Learning Objectives

This presentation is not all inclusive and contains only general information as of Spring 2015. This summary should not be considered as a replacement for the more detailed information set forth in the certificates of coverage or master plan documents of benefit providers or information contained in the Faculty Manual or the State Personnel Board Rules. In the event of any discrepancies between the information in this document and in such other documents, the official documents will govern.
• Retirement Plan Information
  • Retirement Plans
  • Contributions
• Voluntary Retirement Plans
  • Types of plans - 403(b), 401(k), 457
• Planning for Retirement
  • Defined Contribution Plan (DCP)
  • PERA
• Definition of Retirement
• Post Retirement Benefits
How Much will you need In Retirement?
Retirement Plans
“I look to the future because that’s where I’ll be spending the rest of my life.”

George Burns
Mandatory Retirement Plans

Eligible employees are required to participate in a Retirement Plan in lieu of Social Security

- Faculty and Administrative Professionals
  - The University’s Defined Contribution Plan (DCP) for Retirement or, in very limited cases,
  - The Public Employees’ Retirement Plan (PERA) of Colorado, a defined benefit plan.

- State Classified
  - The Public Employees’ Retirement Plan (PERA) of Colorado, a defined benefit plan.
**Defined Contribution Plan**

*Employee and Employer Contributions*

- Eligible employees are required to contribute **8%** of their Covered Monthly Salary *on a tax-deferred basis*
- The University will contribute an amount equal to **10%** of an eligible employee’s Covered Monthly Salary
- Eligible employees are considered:
  - Academic Faculty on a Regular, Special or Senior Teaching appointment or Administrative Professionals on Regular or Special appointment of half-time or greater
  - Temporary Academic Faculty and Administrative Professionals, Post Doctoral Fellows, Veterinary Interns and Clinical Psychology Interns of half-time or greater after one (1) year of continuous service at that level
Public Employees’ Retirement Association of Colorado (PERA)
Employee and Employer Contributions

• Eligible employees are required to contribute 8\% of their Covered Monthly Salary \textit{(on a tax-deferred basis)}

• If you are eligible as determined by PERA and choose to enroll:
  • The University will contribute the percentage of covered salary required by state statute to PERA’s asset pool to fund retirement and other PERA benefits
  • Employees are not immediately vested for the University’s contributions; you acquire a vested right to future benefits after five (5) years of PERA credited service.**

• Refer to PERA publications and rules for specific details on eligibility and retirement plan features, which are located at \url{www.copera.org}.

**As long as you do not request a refund of your contributions upon termination of employment with the University. Refer to PERA rules regarding withdrawals and eligibility for benefits after termination of employment.
Retirement Programs

Voluntary Tax-Deferred Investments
**Tax-Deferred Investments**

- The University sponsors a 403(b) Plan
  - *Pre-tax* contributions (Traditional)
  - *After-tax* contributions (Roth)

- Colorado PERA sponsors two pre-tax voluntary retirement plans
  - PERA 457 Deferred Compensation Plan
  - PERA 401(k) Plan
**Contribution Advantages: Pre-tax**

- Tax-deferred supplement to your basic retirement plan
- Lower taxes today
  - You contribute before taxes are calculated thus lowering your taxable income
- Tax-deferred growth
  - Earnings on your contributions grow tax-deferred until distributed
  - State and federal income taxes are deferred on the excluded portion until it is withdrawn and received by the employee
- Active service withdrawals
  - Depending on the type of plan, an employee may be able to withdraw funds while still employed
The University 403(b) Plan

Traditional (Pre-tax)
- Eligible employees may contribute on a pre-tax basis
  - Earnings grow tax-deferred until they are distributed

Roth (After-tax)
- Eligible employees may contribute on an after tax basis
  - “Qualified” distributions may not be taxed
2015 Annual Contribution Limits

- IRS regulations allow $18,000 in annual contributions
- Age 50 catch-up provision
  - An additional $6,000 annual catch up contribution is permitted

**Note:** IRS regulations aggregate contributions among the 403(b) and 401(k) plans
Have that conversation...
Colorado PERA
457 Deferred Compensation Plan and 401(k)

- Sponsored by Colorado PERA and is available to CSU employees
- The plan is managed and administered by Colorado PERA
  - Record-keeping responsibilities reside with Voya Financial (formerly ING)
2015 Annual Contribution Limits

- IRS regulations allow $18,000 in annual contributions
- Age 50 catch-up provision
  - An additional $6,000 annual catch up contribution is permitted

**Note:** IRS regulations aggregate contributions among the 403(b) and 401(k) plans, but a separate maximum is available in the 457 Plan.
Retirement Benefits

Receiving DCP Money
Receiving your DCP Money
Termination at or after Age 55 (includes retirement)

• When you leave CSU at or after age 55, and with at least 20 years of service, you are entitled to your entire DCP account balance
  • After 45 days from date of termination

• Depending on the DCP investment company and the type of your investments, you may be able to take your account balance as:
  • A lump sum payment
  • In installment payments
  • Or converted to an annuity which provides monthly payments for life
Receiving your DCP Money
Termination at or after Age 55 (includes retirement)

- You can also leave it with the investment company for a distribution at a later date, subject to certain limitations established under Federal tax law
- Roll your account balance into another IRS approved, tax qualified plan
  - Borrowing or withdrawing money from your DCP account may have income tax and other consequences
  - The ability to borrow or withdraw, and the limits, may change as tax laws and regulations change
- You are encouraged to seek independent tax advice with respect to the relationship and application of all matters under the DCP to their individual tax circumstances
Planning for Retirement
“Plans are nothing; planning is everything.”

*Dwight D. Eisenhower*
44% of Americans say they have never calculated how much money they will need in retirement.

(Source: Employee Benefit Research Institute, 2014)
Retirement Considerations

- CSU Retirement Eligibility
- DCP Retirement Requirements
- PERA Retirement Requirements / Benefit Estimate
**Human Resources – Retirement Counseling**

- Schedule an appointment 60-90 days prior to your anticipated retirement date to review retirement options

**DCP Retirees**

- Contact your DCP vendor to discuss distribution options

**PERA Retirees**

- Contact PERA to request a PERA benefit estimate
Definition of Retirement
“You have to be careful if you don’t know where you’re going because you might not get there.”

Yogi Berra
Definition of Retirement

- An employee who is a DCP participant or who is a participant in PERA appointed or reappointed on or after July 1, 2005 must be:
  - Age 55 or greater with at least 20 years of "service" or
  - Age 60 or greater with at least 5 years of "service"
  - Periods of "service" need not be continuous but there must be a minimum of five consecutive years of "service" immediately preceding the date of "retirement"
**Definition of Retirement**

*Periods of Service*

- “Service” includes periods of employment with CSU during which:
  - Received, or was eligible to receive, the University's contribution to the DCP or to PERA
  - Had an appointment of at least half-time
  - Received, or was eligible to receive, the University's contribution toward benefits, for example health insurance (Cost Share insurance match)
Keep your department informed of your retirement plans

Your department is responsible for formally communicating your retirement date to Human Resources

- They will also report your sick and annual leave payout information via the Oracle system

- The retirement date should be entered into the Oracle system as soon as possible, but no later than the 10th of the month in which the retirement will occur
  - This process ensures payroll deadline adherence
Post-Retirement Benefits

For Retirement Eligible Employees
DCP and PERA Retirees
Sick & Annual Leave Payout

- Upon retirement, faculty and administrative professionals are paid for $\frac{1}{4}$ of their unused sick leave up to a maximum of 15 days.
- Retiring faculty and administrative professionals on 12-month appointments are paid up to a maximum of 24 days of accrued unused annual leave.
  - Any annual leave taken during the 30 working days immediately prior to the date of separation from employment will be subject to the 24 day maximum.
PERA Retirees
Sick & Annual Leave Payout

- Upon retirement, State Classified employees are paid ¼ of their unused sick leave, up to the individual cap
- A sick leave payout is not subject to PERA contributions
- State Classified employees are paid annual leave up to the maximum accrual allowed based upon years of service

<table>
<thead>
<tr>
<th>Annual Leave Payout</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 years of service</td>
</tr>
<tr>
<td>6 to 10 years of service</td>
</tr>
<tr>
<td>11 to 15 years of service</td>
</tr>
<tr>
<td>16 years and over</td>
</tr>
</tbody>
</table>
A 65-year-old couple retiring is estimated to need $240,000 to cover medical expenses throughout retirement.

(Source: Fidelity Investments, 2012)
DCP Retirees
Retiree Medical Plan Eligibility Requirements

• Active employees must be enrolled in one of the University’s medical plan options for at least one full plan year immediately prior to the date of retirement.

• Retirees must be continuously enrolled in the University’s retiree medical plan to remain eligible to continue such coverage for themselves and their spouse, domestic partner or civil union partner and dependents until age 65 or upon becoming eligible for Medicare.

• Once a retiree leaves the plan, the retirees and their spouse, domestic partner or civil union partner and/or dependents will not be permitted to re-enroll again at a later date.
DCP Retirees

DCP Refund

• DCP Participants who meet the University’s definition of “retirement” at the time of separation from the University

• The University will contribute towards the cost of the retiree only portion of medical insurance coverage for out-of-pocket costs not reimbursed through any other entity

• Retirees may apply this premium refund to any medical plan, including Medicare

• The maximum amount of the refund is $200 per month for retirees with 20 years or more of benefit eligible University service and prorated for those who have at least 5 years but less than 20 years of benefit eligible service
PERA Retirees
Eligibility

• Future enrollments in the PERA Medical Subsidy Plan (the “Subsidy Plan”) and the Umbrella Rx (the “Umbrella Plan”) shall be restricted to:
  • Staff participating in the PERA retirement plan and holding benefits eligible appointments on June 30, 2009
  • Those who meet the University’s definition of “retirement” at the time of separation from the University, and
  • Staff who meets the eligibility criteria for the Subsidy Plan and/or the Umbrella Plan subsequent to separation

• Reappointments of eligible employees after July 1, 2009, without a break in service will not affect continued eligibility for the PERA Medical Subsidy and/or the Umbrella Rx programs
**PERA Retirees**

**PERA Medical Insurance Subsidy Plan (PERA Subsidy)**

- You must have at least 10 years continuous CSU service
  - Any consecutive 10 years of benefit eligible service without breaks
- You must enroll in an eligible PERACare medical plan

- The plan provides a subsidy (Faculty and Admin Pro) toward the cost of retiree medical insurance through PERACare
  - The retiree incurs out-of-pocket costs for the retiree only premium after the PERA subsidy is applied
- The subsidy is equal to the out-of-pocket cost of the employee only premium of active employee’s on the Green Plan
- The cost for coverage of dependents remains your responsibility
- This subsidy is in addition to your subsidy from PERA
PERA Retirees

Umbrella Rx Plan

• The Umbrella Rx Plan is designed to provide reimbursement for prescription drugs
  • After you have met the required deductible and copays through your PERACare plan
• The Umbrella Rx Plan benefits are a supplement to the benefits paid under your PERACare Medicare coverage prescription plan
• You are eligible for the Umbrella Rx plan if you are enrolled in a qualifying PERACare Medicare supplement plan
PERA Retirees

PeraCare Medical Insurance

- PERA provides a subsidy toward the retiree-only cost of PERACare retiree medical insurance
- PERA benefits, including the retirement benefit, medical insurance and subsidy, are subject to PERA laws and regulations
  - The retirement benefit is based on factors such as: age, years of service within the PERA system, membership start date in PERA and your Highest Average Salary (HAS)
  - Eligibility for PERACare is based on years of service and contingent on the employee receiving a monthly PERA benefit
“Life begins at retirement.”

Author Unknown
DCP and PERA Retirees
Other Post Retirement Benefits

- **ACNS:** Retain email account
- **CSU Parking Services:** Retiree parking permit
- **Morgan Library:** Retiree library privileges
- **RAMTech:** Software purchase discounts for retirees with 20+ years of service
- **Society of Senior Scholars:** The Society of Senior Scholars offers support and opportunities in several areas to pre-retirement and emeritus faculty, non-classified staff, and academic scholars who wish to remain actively involved in the CSU community
- **University Club:** Reduced membership fees
Human Resources
555 S Howes Street, Second Floor
Fort Collins, CO 80523
(970) 491-MyHR (6947)
www.hrs.colostate.edu