

Faculty Retirement Planning



Division of Human Resources and Organizational Effectiveness

Program Overview

Voluntary Programs (TDA/DCP)

Eligibility for Retirement (ORP/TRS)

Eligibility for Retirement (TAMUS Retiree Status for Insurance)

Readiness to Retire – Employment Considerations

Resources and Workshops

Voluntary Programs

- Tax-Deferred Account (TDA) - 403(b) under Internal Revenue Code
- Texa\$aver Deferred Compensation Plan (DCP) - 457(b) under Internal Revenue Code

TDA- 403(b)

Anyone on payroll

Pre-tax or Post-tax
(Roth)

Employee contribution
only

Contributions are
through payroll
deductions

Loan or hardship
withdrawal provision if
permitted by the vendor

Enrollment –

- Requires account with A&M System list of active vendors
- TDA plan change benefit event in Workday



TEXAS A&M
UNIVERSITY

DCP – 457(b)

Anyone on payroll

Pre-tax or Post-tax
(Roth)

Employee
contribution only -
\$20 minimum
monthly contribution

Contributions are
through payroll
deduction

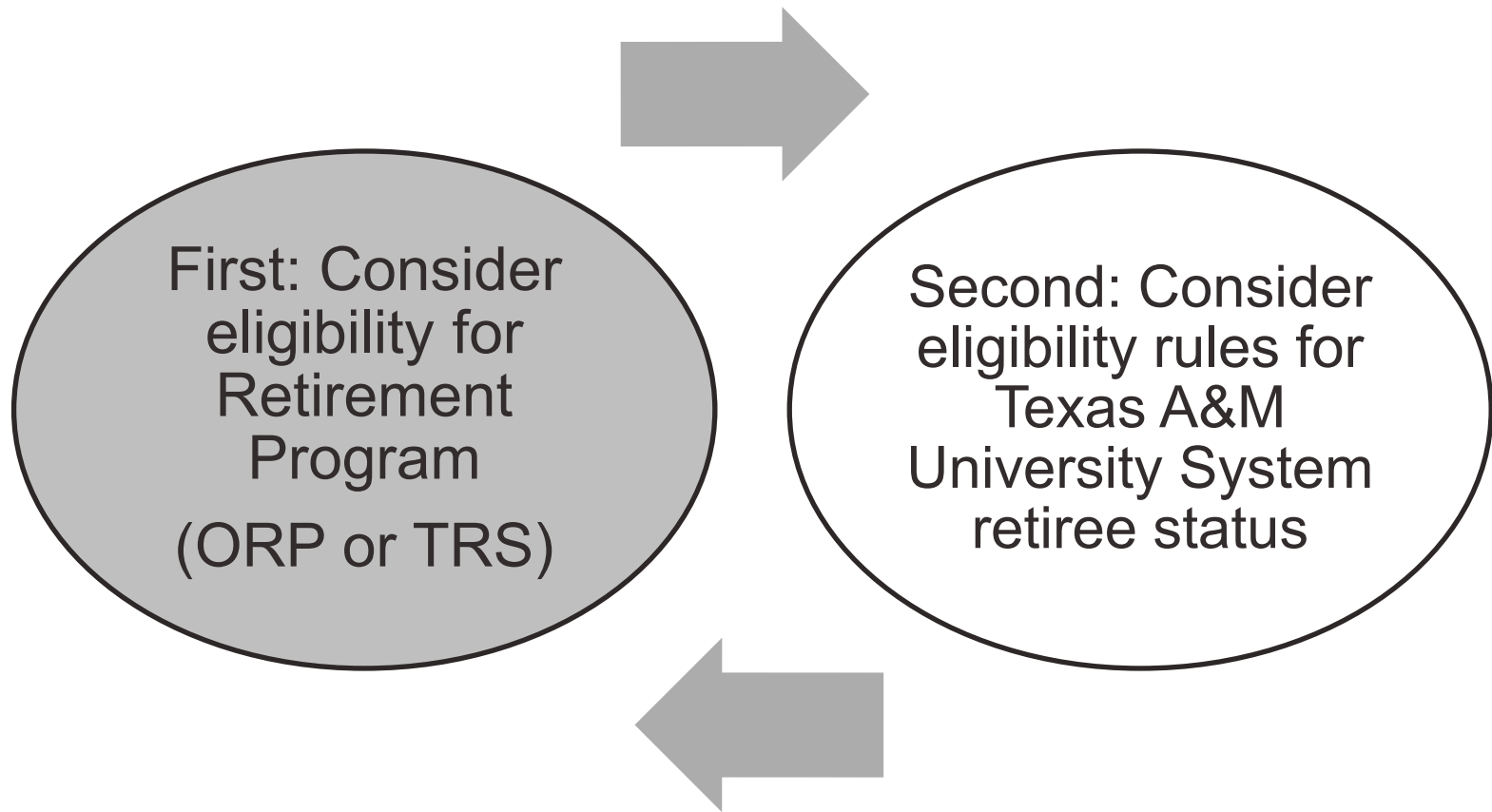
Loan or hardship
withdrawal provision
available

Enrollment –

- Administered by ERS
- Enroll online, by paper form, or in person



Am I Eligible to Retire with ORP or TRS?



Optional Retirement Program vs. Teacher Retirement System

The Optional Retirement Program (ORP) is a defined contribution plan – 403(b)

- Benefits are based on your accumulated contributions/investments and options provided by your financial vendor (annuities, distributions)

Teacher Retirement System (TRS) is a defined benefit plan – 401(a)(9)

- Benefits are based on a formula that takes into account factors such as age at retirement, have at least 5 years of TRS service credit, and meet the age and service eligibility requirements



ORP Eligibility to Retire

ORP retirement benefits-

- Based on the accumulated amount of funds in your account(s)
- No age or service formulas

Distribution options will depend on-

- your vendor, your investment product (an annuity product vs. a mutual fund) and your needs
- Distribution options may include complete or periodic withdrawals, rollovers of funds, or annuities (lifetime or other).

ORP account accessibility-

- Termination of all employment with Texas public institutions of higher education.
- Exception – if age 72 and still employed, can access funds (age 70 ½ if born before July 1, 1949)

ORP Process

1. Review the brochure “A Look Ahead: A guide to Retiring from the A&M System”
2. Review Texas Education Coordinating Board- “Retirement Information for ORP Participants”
3. Contact your ORP Vendor/Financial Representative and any other professionals who advise you on financial and tax matters
 - Discuss accounts, balances, distribution options and tax consequences
4. Schedule a consultation with a TAMU Retirement Specialist

TRS Eligibility to Retire

Regardless of which tier you are in, to be eligible to retire and receive a lifetime monthly service retirement annuity (normal age or early age), you must:

- have at least five years of TRS service credit,
- meet the age and service eligibility requirements,
- apply for retirement
- terminate employment, and
- complete the required one-month break in service



Teacher Retirement System (TRS) Eligibility to Retire

Rules are different based on TRS membership date

Based on age and service credit

Classified by TIERS

MUST have intact account

Withdrawn years of service do not apply unless purchased back

Disability retirement

How Do You Know Which TRS Rules and Tiers Apply to You?

- Access your TRS information at www.trs.texas.gov

What Is My Tier?

Tier 1

Tier 2.....

Tier 3.....

Tier 4.....

Tier 5.....

Tier 6.....



Accounts Planning Tools Benefits Beneficiary Payments Account Management

Account Summary

Membership Tier Service Credit Account Balance



Review the TRS Handbook Online

Info from
Handbook:

By reviewing the information about your tier, you can find out the age and years of service credit you must have to be eligible for normal-age service retirement, early-age service retirement and the Partial Lump Sum Option (PLSO).

Am I a grandfathered member?

You are a grandfathered member, under 2005 legislation, if you met at least one of the following criteria as a member of TRS before Sept. 1, 2005:

- you were at least 50 years of age,
- your age and years of service credit totaled at least 70, or
- you had at least 25 years of service credit.

TIP:

If you still have questions about your TRS status after reviewing online resources, contact TRS directly for assistance. We do not have access to your information in the TRS System.

Teacher Retirement System Process

- Review retirement brochure
- Complete a Request for Estimate of Retirement Benefits from TRS
- TRS will mail a retirement packet to your home address (allow up to 30-90 days for delivery)
- Review TRS retirement planning guide
 - Call **800.223.8778**
 - Schedule a **Virtual** or **In-person** appointment in Austin - Meet One-On-One with a TRS Counselor (texas.gov)

Teacher Retirement System Process

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What Does it Mean to be a TAMUS Retiree?

Allows for continuation of coverage under the group insurance plans

Qualifies for the employer contribution for insurance premiums

Allows certain retiree privileges such as parking permits, email and library access



Am I Eligible to Retire with TAMUS?



Consider eligibility rules for Retirement Plan (ORP or TRS)

Consider eligibility rules for Texas A&M University System retiree status

Eligibility – Hired on or BEFORE August 31, 2003

Eligibility requirements to retire with the Texas A&M University System retiree status for an employee in a benefit-eligible position with the A&M System on **August 31, 2003**:

- Must meet one of the following age and service requirements:
- Age 55 *and* have at least 5 years of TRS, ORP, or ERS service credit
- Age plus years of TRS, ORP, or ERS service equal at least 80 and at least 5 years TRS
- Any age and at least 30 of TRS, ORP, or ERS service credit
- TRS, ORP, or ERS service credit must include at least 3 years A&M service
- Last state employer is the A&M system
- You have an active TRS/ORP account
- Applied or is receiving TRS annuity payments



Eligibility – Hired AFTER August 31, 2003

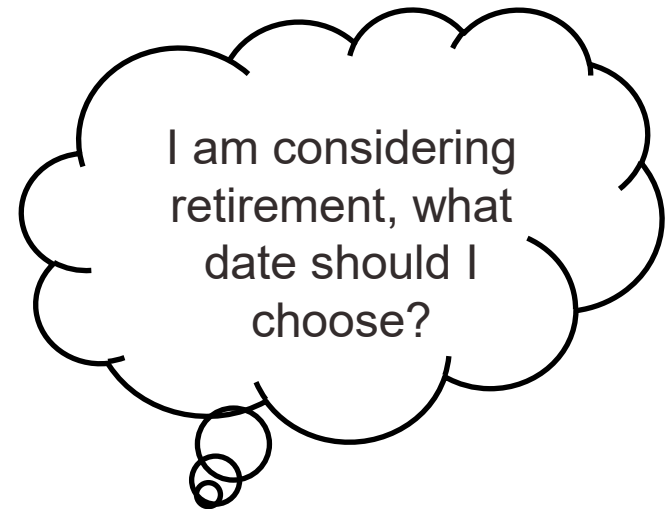
Eligibility requirements to retire with Texas A&M University System retiree status for those employees after August 31, 2003:

- Must meet one of the following age and service requirements:
- Age 65 or older *and* have at least 10 years of TRS, ORP, or ERS service credit
- Age plus years of TRS, ORP, or ERS service equal at least 80 and at least 5 years TRS service
- TRS, ORP, or ERS service credit must include at least 10 years A&M System service
- Last state employer is the A&M system
- You have an active TRS/ORP account
- Applied or is receiving TRS annuity payments

You are eligible, but are you ready?

Only **you** can determine when you are ready to retire, but some date considerations to factor into your decision are:

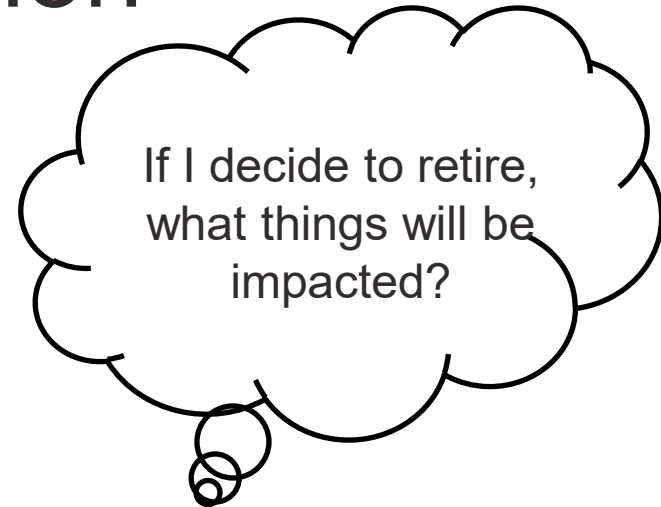
- End of the Academic Year
- After 90th work day
- Timing in the month



Retirement Decision

The decision to retire impacts

- Insurance plans
- Medicare
- Leave
- Financial resources



Medical Coverage Options

You will have the same/similar coverage options as a current employee

Retirees may have the ability to move to the 65+ plan if both employee and spouse are 65 or older

When you become eligible for Medicare, the A&M System coverage becomes secondary.

If you decline A&M health coverage, you may apply ½ the state's contribution to alternate basic life, AD&D, dental, and/or, vision insurance.

Plan Comparison

Compare the Plans	A&M Care Plan	65 Plus Plan
Preventive Care	Same	Same
Network	Same	Same
No annual limits or pre-existing condition limitations	Same	Same
Premium for Retiree Only	None	None
Primary Care Physician/Specialist Copays	None	None
Prescription Drug Copay	Same	Same

Know the Differences

Premium for Retiree and Spouse	\$281.04	\$126.97
Out-of-Pocket Maximum	\$5,400	\$1,400 + 400 prescription drug max
Prescription Drug Deductible	\$50	\$0
Prescription Drug Access <i>*plans may have separate formulary inclusions/exclusions</i>	30 day fills at any Smart90 Network Pharmacy	30 day fills at any Network Pharmacy; 90 day fills at any Broad Performance Medicare Network pharmacy



Medicare Enrollment Information

What are the various Medicare Plans?

- Part A covers hospitalization – No additional cost to you
- Part B covers physician and outpatient services – Requires a premium and will coordinate with TAMUS coverage
- Part D covers prescription drugs – requires a premium and does NOT coordinate with TAMUS coverage

When do I need to enroll?

- Active employee age 65 enroll in Medicare Part A only
 - May postpone enrollment in Part B until retirement without penalty
- 3 months before retirement apply for Medicare Part A & B
- If over 65 and didn't previously enroll in Part B, contact HR for completed form Request for Employer Information(to avoid penalty).

Optional Coverage

Dental/Vision

- Dental/Vision coverage will be the same as provided to employees

Long-Term Disability

- Coverage automatically ends at retirement

Flexible Spending Accounts

- Not available
- Use before last day of employment

Optional Supplemental Coverage

- Optional Life Insurance maximums
 - \$100,000 if you are younger than age 70; or
 - \$60,000 if you are age 70 or older
 - \$30,000 if you are age 80 or older
- Dependent Life Insurance maximums
 - Plan A: ½ retiree optional life insurance coverage; child coverage 10,000 per child
 - Plan B: 5,000 per dependent
 - Plan C: ½ retiree alternate basic life insurance coverage; child coverage is 10% of retiree alternate basic life insurance amount
- Accidental Death and Dismemberment (AD&D) maximums
 - \$200,000 if you are younger than age 70; or
 - \$60,000 if you are age 70 or older

Premiums for Surviving Dependents

2023-2024 Survivor Premiums

(If you have questions about billing, contact the former employee's/retiree's Human Resources office.)

	Participant Only	Participant & Spouse	Participant & Child(ren)	Participant & Family
A&M Care	\$890.04	\$1,452.12	\$1,280.56	\$1,681.04
A&M Care 65 PLUS	\$796.58	\$1,298.05	\$1,144.92	\$1,502.41
A&M Dental PPO	\$ 30.00	\$ 60.00	\$ 63.00	\$ 96.00
DeltaCare USA Dental	\$ 21.08	\$ 37.48	\$ 37.76	\$ 58.66
Vision	\$ 7.60	\$ 16.12	\$ 12.46	\$ 22.22

ORP Return to Work Restrictions

An ORP retiree is defined as a participant who established retiree status by enrolling in retiree group insurance as an ORP retiree, regardless of whether currently enrolled.

There are no statewide restrictions on the re-employment date or amount of time worked but local institutional restrictions may apply.
(example: temp-casual, part-time employee vs. budgeted 50% or more effort)

Once retired, always retired: An ORP retiree who returns to work with any Texas public institution of higher education is not eligible to make ORP contributions

TRS Return to Work Restrictions

Applies to TRS covered employers

- Includes Texas A&M University System
 - Includes ISD school systems
- **Includes UT of Austin**

Requires a **FULL** calendar month break in service.
Employment limited to part-time.

Requires **FULL** calendar year break in service to remove all work restrictions.

Returning to Texas A&M Employment After Retirement

TRS Retirees

- Working retiree can work 92 hours each month regardless of the number of workdays in the month. TRS established a “Three strikes” rule:
- **-Strike 1:** Working retirees will receive a warning if they exceed 92 hours in a month
- **-Strike 2:** Working retiree must pay back either the full amount of the annuity or dollars earned- whichever is less for each month working over 92 hours.
- **-Strike 3:** Working Retiree must pay back full annuity for each month they exceed 92 hours.
- -The new TRS rules also prohibit employers from directly or indirectly passing on the cost of any accessed employer surcharges to a retiree. The current surcharge is 16.5% of total gross compensation in a month. If a retiree retired prior to 1/1/21, they can work unlimited hours without losing their annuity, however the employer is still required to pay the surcharge.
- It is mandatory that all TRS retirees observe a **full calendar month break in service** after their effective retirement date to avoid revoking their retirement.

Returning to Texas A&M Employment After Retirement

When returning to employment with Texas A&M after retirement please make note of the following information:

-Retiree parking is no longer valid- you must purchase a parking permit to park while working

-If over the age of 65 – Medicare A&B is primary if you are working below 50%

-Premiums will continue to pay through billing (ACH or TRS draft) and will not be payroll deducted if you return to work PT or FT

-You will no longer contribute to ORP or TRS

How Do I Pay for My Benefits After Retirement?

A&M System Benefits Administration Insurance Billing Office (SBA Insurance Billing Office) you will transition to a centralized, in-house billing department to process insurance premium payments

Payment options- TRS annuity draft, for ORP or TRS by ACH bank draft, pay by check, credit card. No cash or debit card payments accepted.

Participants may need to setup payment options using the TRS Annuity draft form or the ACH bank draft form. Depending on timing they may need to pay their first invoice by check before TRS or ACH drafts are in place.



How Do I Pay for My Benefits After Retirement?

You must determine payment method and enroll

First payment is due quickly post-retirement

Example: retire 8/31 – your final payment of premiums as an employee is deducted from your 9/1 paycheck; however, you need to pay for the month of September for your retiree premiums. First bill will be due in September. Next bill will be due in October.

What will happen to my unused leave time?

- Vacation Leave (if applicable)
 - Paid in a lump sum (taxed)
 - Use it (take time off prior to last day)
 - Roll it over (TDA or DCP retirement account) this can take at least 60 days to process and is processed by Payroll
- Sick Leave
 - Sick Leave Pool Donation (full or partial)
 - Certain circumstances may be reinstated if rehired as a working retiree

Leave Accruals

Other Considerations

What if I want to be part-time as a transition into retirement?

- Departmental discretion
- Impact on benefits and leave (less employer contribution and less leave accrual)

Retirement Process Action Steps

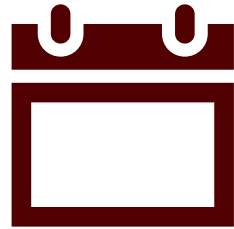
Twelve months

- Attend a pre-retirement counseling workshop with HROE (scheduled monthly)
- If TRS- Complete and submit **TRS 18** to TRS. (Packet mailed within 60 days)

Three to Six months

- Complete the [TAMU online form](#) to initiate TAMU retirement process.
- Enroll/contact Medicare (age 65+)
- Decide on your retirement date
- Decide on when to tell your department

Retirement Process Action Steps



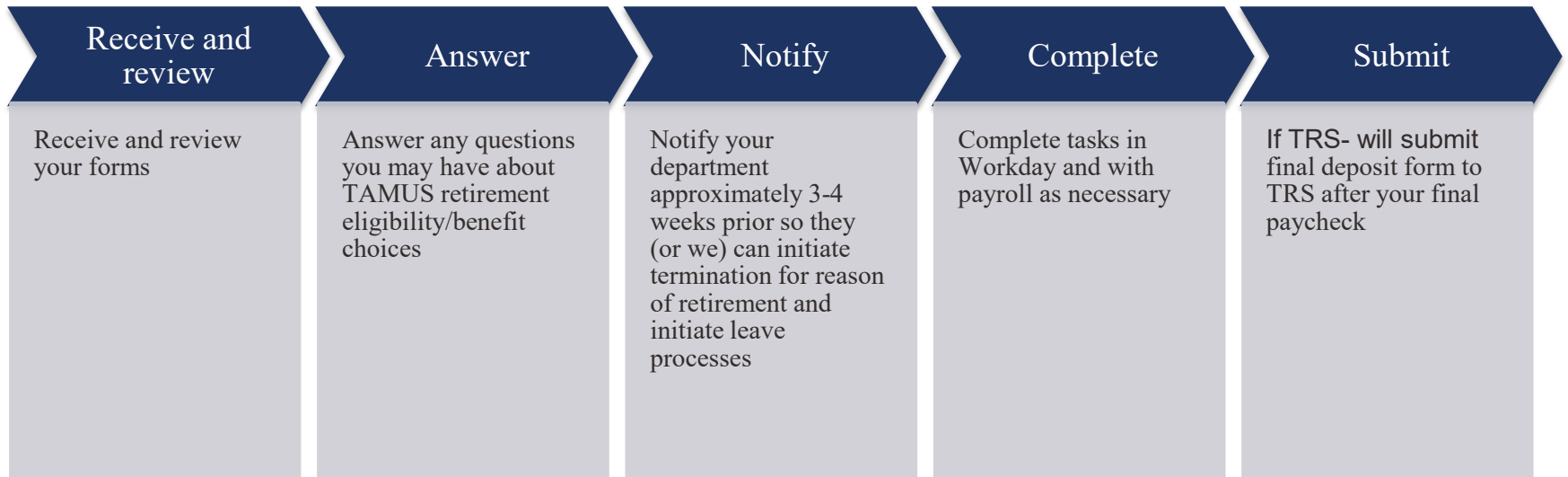
Last 60 - 30 days

Turn in required TAMU forms to HR - Benefit Services

Determine benefits choices in Workday.

Make plans for first month payment of premiums (options will be described at that time).

Retirement Process – HR's Role



Enjoy Retirement

- Stay informed by keeping contact information up to date in Workday
- Open enrollment period is in July each year
- Most benefit plans offer national and even international coverage



Who Do I Contact?



**Texas A&M University,
Health Science Center, &
Galveston**

Email: benefits@tamu.edu
Phone: 979-862-1718



**Texas A&M Agrilife
Human Resources**

Email: agrilifebenefits@ag.tamu.edu
Phone: 979-845-2423



**Texas A&M
Engineering
Experiment Station**

Email: engrbenefits@tamu.edu
Phone: 979-458-7699



**Texas A&M
Engineering Extension
Service**

Email: HR@teex.tamu.edu
Phone: 979-458-6801

Resources

TAMU Retirement Services

- (979) 862-1718
- [benefits @tamu.edu](mailto:benefits@tamu.edu)
- <http://employees.tamu.edu>

Teacher's Retirement System

- (800) 223-8778
- <http://www.trs.state.tx.us/>

Social Security Administration

- (800) 722-1213
- <http://www.socialsecurity.gov/>

Medicare

- <http://www.medicare.gov/>

System Insurance Billing Department

- (979) 845-0015
- SBAInsurance-Billing@tamus.edu

Final Thoughts

Read helpful brochures & on-line information

Eligibility determination

Talk to your financial vendor representatives for ORP and request retirement packet from TRS if you are TRS

Individual paperwork should be turned into Benefits Services within the last 45 days before retirement

Return forms to the appropriate agency (TRS forms go to TRS in Austin, Texas A&M forms to appropriate HR office, Medicare forms to Social Security) if applicable

Early preparations are helpful



Benefit Services

Benefits phone: 979-862-1718

benefits@tamu.edu

retirement@tamu.edu

employees.tamu.edu



Division of Human Resources
& Organizational Effectiveness