RETIREMENT

A. Purpose

The purpose of this policy is intended to describe the criteria for eligibility and the benefits and options for retirement from state service.

B. Persons Affected

This policy applies to all regular employees of The University of Texas-Pan American.

C. Policy

The policy of the University is to require all eligible employees to participate in a retirement system as specified in this policy. No employee of the University shall be required to retire because of age except as permitted by law. (Reference: The University of Texas System Board of Regents' *Rules and Regulations* Rule 30301)

D. Definitions

1. *Optional Retirement Plan (ORP).* Defined contribution plan governed by *Internal Revenue Code* Section 403(b). Retirement benefits are based on the performance of the investments selected and controlled by the employee.

2. *Eligible Employee*. For TRS purposes, a regular employee who is employed and expected to work one-half of the standard full-time workload (normally at least 20 hours per week) for a period of at least four and one-half (4½) months, excluding students employed in positions that require student status as a condition for employment. For ORP purposes, an employee who is employed to work a standard full-time workload for at least four and one-half (4½) months or a full semester of more than four calendar months.

3. *Retirement*. Withdrawal from employment with the University with a retirement benefit or enrollment in retiree health insurance.

4. *Teacher Retirement System (TRS).* Defined benefit retirement plan governed by *Internal Revenue Code* Section 401(a). Retirement benefits are based on legislatively determined formulas.

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E. Responsibilities

1. The employee is responsible for complying with this policy.

F. Procedures

1. Eligibility for Participation in Retirement Programs

   a. All employees are required to participate in the Social Security Retirement System.

   b. All eligible employees will be enrolled in the Teacher Retirement System (TRS) from the first day of employment except that any employee who is eligible to participate in the Optional Retirement Program (ORP), may initially enroll in that program if he or she is prepared to select a carrier on or before the first day of employment.

   c. Full-time faculty employees and certain full-time administrative employees who are initially employed on a full-time basis are eligible to participate in ORP. Eligible employees have 90 days from the date of eligibility, normally the first day of employment, to make a one time irrevocable election to participate in ORP. Failure of the employee to make the election within 90 days will disqualify him or her from participation in the program. This disqualification will apply to any future employment with any institution of higher education in Texas.

   d. A non-vested employee who elects to participate in ORP and later accepts a position in which he or she is not eligible to participate in ORP, will be required to participate in TRS. Such employee will subsequently be ineligible to participate in ORP even if the employee later accepts a position in which he or she is otherwise eligible to participate in ORP. This disqualification will also apply to any future employment with any institution of higher education in Texas.

   e. An employee who elects to participate in ORP and is vested will be required to remain in ORP even if his or her position is later reclassified to one in which he or she would not be eligible for ORP.

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2. Vesting of Rights for Retirement

   a. Employees under TRS have vested rights after five years of creditable service.

   b. Employees under ORP vest after one year and a day of participation in the program.

3. Contribution

   a. The employee's contribution rate for Social Security Retirement is based on federal regulations.

   b. Employees who participate in TRS are required to contribute a percentage of their gross monthly salary into the plan. The employer contribution percentage is established by the State of Texas Legislature.

   c. Employees who participate in ORP are required to contribute a percentage of their gross monthly salary into the plan. The employer contribution percentage is established by the State of Texas Legislature.

   d. Information regarding contribution rates is available through Human Resources.

4. Eligibility for Retirement Benefits

   a. Employees who participate in TRS are eligible to retire at age 55 provided they have five years of creditable service with TRS. Retirement counseling and retirement estimates are available on request from either Human Resources or from TRS.

   b. Upon separation of employment with the University, employees who participate in ORP may retire at any age in accordance with the various options available under the terms of their agreement with their ORP carrier. Special consideration should be given to penalties imposed by the Federal Government for early withdrawal of ORP accounts. Most ORP carriers offer excellent counseling concerning retirement options.

5. Withdrawal of TRS and ORP Accounts Prior to Retirement

   a. Monies contributed under either TRS or ORP are not available in any way to

employees as long as they are still employed by the University.

b. Applications for Refunds of TRS accounts are available in Human Resources. Separating employees should allow 120 days for the processing of an Application for Refund of TRS accounts.

c. Application for withdrawal of ORP accounts is made directly with the carrier of the employee's ORP account. The carrier of the ORP account, however, is not authorized to issue a refund without first acquiring vesting certification from Human Resources.

6. Voluntary Retirement Savings Programs

a. Employees are eligible to participate in UT System approved voluntary retirement savings programs. These programs permit employees to tax-defer additional income for retirement through pre-tax contributions. These programs do not include any employer contributions.

b. Information on voluntary retirement savings programs is available through Human Resources.

G. <u>Review</u>

The Divisional Head for this policy is the Vice President for Business Affairs and this policy shall be reviewed every five years or sooner by the following Stakeholders:

1. Assistant Vice President for Business Affairs/Director of Human Resources-Senior Reviewer
2. Staff Senate Chair
3. Faculty Senate Chair
4. Council of Deans