

# Comparison of ORP vs. TRS Retirement Programs for Participants on or after January 1, 2022

## TRS<sub>4</sub> Plan

Effective January 1, 2022

### Optional Retirement Plan (ORP)

### Teachers' Retirement Plan 4 (TRS) (Participant on or after 1/1/2022)

Type of Plan	Defined Contribution Plan	Hybrid (Defined Benefit + Defined Contribution Plan)
Contributions	Contributions: 6.16% Employee 8.74% Employer	Contributions: 9.775% Employee 9.775% Employer
Account Portability	Withdraw/rollover total account value after separation of employment in accordance with applicable IRS regulations	Foundational Benefit: <ul style="list-style-type: none"> <li>Employee contributions and accrued interest vest immediately and are portable</li> </ul> Supplemental Benefit: <ul style="list-style-type: none"> <li>Employee contributions and accrued interest vest immediately and are portable</li> </ul>
Tax-Sheltered	Contributions are tax-deferred	Contributions are tax-deferred
Investment Allocation	Employee makes investment decisions	TRS makes investment decisions
Period of Vesting	Immediate Vesting	Foundational Benefit: <ul style="list-style-type: none"> <li>Employee contributions and accrued interest vest immediately and are portable</li> </ul> Supplemental Benefit: <ul style="list-style-type: none"> <li>Employee contributions and accrued interest vest immediately and are portable</li> </ul>
Service Credit Requirements	Employee Choice: <ul style="list-style-type: none"> <li>Eligible to withdraw funds at age 59 1/2</li> <li>Minimum distribution required (MDR) – age is set by IRS regulations.</li> </ul>	Retirement: <ul style="list-style-type: none"> <li>Age 57 with 10 years of service (reduced benefits)</li> </ul> Unreduced <ul style="list-style-type: none"> <li>Age 57 with 30 years of service</li> <li>Age 60 with 10 years of service</li> <li>Age 65 with 5 years of service</li> </ul>
Medical Coverage	Medical coverage for retirees not included	Medical insurance coverage may be available at retirement, depending on years of service
Death & Survivor Benefits	Employee account balance paid to beneficiary or managed by beneficiary	Death benefits and monthly survivor benefits available; refer to TRS for more information
Disability Benefits	Disability benefits not included	Disability retirement included with the Foundational Benefit portion of the Hybrid Plan
Payments During Retirement	Retirement benefits based on investment selections and account values	Foundational Benefit: <ul style="list-style-type: none"> <li>Final Average salary will be based on highest 5 years</li> <li>Benefit formula is based on final average salary and age at retirement</li> </ul> Supplemental Benefit: <ul style="list-style-type: none"> <li>Retirement benefit based upon member's accumulated account balance</li> </ul>

Subject to change: Additional information may be obtained from the TRS website which is <https://trs.ky.gov>.  
MSU is not responsible for the content on TRS's website.

--	--	--