

University Benefits & Retirement Office



221 UT CONFERENCE CENTER BUILDING

(865) 946-8847 or 1-888-444-UTHR

retirement@tennessee.edu

THE UNIVERSITY of
TENNESSEE **UT**

Retirement: How Much Do I Need?

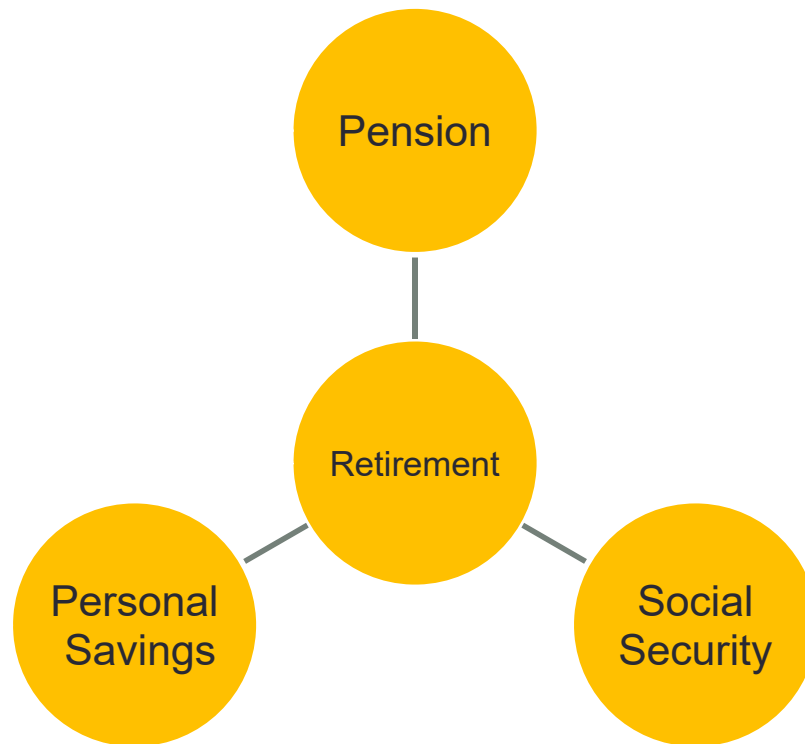
9 times your salary saved for 85% of your salary

Multiple of Current Salary that you ideally have in savings today:

| AGE | RETIREMENT SAVINGS MULTIPLE | Annual Income Levels | | | |
|-----|-----------------------------|----------------------|-----------|-----------|-----------|
| | | \$30,000 | \$50,000 | \$70,000 | \$100,000 |
| 20 | 0 | | | | |
| 30 | .04 | \$ 12,000 | \$ 20,000 | \$ 28,000 | \$ 40,000 |
| 40 | 2 | \$ 60,000 | \$100,000 | \$140,000 | \$200,000 |
| 50 | 4 | \$120,000 | \$200,000 | \$280,000 | \$400,000 |
| 60 | 9 | \$270,000 | \$450,000 | \$630,000 | \$900,000 |

Annual savings goal: at least 10% to 15% (or more)

Planning Your **FUTURE**





Are You a Rehire?

- Enrollment into your previous retirement plan
- What do you need to do?
 1. Go online to check and/or update your address, beneficiary/ies and investment choices
 - a. TCRS- <https://mytcrs.tn.gov>
 - b. ORP- <http://treasury.state.tn.us/orp/index.html> and company sites
 - c. Deferred Compensation Plans:
 - I. 401(k) or 457 - <https://www.gwrs.com/login.do>
 - II. 403(b) (company site)
 2. Restart contributions to any Deferred Compensation plan- 401(k), 457, or 403(b)- by going online or the paper form.



STATE OF TENNESSEE PENSION PLANS

Condition of employment for Regular Full-Time Employees

- Hybrid Plan contributions as follows:
 - 8.87% of salary paid by employer – TCRS
OR
 - 9% of salary paid by employer – ORP

- PLUS
 - 5% of salary paid by employee regardless of plan choice



STATE OF TENNESSEE PENSION PLANS

Two Pension Plans

1. **TCRS-H (Tennessee Consolidated Retirement System Hybrid):**
 - Exempt and non-exempt employees eligible
 - Defined Benefit Plan
 - TCRS board is responsible for investing funds
2. **ORP-H (Optional Retirement Program Hybrid):**
 - Exempt faculty and staff are eligible
 - Defined Contribution Plan
 - Employee chooses investment options with TIAA-CREF, VALIC, VOYA (ING)

Hybrid Plan (TCRS-H)

Consists of 2 parts:

- 1. Defined Benefit:** money is set aside and administered by the State of Tennessee
(Employer 3.87%, Employee 5%)
- 2. Defined Contribution:** money is invested into your 401(k) plan into the funds of your choice
(Employer 5%)

Hybrid Plan (TCRS-H)

Defined Benefit Plan:

1. Five year vesting period
2. Lifetime benefit
3. Annual Cost of Living Adjustment (COLA) increases



Pension determined by formula:

1. Age at retirement,
2. Years of credible service
3. Average of 5 highest consecutive years salary

Hybrid Plan (TCRS-H)

Service Retirement:

Age 65 or Rule of 90, full benefit (i.e. age plus years of service equals 90)

Early Retirement:

Age 60 or Rule of 80, a reduced benefit (i.e. age plus years of service equals 80)

Income Replacement: Regular Retirement TCRS-Hybrid

1% of salary for each year of service

20% income replaced for 20 years service

30% income replaced for 30 years service

Optional Retirement Program Hybrid (ORP-H)

Consists of only 1 part:

1. **Defined Contribution:** money is set aside and administered by the State of Tennessee

(Employer 9%, Employee 5%)

2. **No additional employer funds are sent to your 401(k) plan**

(Employer 0%)

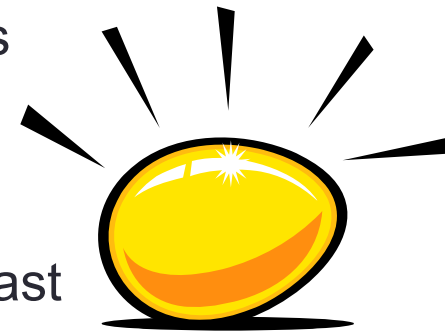
Optional Retirement Program Hybrid (ORP-H)

- **Defined Contribution Plan**

- No vesting period
- Choice of three companies
- Employee has ownership and control over investments
- Lifetime benefit
- Benefit may fluctuate with stock market changes

Pension determined by formula using:

- Total accumulations and how long the \$\$ must last



VALIC

VOYA
FINANCIAL™

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RETIREMENT CONSIDERATIONS

TCRS-H if:

1. You have prior State service
2. You think you are going to stay in Tennessee (and probably with the university) until age 65

ORP-H if:

1. You don't know how long you are going to stay at UT
 - a) Paid by a Grant
 - b) Visiting Scholar
 - c) Post-Doc positions
2. You plan on working past average retirement age



PERSONAL SAVINGS Auto-Enrollment

- Convenient way to increase personal savings
- Payroll deductions with **Matching contribution**
- Opportunity to put off taxes
- Convenient Account Management options



Auto-Enrollment - 401(k)

Auto enrollment for 2% of your gross pay each paycheck. However, employees may opt out of this contribution.

1. TCRS Hybrid Plan: Employer already contributing 5% -
Funds are invested into your 401(k) plan into the funds of your choice (Mandatory)
Plus Employee 2% (Optional)
2. ORP Hybrid: Employee 2% (Optional)

401k Opt-Out of the Auto Enrollment

30-day window for new hires to opt out of the employee contribution portion (2%).

Opt-out of the 2% or remain in the plan and choose allocations and beneficiary/ies. The default allocation is the Lifecycle fund closest to age 65 for the employee.

90-day permissible withdrawal from date of first payroll received at Empower Retirement Financial

Employee contributions will be refunded and a 1099 tax form will be sent to the employee for tax purposes. There is no IRS penalty for the funds refunded.

Auto-Enrollment Process



Sample Timeline

- Day 1: Hire Date
 - Day 15: Eligibility file sent from UT payroll to Empower Retirement
 - Day 20: Empower Retirement mails auto-enroll letter with information on the online process to all new hires
- **30-Day Window for new hires to opt out**
 - Day 55: Auto-enrollment confirmation letter is sent to new participants of any changes made online
- Day 60: Participant is auto-enrolled in the Plan if no action was taken during the 30-day window. First payroll contribution depending on Biweekly or Monthly payroll.

To avoid missing the first 2 – 3 months matching contributions you may wish to submit a paper form instead.

FREE MONEY!



401(k) & 401(k) ROTH

Employees contribution of \$50 per month

\$ 600 per year which is \$12,000 in 20 years

Plus the university's matching contributions doubles your money instantly!

\$ 1,200 total per year which is \$24,000 in 20 years

Plus the growth over the years... \$\$\$

401(k) & 401(k) ROTH

TRADITIONAL VS. ROTH 401K

| Traditional | ROTH |
|---------------------------|------------------------|
| Pre-tax contributions | Post-tax contributions |
| Pay taxes upon withdrawal | Tax-free growth |

- Both plans are through Empower Retirement and have the same investment options.
- Participate in one or both...No matter which plan you choose, the university's contribution will go into the Traditional 401K.



403(b) PLAN



5 Companies to choose from:
Ameriprise Financial, Fidelity Retirement, TIAA-CREF, VALIC, and VOYA



**UNIVERSITY OF TENNESSEE
ENROLLMENT/SALARY REDUCTION FORM
403(B) PLAN**

University of Tennessee
Benefits & Retirement Services
600 Henley Street
115 Conference Center Bldg.
Knoxville, TN 37996
(865) 974-4341 (Phone) (865) 974-3559 (Fax)
benefits@tennessee.edu

Employee Information:

Last Name | First Name | MI | SSN or IRIS Personnel No

Address | E-Mail address

City | State | Zip Code | Monthly

Home Phone | Office Phone | Biweekly

Contribution Information:

I authorize the University of Tennessee to deduct _____ per pay period from my gross salary as before-tax contributions. I understand that these contributions will be withheld from my paycheck and contributed by my employer to the Company(ies) listed below.

Effective Date: _____
Month | Year

New Enrollment** Decrease Payroll Deduction
 Increase Payroll Deduction Stop Contributions
 Longevity Bonus

Note: A separate form will need to be completed for Longevity and Regular Deferrals
**Remember to complete a Company Enrollment Form in addition to this form.

Company Information: (specify amount to be directed to each company)

\$ _____ Ameriprise Financial
\$ _____ Fidelity Investments
\$ _____ ING Financial Services
\$ _____ TIAA-CREF
\$ _____ Valic

Participation Agreement:
This agreement is incorporated into the Plan document and that these together constitute my entire rights and obligation under the plan. This form is a legally binding contract and I understand the terms and provisions thereof. I understand that by signing and submitting this Participant Enrollment form for processing, I am requesting to have contributions deducted from my account and sent to the company(ies) selected above. I will establish investment options with the company(ies). I understand that the maximum annual limit on contributions is determined under the Plan Document and/or Internal Revenue Code. I understand that deferral amounts can be reduced and/or suspended to meet statutory limits.

Required Signature:
I have completed, understand and agree to the information listed above. By execution of this agreement, I hereby cancel any 403(b) agreements previously executed by me. This agreement supercedes all prior agreements. In consideration of execution by the University of this agreement, I, the employee, hereby agree to indemnify and hold harmless and release the University and all its trustees, officer, and employees from all claims and liability of any type directly or indirectly arising out of this agreement.

Employee Signature _____ Date _____

Application from Company (or companies) you choose plus the UT 403(b) Enrollment/Salary Reduction Form.



STAY WITHIN THE LIMITS . . .

**The 401(k) and the 403(b)
fall under the same limit of...**



\$18,000 for under age 50 (2015)

\$24,000 for age 50 or older (2015)

457 PLAN

- Same investment options as 401(k) plans



Has it's own annual limit of:

\$18,000 for Under 50

\$24,000 for 50 and Over

and

No early withdrawal penalty!

www.gwrs.com

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FREQUENTLY ASKED QUESTIONS

1. **Can you stop deferring at any time?** Yes. Go to your account at gwrs.com to start, change, or stop contributions.
2. **If I Opt-Out when first hired, can I rejoin at a later date?** Yes. You can rejoin at any time by accessing your account at gwrs.com.
3. **Can you withdraw your money at any time?** There several withdrawal options available for employees still employed at UT: loans and hardships are available in the 401k; and hardships are available in the 457 for employees still employed. The employee will need to contact Empower Retirement at 1-800-922-7772 for details.

FREQUENTLY ASKED QUESTIONS cont.

4. **Can you transfer your current tax deferred income into UT's TDI program?** Yes. Contact Empower Retirement (800-922-7772) or online at gwrs.com for a Transfer/Rollover Agreement.
5. **If I am enrolled in TCRS and leave before I am vested, can I be refunded my contributions to the Pension Plan.** Yes. You will need to contact the State for details. If you withdraw your funds, you lose your service time.
6. **Is there a 5-year vesting period for contributions going to the 401k?** No. Both employee and employer contributions to any savings plans are vested from day one.