

Comparison of ORP vs. TRS Retirement Programs for Participants prior to January 1, 2022

TRS1, TRS2 & TRS3 Plans
Effective January 1, 2022

Optional Retirement Plan (ORP)

Teachers' Retirement Plans 1, 2 & 3 (TRS) (Participant prior to 1/1/2022)

Type of Plan	Defined Contribution Plan	Defined Benefit Plan
Contributions	Contributions: 6.16% Employee 8.74% Employer	Contributions: 8.185% Employee 15.865% Employer
Account Portability	Withdraw/rollover total account value after separation of employment in accordance with applicable IRS regulations	Leave account or request refund of employee contributions after separation of employment. Employee contribution refund does not include portion for health plan. Employer contributions not eligible for withdrawal
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	Vested after five years
Service Credit Requirements	Employee Choice: <ul style="list-style-type: none"> Eligible to withdraw funds at age 59 1/2 Minimum distribution required (MDR) – age is set by IRS regulations. 	Retirement for participants prior to 7-01-08 (TRS1 & TRS2): <ul style="list-style-type: none"> Age 55 with 5 years of service (reduced benefits) Age 60 with 5 years of service Any age with 27 years of service Retirement for participants on/after 07-01-08 (TRS3): <ul style="list-style-type: none"> Age 55 with 10 years of service (reduced benefits) Age 60 with 5 years of service Any Age with 27 years of service
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	Permanent disability: After 5 years, members eligible to apply (60% of final average salary)
Payments During Retirement	Retirement benefits based on investment selections and account values	Benefit formula at full retirement: Service Credit years of service) x Retirement Factor (% multiplier x Final Average Salary (high 3 years or high 5 years) = Annual Benefit

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.