RETIREREADY
TENNESSEE'S RETIREMENT PROGRAM

A program of the Tennessee Treasury Department | David H. Lillard, Jr., Treasurer

Hybrid Retirement Plan Member Guide
Supplement for General Assembly Members

INTRODUCTION AND ELIGIBILITY

Members of the Tennessee General Assembly ("Legislators") elected after June 30, 2014 are eligible to participate in the Hybrid Retirement Plan for State Employees and Teachers ("Hybrid Plan") unless they have maintained membership in the Tennessee Consolidated Retirement System ("TCRS") based on prior service as a state employee, higher education employee, or teacher on or before June 30, 2014. Generally, Legislators who have maintained membership in TCRS based on service as a state employee, higher education employee, or teacher on or before June 30, 2014, participate in the TCRS Group I Defined Benefit Plan ("Legacy Plan"). If previous TCRS membership was exclusively with a local government entity, individuals elected or appointed after June 30, 2014, are eligible to participate in the Hybrid Plan only. Information about the Legacy Plan can be found in the *Legacy Plan for State Employees Member Guide* or *Legacy Plan for K-12 Teachers Member Guide*, as applicable.

Legislators who are members of the Hybrid Plan participate under the same general terms as state employees and teachers, with some exceptions related to their TCRS benefits. This document outlines those exceptions. Information on the general terms of the Hybrid Plan, including the 401(k) portion of the Hybrid Plan, are found in the *Hybrid Retirement Plan for State Employees and Teachers Member Guide*.

Optional Membership and Mandatory Membership

Participation in the Hybrid Plan is optional for Tennessee Legislators if they have not previously participated in a TCRS plan. When a Legislator is first elected and eligible to participate in the Hybrid Plan, the Legislator must make an irrevocable election to participate or to not participate in the Hybrid Plan by completing the Election to Participate for State Employees, Teachers, and Higher Education Employees with Optional Membership form, found under Forms and Guides at RetireReadyTN.gov. This form should be returned to the Human Resources office for the General Assembly.

Legislators who are elected after June 30, 2018 are required to reenroll in TCRS if they are or ever have been a TCRS member. This includes prior local government employment if the local government was a participating employer in TCRS. Legislators who have maintained

membership in TCRS based on service as a state employee, higher education employee, or teacher on or before June 30, 2014 will be reenrolled in the TCRS Legacy Plan. Otherwise, the Legislators will be enrolled in the Hybrid Plan. A Legislator should contact the Treasurer's Office with any questions regarding the plan in which the Legislator will participate.

Hybrid Plan Service in Another Capacity

A Legislator who is already enrolled in a TCRS plan based on other service with a TCRS covered employer may include his or her earnings from both positions in determining his or her average final compensation ("AFC") for retirement benefit calculation purposes. No more than one year of creditable service will be given for all service rendered during a calendar year.

Ability to Continue Retirement Benefits for Non-General Assembly Service

A Legislator currently serving in the General Assembly, and also currently receiving retirement benefits from TCRS based on service and salary in a capacity other than as a General Assembly member, can continue to receive his or her retirement benefit while serving in the General Assembly. Any further retirement benefits accrued as a result of service as a Legislator will only be paid upon termination of service to the General Assembly.

VESTING

Legislators participating in the Hybrid Plan become vested in TCRS upon completion of 4 years of creditable service.

SERVICE RETIREMENT BENEFITS

The Hybrid Plan is a combination of a defined benefit plan (TCRS) and a 401(k) deferred compensation plan. A vested member is eligible to receive a lifetime monthly retirement benefit from TCRS upon service retirement eligibility. Retirement benefits may be subject to income tax at the time of distribution.

- Service Retirement Eligibility – A Legislator participating in the Hybrid Plan becomes eligible for service retirement benefits from TCRS upon attainment of age 60 and completion of 4 years of creditable service. Legislators are not eligible for early service retirement benefits.

- Service Retirement Benefits – The benefits payable to a Legislator participating in the Hybrid Plan will be the better of the benefits calculated under the service retirement benefit formula applicable to state employees and teachers, or the minimum benefit formula described below.

  - Service Retirement Benefit Formula – The service retirement benefit formula consists of the Legislator's Average Final Compensation (AFC), years of creditable service, age, and the benefit accrual factor.

    An example of a service retirement benefit formula calculation can be found in the **TCRS Retirement Benefits** section of the *Hybrid Retirement Plan for State Employees and Teachers Member Guide*.

  - Minimum Benefit Formula – The minimum benefit is a minimum monthly benefit amount applied to each year of creditable service as a Legislator and to each year of any military service credit and Constitutional Convention delegate service credit established by the Legislator. For 2019, the minimum benefit was $59.60 per month for each year of creditable service. A Legislator who served for four years in the General Assembly with no other creditable service, for example, would receive a minimum benefit of $59.60 x 4 years, or $238.40 each month.

    The minimum benefit is adjusted each July 1 pursuant to the cost-of-living provisions. However, in no event can the minimum retirement benefit exceed 90% of the Legislator's AFC as may be adjusted by the cost of living provisions of the Hybrid Plan. For purposes of determining the 90% limitation, the AFC for service granted as a Legislator is independent of the AFC calculation on any other creditable service in the Hybrid Plan. Any selection of an optional benefit payment plan (as described in the **Descriptions of Benefit Payment Plans at Retirement** section of the *Hybrid Retirement Plan for State Employees and Teachers Member Guide*) will reduce this amount.

    A Legislator may waive the minimum benefit and elect to receive an amount less than the amount the member is eligible to receive. This election must be in writing using the *Waiver of Retirement Benefits* form found under Forms and Guides at RetireReadyTN.gov and is irrevocable.

Disability Benefits

Legislators are also eligible for disability benefits if they meet the eligibility criteria set forth in the **Disability Benefits** section of the *Hybrid Retirement Plan for State Employees and Teachers Member Guide*. Disability benefits for Legislators are the greater of the guaranteed minimum benefit or 90% of the service retirement benefit that would have been payable. To be eligible for ordinary disability retirement benefits, Legislators must have a minimum of 5 years of creditable service. There is no minimum service requirement for accidental disability benefits; however, the accident must have occurred in the performance of duty.

Contact Us

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

Call **(800) 253-9981** Retiree Insurance (Benefits Administration)

Visit **www.Retire*Ready*TN.gov** **@Retire*Ready*TN**

Please include your Member ID and your current address on any correspondence.

*This document is intended to provide information about the exceptions to the general provisions of the Hybrid Plan for Members of the General Assembly. It is based on the law governing the Hybrid Plan as of the publication date of this document. It does not include all plan provisions, is for informational purposes only, and in no way constitutes a contract or binding agreement. It is not a legal document and is not intended to serve as a basis for legal interpretation. For general information about the Hybrid Plan, please consult the Hybrid Retirement Plan for State Employees and Teachers Member Guide. For complete details on the plan provisions, please refer to Tennessee Code Annotated, Title 8, Chapters 25, 34-37 and the 401(k) Plan Document, which is available upon request. The information in this document is subject to legislative change and judicial interpretation. It does not supersede nor restrict applicable procedures or authority established under state or federal law. Additional materials on various topics mentioned in this guide are available at **RetireReadyTN.gov**. The state of Tennessee and its employees are not authorized to provide legal, financial or tax advice. For legal, financial, and tax advice concerning your situation, you should consult your personal legal, tax, or other advisers.*

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