouse as your beneficiary, then certain restrictions will apply. Please visit TRS' website at [trs.texas.gov](https://trs.texas.gov) to learn more.

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Also, you may be wondering what happens if you choose a joint and survivor annuity and your beneficiary predeceases you. If you retire with one of these options and your beneficiary passes away before you, your monthly payment will increase to the standard annuity.

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TRS also offers guaranteed payment annuities. Under these guaranteed payment options, you are guaranteed a monthly benefit even if you were to pass away within the first 5 or 10 years from your retirement date.

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If you pass away before the guaranteed monthly benefit period has expired, then your beneficiary will receive the remaining monthly payments.

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Let's say Anna retires in December of 2020. She selects the 5-year guaranteed payment option, and names her son John as her beneficiary.

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Then Anna passes away in January 2024. Her guaranteed payment option would allow John to receive a monthly payment until the end of that 5-year term, in December of 2025.

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If Anna had selected the 10-year guaranteed payment option, then the payment would be guaranteed for 10 years and John would receive payments until December 2030.

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In addition to these retirement options, you may be eligible for a partial lump sum option, or PLSO. A PLSO distribution is equal to 12, 24, or 36 months of your Standard Annuity amount.

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You will still receive a monthly benefit payment for life, but the payments will be reduced based on the amount of the PLSO you choose. The decision to take a PLSO distribution should be carefully considered, as there may be tax consequences related to the payment.

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Regardless of which retirement plan you choose, there are survivor benefits payable to your beneficiary upon your death.

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For more information, please contact TRS at 800-223-8778 to speak with a TRS benefits counselor or visit our website at [trs.texas.gov](http://trs.texas.gov)

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Thanks for watching.