

RETIREE ADVISOR

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Produced for retired members of the Tennessee Consolidated Retirement System

TCRS Remains Financially Sound



Steve Adams
State Treasurer
Chairman of the Board

Despite the difficult year in the financial marketplace, TCRS had a relatively good year with a loss of only 1.6%, while the average public pension plan lost more than 4.0%. The well diversified, risk-adverse portfolio of TCRS prevented any significant erosion of the fund. Despite the weak market this last year, TCRS has earned an annualized return of 10.07% for the last 10 years.

TCRS retirees should be assured that the benefits that have been promised will continue to be paid. TCRS is considered one of the strongest funded pension plans in the nation. TCRS has received an AAA long-term rating and an A-1(+) short-term rating by Standard and Poor's, the highest possible ratings issued by this nationally recognized rating agency.

The system has completed its biennial actuarial valuation and the continuing employer contribution requirements to the fund have increased slightly. I fully expect the entire contribution will be budgeted by the Governor and the necessary funds appropriated as they have been every year since 1975. This practice, along with conservative investments, has given TCRS financial stability and has made TCRS an asset rather than a drain on scarce financial resources.

The Legislature, the Board of Trustees and the TCRS staff have worked diligently to provide the best possible management of the system, to invest the system assets in a prudent manner without undue risk, to fund the system on an actuarially strong basis, and to provide the best possible services to TCRS retirees. At a time when many private sector employees are facing declining retirement benefits, we are pleased to be able to ensure the security of your government pension.

Tax Time Approaches

All retirees and beneficiaries who received TCRS retirement benefits in 2001 will receive a 1099-R with this newsletter. Following is an explanation of several key sections on the 1099-R form that will help you in filing your taxes.

Box 1: This is the total TCRS pension benefits you received. This amount should be reported on your IRS Form 1040, Line 16a.

Box 2a: This amount is the taxable portion of your benefit as calculated by TCRS. This amount should be reported on Line 16b of your IRS Form 1040. TCRS uses the Simplified General Rule to calculate the taxable amount. If you retired on or before July 1, 1986, the amount of your after-tax contributions has already been excluded from your taxable income and your TCRS benefits are now fully taxable. *(continued on back)*

Information Source

Retired Payroll: 615-741-4913
Toll Free: 800-770-8277
Insurance Toll Free: 877-681-0155

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

Calling TCRS

When calling the TCRS toll-free number, 1-800-770-8277, the following options are available:

Selection Number

Service Area Desired

1	Retired Payroll
2	Insurance
3	Estimates, counseling appointments, field services
4	Benefit calculations, military credit or prior service
5	Refunds and rollovers
6	Enrollments, account balances, annual statements

If using a touch-tone phone, it is not necessary to listen to the choices. Press the selection number after the automated attendant answers. If calling from Davidson or the surrounding counties, the automated system can be accessed locally by dialing 253-2513.

The TCRS Insurance Section has established a separate toll-free number to better serve TCRS retirees. The toll-free number is 1-877-681-0155. Customer service representatives are available to assist you regarding your eligibility, enrollment, or premiums for the state-sponsored insurance plans.

TCRS office hours are Monday through Friday, 8:00 am to 4:30 pm central time.

Tax Time Approaches *(continued from front)*

Disability benefits from TCRS are fully taxable until the benefit is converted to a regular retirement benefit at age 60 or death. After that point, the Simplified General Rule is used to determine the taxable portion of each monthly payment.

Box 4: This indicates the amount of federal income tax withheld by TCRS in the year 2001. You may change your withholding at any time. **Forms to change or revoke your withholding election may be obtained by calling or writing TCRS or from the internet at www.treasury.state.tn.us/tcrs.**

Box 7: This shows the type of benefit you are receiving. If you are a disability retiree, you may be eligible for a disability tax credit. (Refer to IRS Publication 524.)

Additional tax information may be obtained by calling the IRS toll-free number at 1-800-829-1040. In Nashville, call 834-9005.

2002 Direct Deposit Payment Schedule

January	31	May	31	September	30
February	28	June	28	October	31
March	28	July	31	November	27
April	30	August	30	December	31

Reminders

- If you or your dependents are enrolled in the Medicare Supplement Insurance Plans 2 or 3, your January 31st payment will reflect the premium increase and a letter will be mailed to you.
- New tax laws have caused some retirees to be taxed at a lower rate. Your January 31st payment will reflect the change and a letter will be mailed to you.
- The death of a retiree or beneficiary must be reported to TCRS as soon as possible following the incident.
- All changes for address, direct deposit, or income tax withholding must be made in writing and received at TCRS by the 15th of the month in order for the change to take effect that month. You may obtain forms by calling the TCRS retired payroll office or at the TCRS website at www.treasury.state.tn.us/tcrs
- All insurance changes including termination requests must be submitted in writing and received at TCRS by the 15th of the month in order for the change to take effect that month.

The *Retiree Advisor* is a publication of TCRS, 10th Floor Andrew Jackson Building, Nashville, TN 37243, (615) 741-4913 or 1-800-770-8277.

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