

Comparison between the Tennessee Consolidated Retirement System (TCRS) and the Optional Retirement Program (ORP)

<http://treasury.tn.gov/orp/Comparison.html>

TCRS	ORP
<p><b>Contributions</b> The member makes no contributions to the plan. The employer pays both the employee and employer costs for funding the benefits.</p>	<p><b>Contributions</b> The member makes no contributions to the plan. The employer contributes 10% of gross salary covered by Social Security and 11% of salary in excess of the Social Security Wage Base.</p>
<p><b>Vesting</b> Higher education employees participating in TCRS are vested after 5 years of service.</p>	<p><b>Vesting</b> All contributions made to the plan are 100% vested from the date of contribution.</p>
<p><b>Creditable Service</b> Members may earn service credit in TCRS for service with the state of Tennessee, the public school systems in Tennessee, or over 300 political subdivisions in Tennessee which have elected to participate. Vested members may also establish credit in TCRS for up to 4 years of eligible military service. At retirement, unused sick leave may be converted to retirement service credit at the rate of one month of service credit for each 20 days of leave.</p>	<p><b>Creditable Service</b> Benefits are based on the member's account balance rather than on service. Contributions are credited to the member's account during service to a Tennessee higher education institution while a member of the ORP.</p>
<p><b>Retirement Benefits</b> TCRS retirement benefits are computed under a formula which uses the average of the member's highest five consecutive years of salary (while a member of TCRS) and the</p>	<p><b>Retirement Benefits</b> ORP benefits are based on the member's account balance and the member's age at the time benefits begin. Members are eligible to begin drawing lifetime benefits at any age if</p>

<p>years of service credited in TCRS. Members are eligible for unreduced benefits upon attaining age 60 or 30 years of service. Reduced benefits are available upon attaining age 55 or 25 years of service.</p>	<p>separation from service has occurred.</p>
<p><b>Disability Benefits</b>  Accidental disability retirement benefits are available immediately if a member is injured on the job. Ordinary disability retirement benefits are available to members with 5 years of creditable service, regardless of where the member is employed at the time the disability occurs.</p>	<p><b>Disability Benefits</b>  Upon disability retirement (or upon termination of employment for any reason), the member may request an annuity settlement or lifetime distribution payout. Members receiving social security disability benefits may also elect a partial lump sum payment from their account, subject to the provisions of the product(s) the member selected.</p>
<p><b>Payout Methods Available to Members</b>  Vested members are eligible to select a single life annuity or one of several joint and survivor annuities at retirement. No refunds of contributions are provided for members who joined after July 1, 1981.</p>	<p><b>Payout Methods Available to Members</b>  Members are eligible to select a single life annuity, a joint and survivor annuity, periodic payments for their life expectancy, or a minimum distribution payout beginning at age 70 1/2, subject to the offerings of the product provider the member selects. Members whose Tennessee ORP accounts total less than \$14,000 in 2010 may file a <a href="#">Lifetime Distribution Exception</a> form to qualify for a lump sum payment. In addition, any member who is beginning a lifetime payment plan may elect to receive a partial lump sum payment of up to 50 percent of the account balance at the time the lifetime payout or annuity payment begins.</p>
<p><b>Cost-of-Living Adjustments</b>  TCRS retirement benefits are payable in the form of a fixed annuity. Compounded</p>	<p><b>Cost-of-Living Adjustments</b>  There are no automatic cost-of-living adjustments in most ORP payment options;</p>

adjustments in benefits to reflect increases in the CPI of up to 3% are made annually.

however, the benefit payable under a variable annuity may fluctuate up or down depending on market conditions.

**Death Benefits Before Retirement**

The beneficiary of a TCRS member who dies before retirement may be eligible for one of the following benefits: (1) if the member is eligible to retire, TCRS will provide a survivor annuity to a surviving beneficiary upon the member's death before retirement; or (2) if the member has at least 10 years creditable service, the surviving spouse is eligible for a 100% joint and survivor annuity if the spouse is named as beneficiary; or (3) if the member has made contributions to TCRS, the beneficiary or estate may receive a lump-sum payment equal to twice the value of the member's accumulation.

**Death Benefits Before Retirement**

The value of the total accumulation is payable to the named beneficiary or the estate. If the value of the accumulation is sufficiently large, the beneficiary may be eligible to elect an annuity payout.

**Transfers Between TCRS and ORP**

Employees who are eligible to participate in the ORP but who elected to participate in TCRS may make a one-time election to transfer membership from TCRS to the ORP. Members are advised to obtain a TCRS benefit estimate before making a decision to transfer.

**Transfers Between TCRS and ORP**

Employees who participate in the ORP generally may not transfer membership to TCRS; however, beginning in 2005, ORP members who reach five years of service have a one-time transfer option. This election must be made and filed no later than the end of the calendar year following the year that 5 years of service is achieved.

**Transfers Outside Tennessee's Plans**

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Employees who joined TCRS after July 1, 1981 may not transfer their TCRS account to another employer's plan or to an Individual Retirement Account (IRA).

Some employees who participate in the ORP may be eligible to transfer a portion of their Tennessee ORP account balance to another employer's plan or to an Individual Retirement Account (IRA) if they qualify for a partial or total lump sum distribution.