

RETIREE ADVISOR

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Produced for retired members of the Tennessee Consolidated Retirement System

July cost-of-living adjustment (COLA) increase is 2.7%

The CPI during calendar year 1999 increased 2.7%, thus most retirees' benefits will increase 2.7%. The increase will be reflected on your July 31 retirement payment. If withholding taxes are deducted from your benefit, the amount of the deduction may change due to the COLA.

A person retired from a political subdivision is granted a COLA if the local governing body has passed a resolution approving the COLA. If the governing body has not approved a compound COLA, local government retirees may only be eligible for the simple COLA which applies the 2.7% to the original benefit at retirement.

Direct deposit legislation enacted

Direct deposit is a simple, safe and secure way to receive your benefits. You will remain in control of your finances without the worry of your check being late, lost or stolen.

In an effort to reduce mailing costs and improve the efficiency of payment processing, TCRS is implementing new legislation requiring mandatory direct deposit for monthly benefit payments this year. TCRS is providing several opportunities for retirees currently receiving checks by mail to change over to direct deposit.

Please look for a direct deposit form with your August 31 retirement check. Direct deposit forms are also available at the TCRS Internet site at www.treasury.state.tn.us/tcrs/ or call TCRS at 1-800-770-8277 or 741-4913 (Local Area). TCRS will send you a notice when the change to direct deposit is made.

Once you have signed up for direct deposit, your check will automatically be deposited into your account on the next pay date, provided we have received the application before the 15th. If we receive your request after the 15th, your retirement check will not be affected until the pay date of the following month. You will receive a special notice when there are changes to the amount deposited.

Avoid the rush! Sign up today and join the other 72% of TCRS retirees who are already enjoying the convenience of direct deposit.

BlueCard PPO program for benefits outside of Tennessee

Effective January 1, 2001, ALL State Group Insurance Program participants enrolled in the BlueCross BlueShield (BCBS) Preferred Provider Organization (PPO) will access PPO benefits and savings when outside of Tennessee, using the BlueCard PPO Program.

If you are a dependent of an active or retired employee, a retiree, or a COBRA participant who permanently resides out of Tennessee (12 months of the year), your benefits are currently paid at 80 percent of the maximum allowable charge if you have an authorized out-of-state exception. All authorized out-of-state exceptions will expire December 31, 2000.

With the BlueCard PPO Program in 2001, the standard benefit structure will follow you everywhere you go – 90 percent benefit at PPO providers / 70 percent benefit at non-PPO providers. This means you must use the BlueCard PPO providers to receive the 90 percent benefit level. If you choose to use providers outside the BlueCard PPO Network, you will receive the lower level of benefits and will be required to pay the difference between the network maximum allowable charge and the actual charge. This difference could be substantial.

The BlueCard PPO Program links together PPO network providers of Blue Plans all over the United States. This is an immense network with 95 percent of the U.S. population in service areas covered by the BlueCard PPO. In order to locate a network provider outside of Tennessee, call the BlueCard Access number – 1-800-810-BLUE (2583).

(continued)

Limited return to service as a teacher now permitted

The General Assembly passed legislation allowing a retired member who has been retired for at least one year to return as a K-12 teacher under the following conditions without loss of benefits:

- ♦ The retired member must hold a teacher's professional license or certificate;
- ♦ The School Director must certify that the retired teacher has the necessary training or experience **and no other qualified persons are available**;
- ♦ The Commissioner of Education must certify that the area lacks qualified teachers to serve;
- ♦ The retired member shall not be entitled to tenure status;
- ♦ The retired member shall not be eligible for additional retirement credit or other benefits;
- ♦ Appointments cannot exceed one year at a time; and
- ♦ The salary must be at least that payable to starting teachers but cannot exceed 85% of the normal salary payable to a similar teacher with the same training and experience.

Members who have already been retired for one full year are eligible to return under these conditions. The necessary certifications are being developed for use by the school systems. This program will expire on June 30, 2005. For more information go to www.treasury.state.tn.us/tcrs/return/ on the TCRS Internet site.

Important Information

Retired Payroll: 615-741-4913
Toll Free: 800-770-8277

Internet: www.treasury.state.tn.us/tcrs/
Email: TCRS.Financial@mail.state.tn.us

Mailing Address: TCRS
10th Floor
Andrew Jackson Bldg.
Nashville, TN 37243

Blue Cross/Blue Shield
Medicare Supplement: 800-221-7828
Group Insurance: 800-558-6213

Social Security: 800-772-1213

BlueCard PPO program for benefits outside of Tennessee *(continued)*

You will be provided with the names and addresses of BlueCard PPO providers for the area where you are. If you have Internet access available, you may visit the BlueCard PPO Provider Finder at www.bluecares.com/bluecard.

When you see a provider, present your membership identification card. Your new card will show a "PPO in a suitcase", and providers nationwide recognize this emblem. The provider will verify your membership and coverage information. Then, after you receive care from a BlueCard PPO provider, that provider will file your claim electronically. You will not have to complete or file claim forms when you utilize the BlueCard PPO network.

Just like the PPO program available within the state of Tennessee, the BlueCard PPO program requires that certain services be pre-authorized or pre-certified.

Most providers will handle this for you. However, outside of Tennessee you should either call to initiate the pre-certification process yourself or follow-up with BlueCross BlueShield of Tennessee to make sure that it is done. There is no mechanism outside of Tennessee for this Plan to require the provider to write off benefit reductions or denials that occur as a result of failure to follow pre-certification requirements. This means that you will be responsible for any such reductions or denials. The number to call for pre-certification is listed on the back of your identification card.

HOW IT WORKS

- Always carry your current membership identification card. (During December, you will be sent a new card showing the "PPO in a suitcase" emblem.)
- Call the BlueCard PPO Access

number (1-800-810-2583) for the names and addresses of BlueCard PPO providers nearest you.

- Call the toll-free number on the back of your membership identification card for precertification/prior authorization, when applicable.
- When visiting the provider nearest you, present your membership identification card with the "PPO in a suitcase".
- The provider will verify your membership with BlueCross BlueShield of Tennessee and will submit the claim.
- The provider's local Blue Plan will pay the provider. Your Blue Plan, BlueCross BlueShield of Tennessee, will send you an Explanation of Benefits (EOB).
- As always, the customer service representatives at BlueCross BlueShield of Tennessee are available toll-free Monday through Friday at 1-800-558-6213, 8:00 to 5:30 ET, to answer your questions.

Congress repeals earnings penalty for social security recipients who have reached full social security retirement age

This spring, Congress repealed the "earnings penalty" for everyone who has reached full social security retirement age.

This is a welcome change for older workers, but it is important to keep in mind that the change doesn't remove ALL penalties for social security recipients who work. The full retirement age is steadily rising, and social security beneficiaries below that age can still be penalized. In addition, working can make more of your social security benefits taxable, and also push you into a higher tax bracket. So you may want to look at the tax consequences you will face *before* you take on a retirement job.

Money.com has developed an on-line calculator for helping estimate how much of a working paycheck you'd actually be able to keep if you are drawing social security benefits. You can find that calculator at <http://cgi.money.com/cgi-bin/money/socsectax/socsectax.plx> on the Internet.

How the New Rules Work

If you are under full retirement age and receiving reduced social security benefits, \$1 in benefits will be deducted for each \$2 you earn above the limit. For 2000, the limit is \$10,080 per year or \$840 per month.

In the year you turn full retirement age, \$1 in benefits will be deducted for each \$3 over the limit you earn before the month you reach full retirement age. A higher earnings limit applies to this test—for 2000, it

is \$17,000 per year or \$1,417 per month.

Starting with the month you reach full retirement age, benefits will not be reduced based on earnings.

For more information, visit the Social Security Administration's site at www.ssa.gov/.

When Full Social Security Retirement Age Is Reached

<u>Year of Birth</u>	<u>Full Retirement Age</u>
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

Everyone is still eligible to begin drawing reduced social security benefits at age 62, but the reduction is greater for individuals born after 1937.

How Benefits Are Taxed

If you file a federal tax return as an "individual," and your "combined income" is between \$25,000 and \$34,000, you may have to pay taxes on 50 percent of your Social Security benefits. If your "combined income" is above \$34,000, up to 85 percent of your Social Security benefits is

subject to income tax.

If you file a joint return, you may have to pay taxes on 50 percent of your benefits if you and your spouse have a "combined income" between \$32,000 and \$44,000. If your "combined income" is more than \$44,000, up to 85 percent of your Social Security benefits is subject to income tax.

"Combined income" means your (and your spouse's) adjusted gross income (as reported on IRS Form 1040), plus nontaxable interest, plus one-half of your Social Security benefits.

For more information on taxes, request IRS Publication 554, *Tax Information for Older Americans*, and Publication 915, *Social Security Benefits and Equivalent Railroad Retirement Benefits* from the Internal Revenue Service's toll-free number (1-800-829-3676) or find them at <http://www.irs.gov> on the IRS site.

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