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Policy Library- 535

Indiana State University. General Counsel

Policy archived. Please refer to University Policy Library for current policy.

535 Retirement Benefits

535.1 Faculty and Exempt Staff: TIAA-CREF Retirement Plan

535.1.1 General. Indiana State University has participated in a Teachers Insurance and Annuity Association retirement program since 1937. The Indiana State University Board of Trustees approved a Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF) Revised Retirement Plan effective July 1, 1967. All new Regular Faculty, Exempt Staff, and Non-Exempt Professional Staff are required to participate in the TIAA-CREF Retirement Plan upon eligibility.

535.1.2 Eligibility for Immediate Participation. Regular Faculty, Exempt Staff, and Non-Exempt Professional Staff are eligible to participate in the TIAA-CREF Retirement Plan immediately upon employment.

535.1.3 Management of Investment Options. The TIAA-CREF Retirement Plan provides a variety of investment options. Each participating employee may elect and change investment strategy as often as allowed by TIAA-CREF. It is the employee's responsibility to contact TIAA-CREF should a change in allocation between the many investment choices be desired.

535.1.4 Contribution Rate. Participating employees will receive University contributions to the TIAA-CREF Retirement Plan calculated at ten (10) percent of the base appointment salary. Eligible faculty teaching summer courses will receive University contributions calculated at ten (10) percent of summer earnings. University contributions vest immediately.

535.1.5 Cash Option. Effective July 1, 1994, the ISU Board of Trustees approved a cash option on TIAA-CREF Regular Retirement Annuity contracts. Upon any separation from service, cash is offered to

A. Individuals with less than five (5) years of participation or contributions, or

B. Individuals older than age 55 with more than five (5) years of contributions.

Separated employees who withdraw funds from TIAA-CREF may have tax liability and are advised to seek tax consultation prior to withdrawal.

Additional information is available in the Office of Staff Benefits.

535.2 Non-Exempt Staff: Indiana Public Employees' Retirement Fund

535.2.1 Eligibility. All Regular Non-Expemt Staff participate in the Indiana Public Employees' Retirement Fund (PERF) immediately upon employment.

535.2.2 Contribution Rate. Participating employees must contribute 3 percent, which is paid by Indiana State University. The University also contributes an additional amount that is determined actuarially each year by PERF.

535.2.3 About PERF. PERF provides retirement annuity and pension benefits, disability income benefits, early retirement, and death benefits. A detailed description of the benefits available is contained in the Indiana Public Employees' Retirement Fund Member Handbook available at www.ai.org/perf .

535.3 Tax-Deferred Annuities

The Indiana State University Board of Trustees has approved the participation of Regular Staff in tax-deferred annuity programs under Section 403(b) of the Internal Revenue Code.

535.4 TIAA-CREF Tax-Deferred Annuities

Regular Faculty and Regular Staff may be eligible to apply additional retirement contributions to their regular TIAA-CREF retirement program (RA) as a tax-deferred annuity contribution. Such contributions are subject to Internal Revenue Code maximums.

535.5 Supplemental Tax-Deferred Annuities

All Regular Faculty, Regular Exempt Staff, and Non-Exempt Professional Staff are authorized to participate in supplemental tax-deferred annuities by requesting a reduction of salary equal to the amount to be forwarded to selected TIAA/CREF contracts. The University does not contribute to these programs.

535.6 Deferred Compensation Plan IRC 457 (b)

The Economic Growth and Tax Relief Reconciliation Act (EGTRRA) contained provisions expanding the retirement savings opportunities that colleges and universities may offer employees. Effective in 2002, all employees are eligible to take advantage of making additional pre-tax contributions toward retirement savings. There is an annual limit on contribution to this plan. Further detailed information may be secured from the Office of Staff Benefits.

535.7 Normal Retirement Age

A "Normal Retirement" age of 65 will be used for benefit planning purposes. Certain University-sponsored benefit programs will be limited for those who continue employment beyond the "Normal Retirement" age. The following benefit limitations will apply:

535.7.1 Life Insurance. Term life insurance coverage will be 65 percent of the scheduled amount beginning July 1 following the birthday. Accidental death and dismemberment coverage will be 65 percent of the scheduled amount beginning July 1 following the birthday. Conversion privileges may apply; see the Office of Staff Benefits for further details.

535.7.2 Health Benefits. Coverage under the health benefits plan will be continued for employees, spouses, and eligible dependents who continue employment beyond normal retirement age 65. (See Policy 510 Staff Benefits Programs, Section 510.7 *Health Coverage for Employees/Spouses Working Beyond Age 65.*)

535.7.3 Disability Insurance. Coverage is extended until six (6) months prior to retirement. If an approved disability should occur, benefits will be paid according to the following schedule:

Age When Total Maximum

Disability Begins Duration of Benefit

65 but less than 68 ½ to age 70

68 1/2 and over 1 year

535.8 Post Retirement Life and Health For Employees Hired Prior to January 2, 2005

The following benefits will be available to Regular Faculty, Regular Exempt Staff, Non-Exempt Professional Staff, and Regular Non-Exempt Staff retirees who have a minimum of 20 years of service at ISU and who retire after age 62 or who have retired under the disability insurance plan at any age with at least 20 years of service.

535.8.1 Life Insurance.

535.8.1.1 Revised Plan (August 1, 1985): Upon retirement, life insurance coverage will be reduced to $5,000. Accidental death and dismemberment coverage terminates on the effective date of retirement.

535.8.1.2 Prior Plan: Upon retirement prior to age 66 normal retirement, life insurance coverage will be reduced to 50 percent of the scheduled amount of coverage in effect at retirement with a maximum of $20,000. At retirement after age 66 the life insurance coverage will be reduced to 50 percent of the coverage in effect on June 30 prior to normal retirement age (July 1 after age 66) with a maximum of $20,000. Accidental death and dismemberment terminates on the effective date of retirement.

535.8.2 Health Benefits Plan. Following retirement, health coverage for the employee and dependents, if eligible, may be continued through the ISU group health plan if the retiree and dependent(s) were participating in the health plan for the minimum number of years required for the retirement plan at the time of retirement. Employees (hired prior to January 1, 2005) who have not had a full 20 years of health coverage are not eligible for post retirement health coverage.

535.8.2.1 Required Enrollment in Medicare. Upon attainment of age 65 or upon eligibility, the retiree and spouse are required to enroll in the Medicare program (Part A and B) to participate in the University's fully insured retiree Supplemental medical coverage. Medicare would then become the primary payor for all medical charges with the ISU retiree health plan paying as secondary payor.

535.8.2.2 Retiree Payment. Retirees are charged a premium based upon the experience of the group. Retirees must enroll in and pay for Medicare Part A and B that can be deducted from the Social Security check. Should a retiree fail to pay the required share for the University retiree health plan, coverage will be terminated. Once terminated, coverage may not be reinstated at any time in the future. Retirees may not add dependents to the coverage after retirement.

535.8.3 Ineligible Employees. There are no post-retirement life or health benefits for employees hired after January 1, 2005.

535.9 Resignations/Terminations Other Than Retirement

Any individual whose appointment has been discontinued, who resigns, or who has been terminated prior to eligibility for retirement, and who has a vested interest in the financial retirement plans, shall be entitled to the financial benefits, if any, of the respective retirement plan. Such individuals do not qualify for continuation of University group insurance coverage's following termination. The last day worked will be the effective date of separation in all cases except when the staff member fails to return from a leave of absence. The separation date may not be vacation, sick leave or convenience day.