

TAMUS
Retirement & Benefits

May 14, 2014

Voluntary Retirement Options

- Regardless of the mandatory retirement program you participate in (TRS or ORP), you can choose to save additional money for retirement on a tax-deferred basis through the **Tax-Deferred Account (TDA) Program** *and/or* **Texasaver Deferred Compensation Plan (DCP)**.
- All Texas A&M University System employees are eligible to participate in one or both of these voluntary supplemental pre-tax (post-tax for Roth) savings programs at any time.

TDA & DCP

- The TDA and DCP programs allow you to save money for retirement and postpone paying federal income tax on your savings and investment earnings until you begin receiving the money.
- This will generally be after retirement, when your income may be less and your tax bracket is likely to be lower.
- While employed, you may make financial hardship withdrawals, though the plans' definitions of a hardship differ.
- Upon termination of employment or retirement, you can rollover your TDA and DCP accounts to another retirement plan (including an IRA) if you meet the requirements for a rollover distribution.

TDA & DCP

- You decide how much you want to save, from a \$25 minimum monthly contribution for the TDA and a \$20 minimum monthly contribution for the DCP to the maximum allowed by federal law.
- Contributions are processed through convenient payroll deduction. You can change the amount you save once each month.

TDA & DCP

- Under the TDA Program, you must choose an investment vendor from the A&M System list of active vendors.
- Under the DCP, you choose investment options from those companies authorized by the State of Texas.
- You are responsible for choosing investment vendors, investment options and for any gains or losses on your account.
- There are no employer matching contributions under either plan.

TDA Enrollment

- The Tax-Deferred Account Program is subject to Internal Revenue Code section 403(b), which allows you to defer a portion of your current pre-tax or post-tax (Roth) income until retirement.
- When you enroll in a TDA, you agree to have a specific amount or percentage of gross pay deducted from each paycheck and sent to the vendor you choose from the A&M System list of active vendors.
- You may enroll in a TDA at any time and invest with up to two active vendors simultaneously.

TDA Enrollment

- To enroll, you complete a TDA Salary Reduction Agreement (SRA) and turn it in to your Payroll Office, along with a copy of your completed vendor application. The TDA form is available from your Payroll Office or online at <http://www.tamus.edu/offices/benefits/publications/#rforms>
- Your TDA contribution will be deducted from your pay during or after the effective month you state on the SRA form, depending on when the Payroll office receives your form.
- **IMPORTANT: If your TDA deduction amount is greater than your net pay for any pay period, no TDA deduction will be taken.**
- More information can be found at <http://www.tamus.edu/offices/benefits/retirement>

Texa\$aver Deferred Compensation Plan

- *Administered by the Employees Retirement System (ERS)*
- Participation in the Texa\$aver Deferred Compensation Plan (DCP) entails certain responsibilities for the participant, including selection and monitoring of the vendor and the individual investment.
- The Texas A&M University System has no fiduciary responsibility for the financial stability of the DCP vendor or the market value of individual investments chosen by the participant.

Texa\$aver DCP

- The Texa\$aver Deferred Compensation Plan is subject to Internal Revenue Code section 457(b), which allows you to defer a portion of your current pre-tax income until retirement.
- The DCP is managed by the Employees Retirement System of Texas, and Great West is the third-party administrator who can answer any questions you have about the program.
- To enroll in the Texa\$aver Deferred Compensation Plan, visit the web site at www.texasaver.com, click on "457 Plan" for information about the plan and how to enroll.

Texa\$aver Enrollment

- Next, download enrollment form, enroll online or call at (800) 634-5091 to visit with a customer service representative who will assist you in enrolling in the Texa\$aver Program.
- You must identify yourself as an A&M System employee and be prepared to provide the representative with the following information: name, Social Security number, address, date of birth, date of hire, phone number, agency name, deferral amount and investment elections.
- **IMPORTANT: If your DCP deduction amount is greater than your net pay for any pay period, no DCP deduction will be taken.**

TDA/DCP assistance

- If you have questions about enrollment in TDA or DCP options, you can contact:
- Patti Buckhaults, Financial Accountant II, Payroll
 - 979/845-4296
 - plbuckhaults@ag.tamu.edu

WHEN CAN I RETIRE???

- Teacher Retirement System – TRS
- Normal Age vs Early Age Retirement
- TRS Grandfather law – August 31, 2005
- Entry Date
- What is My Tier??
- Calculating your monthly annuity
- Options

TRS Entry Date

- If you never terminated TRS membership and received a refund of your TRS contributions, then, for entry date purposes, your TRS membership began on the 1st day you were employed in a TRS-covered position
- Even if you terminated your employment, your TRS entry date remains the same, as long as you do not receive a refund of your contributions

TRS Entry Date

- If you ever terminated your TRS membership by taking a refund of your member contributions, your entry date is the date your *current* TRS membership began.
- This will be the 1st day you were employed in a TRS-covered position *after* your last refund from TRS.
- Even if you reinstated your service credit for the previous TRS-covered service, your entry date is determined by your first date of employment after your last refund from TRS.

Benefit Calculations Are you grandfathered?

- The provisions below exempt current TRS members, if they met any one or more of the following criteria by August 31, 2005:
 - At least 50 years old, **or**
 - Age and years of service equal at least 70, **or**
 - Have at least 25 years of service credit

Benefit Calculation

<p style="text-align: center;">Grandfathered</p> <ul style="list-style-type: none"> • Final average salary at retirement will be determined by the highest three salaries • Members ages 55 or older with 20 to 24 years of service credit who take early retirement receive a reduction in their annuity, but the reduction is "subsidized" (the reduction keeps the annuity in the 90%-98% range) • Partial Lump Sum Option eligibility is age 65 with 5 years or Rule of 80 (and not in the DROP or retiring with disability benefits) 	<p style="text-align: center;">Not Grandfathered</p> <ul style="list-style-type: none"> • Final average salary at retirement will be determined by the highest five salaries • Members ages 55 or older with 20 to 24 years of service credit who take early retirement receive a reduction in their annuity, but the reduction is not "subsidized" (the annuity is reduced by as much as .47%) • Partial Lump Sum Option eligibility will require a combined age plus years of service credit equaling at least 90 (and not in the DROP or retiring with disability benefits)
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Tier 1: Normal Age Service Retirement (if grandfathered, and hired prior to Sept. 1, 2007)

- You are age 65 with 5 or more years of service, **or**
- Your age and years of service credit total **80**, **and** you have at least 5 years of service credit.

Tier 1 – Early Age Retirement

- You are at least age 55 with at least 5 years of service credit, but don't meet Rule of **80**, **or**
- You have 30 or more years of service credit, but don't meet the Rule of **80**

Tier 2 – Normal Age Retirement
Not grandfathered, but in TRS prior to 9/1/2007

- You are age 65 with at least 5 years of service credit **OR**
- You meet the Rule of 80 and have at least 5 years of service credit

Tier 2 – Early –Age Retirement

- You are at least 55 with 5 or more years service credit, but do not meet the Rule of 80, **OR**
- You have 30 or more years of service credit, but do not meet the Rule of 80

Tier 3 – Normal Age Retirement
Not grandfathered, TRS started on/after 9/1/2007 but before 9/1/2014

- You are age 65 with at least 5 years service credit, **OR**
- You are at least age 60, you meet the Rule of 80, **AND** you have at least 5 years of service credit

Tier 3 – Early-Age Retirement

- You are at least age 55 with 5 or more years of service credit but do not meet the Rule of 80, **OR**
- You have at least 30 years of service credit, do not meet the Rule of 80 and are less than age 60, **OR**
- You meet the Rule of 80 with at least 5 years of service credit but are less than age 60

Tier 4 -Normal Age Retirement
You meet the Grandfathered criteria, but your CURRENT TRS began on/after 9/1/2007 & before 9/1/2014

- You are at least age 65 with at least 5 years of service credit, **OR**
- You are at least age 60, you meet the Rule of 80, and you have at least 5 years of service credit.

Tier 4 – Early-Age Retirement

- You are at least age 55 with 5 or more years of service credit, but do not meet the Rule of 80, **OR**
- You have at least 30 years of service credit, do not meet the Rule of 80, and are less than age 60, **OR**
- You meet the Rule of 80 with at least 5 years of service credit, but you are less than age 60

Tier 5 - starts 9/1/2014

- Not grandfathered by 2005 requirements **AND**
- You do not have at least 5 years of service credit on 8/31/2014, **OR**
- Your current membership in TRS began on/after 9/1/14, **OR**
- You had 5 years of service credit on 8/31/14, but termed and withdrew contributions, then were re-employed in TRS position after 8/31/14

Tier 5 – Normal Age Retirement

- You are at least age 65 with at least 5 years of service credit, **OR**
- You are at least age 62, you meet the Rule of 80 and you have at least 5 years of service credit.

Tier 5 – Early Age Retirement

- You are at least age 55 with 5 or more years of service credit, but do not meet the Rule of 80, **OR**
- You have at least 30 years of service credit, do not meet the Rule of 80, and are less than age 62, **OR**
- You meet the Rule of 80 with at least 5 years of service credit but are less than age 62

Tier 6 – starts 9/1/2014

- Grandfathered based on 2005 eligibility requirements and any of the following applies:
- You did not have at least 5 years service credit on 9/1/14, **OR**
- Your current membership in TRS began on or after 9/1/14, **OR**
- You had at least 5 years service credit on 8/31/14 but terminated & withdrew TRS funds, then resumed membership in TRS after 8/31/14

Tier 6 - Normal Age Retirement

- You are at least age 65 with at least 5 years service credit, **OR**
- You are at least age 62, you meet the Rule of 80 and you have at least 5 years of service credit.

Tier 6 – Early Age Retirement

- You are at least age 55 with 5 or more years of service credit, but do not meet Rule of 80, **OR**
- You have at least 30 years of service credit, do not meet the Rule of 80 and are less than age 62, **OR**
- You meet the Rule of 80 with at least 5 years of service credit, but you are less than age 62

If you do not have 5 years of service credit as of 8/31/14...

- ...but you have some withdrawn service, contact TRS about reinstating your withdrawn service.
- If withdrawn service is paid back in full by 8/31/14, those reinstated years of service will count toward your becoming vested with 5 years of TRS service credit.
- TRS phone number is 1-800-223-8778
- TRS website is www.trs.state.tx.us

Formula used in calculating your monthly standard annuity

- Average of your 3 highest or 5 highest annual salaries (*whichever applies*)
- Total years of service credit x 2.3% = total %
- Total % x average salary = annual annuity
- Annual annuity ÷ 12 = monthly standard annuity

Example

- Employee is grandfathered with rule of 80---30 years of service.
 - 30 yrs. X 2.3 = 69%
 - 69% X \$35,000 (avg 3 yrs) = \$24,150
 - \$24,150 / 12 months = \$2,012/month
- ** The only deduction TRS takes from the monthly retirement annuity payment is federal income tax, at whatever level you instruct them to withhold.

Standard Annuity Reductions

- The standard annuity will be reduced for one or more of the following reasons:
 - You are eligible for early-age retirement but not normal-age retirement (based on your tier)
 - You elect one of the optional retirement payment plans instead of the Standard Annuity payment plan.
 - You are eligible for (based on your tier) and elect the Partial Lump Sum Option (PLSO)

Benefit Options

- **Standard Annuity**- highest annuity based on years of service/ends upon death of annuitant
- **Option One**—Reduced annuity during retiree's lifetime. Annuity continues at 100% of benefit throughout life of the beneficiary.

Benefit Options

- **Option Two**- Reduced annuity during retiree's lifetime. Annuity continues at 50% of benefit throughout life of the beneficiary.
- **Option Five**-Reduced annuity during retiree's lifetime. Annuity continues at 75% of benefit throughout life of the beneficiary.

Benefit Options

- **Guaranteed Period Annuity:**
- **Option 3** – Reduced annuity, with guaranteed payment for 60 months
- **Option 4** – Reduced annuity, with guaranteed payment for 120 months

Additional Option

- **Partial Lump Sum Option (PLSO)**
 - Must be eligible for unreduced/normal age service retirement
 - 12/24/36 months of standard annuity paid “up front”
 - Reduced monthly annuity
 - Tax Consequences

How can YOU calculate your benefits?

- TRS Website, www.trs.state.tx.us
 - MyTRS link (log in or register)
- HR Connect, <https://sso.tamu.edu>
 - Click on HR Connect; More tools; TRS Retirement Calculator
- Human Resources Benefits Office
 - (979) 845-2423

Retaining Group Insurance at Retirement ORP and TRS Participants

Keeping Group Insurance at Retirement

- Under current law, if you were in a benefits eligible position on August 31, 2003, you are eligible to retire from TAMUS and continue group insurance if you meet the following qualifications:

TAMUS Insurance Qualifications

In a benefits eligible position on/before August 31, 2003

- You are at least age 55 with at least 5 years of TRS/ORP service credit, **or**
- Your age plus years of TRS/ORP service credit total 80, **or**
- You are any age with 30 years of service, **and**
- You have at least 3 years of service with TAMUS
- TAMUS is your last **STATE** employer
- You have an intact TRS/ORP account
- You provide confirmation from TRS that are receiving a monthly annuity benefit.

TAMUS Insurance Qualifications

Benefits-eligible Hire date **after** August 31, 2003

- You are at least age 65 with at least 10 years of TRS/ORP service credit, **or**
- Your age plus years of TRS/ORP service credit total 80, **and**
- You have at least 10 years of service with TAMUS
- TAMUS is your last **STATE** employer
- You have an intact TRS/ORP account
- You provide confirmation from TRS that are receiving a monthly annuity benefit.

Retiree Group Insurance

In general, a retiree has the same coverage as an active employee, including the employer contribution paid toward health and basic life premiums.

- Health/Basic Life
- Dental
- Vision
- Optional Life – Maximum of \$100,000
- Dependent Life
- Optional AD&D – Maximum of \$200,000

Coverage

- May continue to cover eligible dependents— spouse, children who are not married and under age 25 (age 26 for health coverage, without regard to marital status of child).
- Participate in Annual Enrollment
- Bank draft for out-of-pocket premiums

Medicare – While Still Working

- Enroll in Part A – when eligible, no monthly cost
- Enroll in Part B - upon retirement
- A&M Insurance is primary while working/not retired
- Can file on Medicare Part A after you receive EOB from carrier
- Apply for Medicare Part B three months prior to retirement

Medicare - Retiree

- Retiree/covered spouse must enroll in Medicare Parts A and B when eligible
- Medicare is primary and insurance is secondary
- Eligible on the first day of the month in which you turn 65
- Medicare Part A (hospital) – no cost
Medicare Part B (medical) - \$104.90*/ month (for 2014)
- Can enroll in Medicare Parts A and B without enrolling in Social Security
- Do **not** enroll in Medicare Part D

A&M Care Plan

Retirees Younger Than 65 not on Medicare

- Retiree eligible for network benefits
- Spouse younger than 65 – network benefits
- Spouse 65 or older – Medicare primary
A&M Insurance secondary

**Retiree 65 or Older -
Enrolled in Medicare A and B**

- Medicare primary
- A&M Insurance secondary
- Considered non-network - may use any doctor/hospital
- Spouse younger than 65, eligible for network benefits
- Spouse 65 or older - Medicare primary, A&M Insurance secondary
- Do NOT enroll in Medicare Part D (Rx coverage)

Eligibility for A&M Care 65 Plus

- Retired and you and spouse are enrolled in Medicare Parts A & B
- “Working retiree” for A&M System in a wage position.
- Lower premium, \$500 deductible, \$1400 out-of-pocket maximum
- Must provide copy of Medicare card showing enrollment in Medicare Parts A & B

TRS - Post Retirement Employment

- One **calendar** month break in service
- If retired **after 1/1/2011**—May return to work at 50% or less effort without loss of TRS annuity
- If retired **after 1/1/2011** and have a 12 full, consecutive calendar month break in service, can return to work in any capacity without loss of annuity payments **
- If retired **before 1/1/2011**—May return to work at 100% without loss of TRS annuity **
- Working Retiree does not contribute to TRS or earn “service credit”
- **If employed more than 50% effort— employer pays a pension surcharge of 13.2% to TRS for retirees hired after September 1, 2005.
- Restrictions on # of hours worked per month.
- Retiree insurance - A&M Insurance primary / Medicare secondary if working **more than 50% effort for at least 4.5 months in a fiscal year.**
- Otherwise, Retiree insurance - Medicare primary/A&M insurance secondary.

QUESTIONS??

- Contact Dana Daugherty with questions regarding retirement or insurance coverage.
- Contact Vicki Welch with questions regarding insurance or COBRA coverage.
- Dana – 979/845-7207 ddaughter@ag.tamu.edu
- Vicki – 979/862-8096 vrwelch@ag.tamu.edu
