

Retirement Programs For New Faculty and Staff

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Introduction

This booklet is prepared as a general guide to the retirement programs available to new unclassified service employees of the University. It cannot provide you with the complete details on retirement matters. In particular, those persons who have had previous public employment and who are or have been members of a public retirement system, should seek additional information on their specific situations. Only representatives of the retirement programs are sufficiently knowledgeable in this area to offer you guidance.

As it is not possible to deal adequately with many of the technical matters affecting benefits under the three retirement programs in this brief booklet, we can only indicate the basic points for your consideration, and invite you to contact representatives of the retirement system concerned if you wish any additional information or explanation.

The provisions of law concerning the retirement programs are quite complex, and the representatives of the retirement programs concerned are the only persons who may speak with authority when advising you on matters involving your rights, privileges or benefits under any one of the programs.

Choosing Your Retirement Annuity Program at SUNY

Full-time unclassified service staff members and part-time staff members who have term appointments or are designated management/confidential are eligible to elect one of the three retirement programs:

1. New York State Teachers' Retirement System (TRS)
2. New York State Employees' Retirement System (ERS)
3. The SUNY Optional Retirement Program (ORP)

Membership in ERS is open to all employees. Membership in the ORP is open to full-time unclassified staff members and part-time staff members who have term appointments or are designated management confidential. Membership in TRS is open to employees in the unclassified service, both full-time and part-

time, who are employed in a select group of titles. To be eligible for TRS you must be employed in a faculty, librarian or coach title, or in the title of chancellor, president, vice-president, provost, dean, associate dean, or assistant dean. If you have questions about your eligibility, please contact your Personnel Office.

An election form is provided on the next to the last page of this booklet. You should complete this form and return it to the Personnel Office at your campus. You will then be given appropriate application and other forms for enrollment in the program you elect.

If you are a full-time employee, you must elect to participate in one of these programs within 30 days of the effective date of your appointment. If you do not make a timely election, and are in a position eligible for TRS membership, you will then be required to join TRS. All other full-time employees who do not make a timely election will be required to join ERS. Staff members employed by State University units at Cornell University or Alfred University will be required to join ERS.

Part-time employees are not required to join a retirement system and may join at any time.

Once you become a participant in one of these programs, either through election or by failure to make a timely election, you will not be able to change from one to another during employment by the University.

Exception: If you are not now eligible for a particular retirement program and later become eligible for that program, you will be permitted to change to that program at that time.

If you are a part-time employee and choose to participate in a retirement program, you may not later cancel your enrollment.

Each of these programs offers certain advantages. You should consider each program in relation to your particular needs and objectives. This booklet summarizes and contrasts the benefits and provisions of each program. More detailed information is contained in the individual booklets on each program which you have received along with this booklet. There is a Personnel Officer on your campus whom you may contact if you need additional assistance. Representatives of the public retirement systems and of the other programs are available to assist you.

Programs Available

The public retirement systems (TRS and ERS) are both “defined benefit” retirement programs. The benefits you receive at retirement will be determined based on a benefit formula, using a specific formula factor, your final average salary, age and years of service. The Optional Retirement Program is a “defined contribution” program. The amount of benefits you receive at retirement will be based on the amount of funds contributed to your account, the investment earnings on those funds, your age when you take income and the benefit option you choose.

TRS

This is a State retirement system which, if you join under present law, permits retirement at age 62 or older with five or more years of creditable service. Retirement is allowed at age 55 or older with five years of service credit; however, there is an age reduction in the benefit formula if service credit is less than thirty years.

ERS

This is a State retirement system which, if you join under present law, permits retirement at age 62 or older with five or more years of creditable service. Retirement is allowed at age 55 or older with five years of service credit; however, there is an age reduction in the benefit formula if service credit is less than thirty years.

OPTIONAL RETIREMENT PROGRAM (TIAA-CREF; ALTERNATE FUNDING VEHICLES)

This is a retirement program under which individual contracts, providing retirement and death benefits for or on behalf of electing employees, are purchased from TIAA-CREF and or one or more of the alternate funding vehicles (AIG VALIC, ING, and Met Life). Contracts are issued to and become the property of the electing employee. Payments are made in accordance with the contracts, and the State is not liable for the payment of benefits provided under such contracts. Benefits are designed for retirement at any age.

If you wish to participate in TIAA-CREF, you may allocate the combined employee and University contribution to choose from among the TIAA traditional annuity, the TIAA Real Estate Account and/or the CREF variable annuity with eight distinct accounts: stock, money market, bond market, inflation-linked bonds, social choice, equity index, growth, and global equities. Contributions may be allocated to the above accounts in any percentage of your choice.

At your discretion, you may participate in one or more of the Alternate Funding Vehicles. Each AFV has a variety of investment instruments. If you participate in an AFV you are required to open a CREF or TIAA Real Estate account. AFV contributions are initially directed into your TIAA-CREF account. TIAA-CREF will automatically transfer all (100%) or a specified dollar amount from any of your CREF account accumulations or the TIAA Real Estate account to the alternate funding vehicles you select. Transfer will be made on the 15th of each month or on the first business day thereafter if you sign up for systematic transfer services. You may also make transfers from CREF or the TIAA Real Estate account to an AFV, from one AFV to another, or from an AFV to TIAA-CREF, any time upon completion of appropriate forms. There is no charge for transfers.

Contribution Rates

All three programs provide for contributions by the employees as well as the University. Your contributions will be made on a before-tax basis (federal taxes only) via payroll deduction. In general, the University makes appropriate contributions based on the salary paid by the State in connection with your employment by the University.

TRS

*Employee Contribution Rate - 3% of salary for the first 10 years of membership;
no contribution after 10 years.

University Contribution - a State Pension is provided.

ERS

*Employee Contribution Rate - 3% of salary for the first 10 years of membership;
no contribution after 10 years.

University Contribution - a State Pension is provided.

OPTIONAL RETIREMENT PROGRAM (TIAA-CREF; ALTERNATE FUNDING VEHICLES)

Employee Contribution Rate - 3% of salary

University Contribution -

- a. 8% of State salary for first seven years of participation in the ORP
- b. 10% thereafter

**Should you cease public employment with less than ten years of credited service, you may terminate your membership and withdraw your accumulated contributions plus interest.*

Participation

TRS

Membership commences effective the first day of your full-time service. Membership for other than full-time employees will begin the first day of employment on or after the notarization date of your completed membership application. If you were previously a member of TRS or another public retirement system within NYS (excluding the ORP) or held a position in which you were eligible for membership but did not join a retirement system, it may be possible for you to purchase credit for such service as prior service.

ERS

Membership becomes effective on the date your membership application is received by the Retirement system. If you were previously a member of ERS or another public retirement system within NYS (excluding the ORP) or held a position in which you were eligible for membership but did not join a retirement system, it may be possible for you to purchase credit for such service as prior service.

OPTIONAL RETIREMENT PROGRAM

Participation is limited to full-time faculty and professional staff and to part-time faculty and staff who have term appointments, as well as management/confidential employees.

Participation is effective as of your entry into service for those new persons who, at the time of employment, have TIAA-CREF or AFV retirement contracts and elect the Optional Retirement Program. University contributions will start immediately and together with employee contributions will be transmitted to TIAA-CREF. You will be required to apply for new annuity contracts.

For those new employees electing the Optional Retirement Program, who do not at the time of employment own retirement contracts issued by any of the optional retirement program carriers, University contributions will be made upon the completion of 366 days of service. At the end of the initial 366 days of service, the University will make a single lump sum contribution with interest to TIAA-CREF for this initial period, and will make regular biweekly contributions thereafter. If you do not serve for at least 366 days, no contributions on the part of the University will be made.

The amount of employee contributions deducted during the initial 366 days of service, with interest, will be transmitted to TIAA-CREF at the end of the 366-day period. If services do not continue for at least 366 days, the employee contribution, with interest, will be refunded to the employee. In this case, no University contributions will have been made on behalf of the employee for the purchase of TIAA-CREF contracts. Contributions designated for an alternate funding vehicle will be forwarded by TIAA-CREF to the AFV.

Retirement Benefits (Other Than Disability)

Under TRS and ERS there is no annuity derived from employee contributions, and the entire retirement benefit is based on a pension from the State. Your 3% contribution helps to fund this pension.

Under the Optional Retirement Program, retirement benefits are derived from the individual annuity contracts purchased with the University and employee contributions.

Under ERS and TRS the earliest age at which retirement is possible is 55. Under the Policies of the Board of Trustees there is no mandatory age of retirement.

TRS

1-2/3% of “final average salary” for each year of credited service, for members retiring with fewer than 20 years of service.

2% of “final average salary” for each year of member service, up to 30 years. 1.5% for each year after 30. Eligibility for this benefit requires at least 20 years of service.

Example: 26 years equals 52% x final average salary.

A reduction is applied for those retiring before age 62 with less than 30 years credit.

ERS

1/60th (1.66%) of final average salary for each year of credited service, for members retiring with fewer than 20 years of service.

1/50th (2%) of final average salary for each year of member service, up to 30 years. Eligibility for this benefit requires at least 20 years of service. For each year of service beyond 30, you will receive an additional benefit of 3/200ths (1.5%) of your final average salary.

Example: 24 years equals 48% x final average salary.

A reduction is applied for those retiring before age 62 with less than 30 years credit.

NOTE: Final Average Salary - Average salary, with certain limitations, for the highest salaried three consecutive years of member service.

OPTIONAL RETIREMENT PROGRAM

An annuity based on the accumulated value of employee and University contributions. At the age of retirement, you may receive either a fixed or variable annuity or both. Cash withdrawal is possible if the employee is age 55, separated from service and has spousal consent. Participants in TIAA-CREF and the Alternate Funding Vehicles receive quarterly reports regarding investment earnings. In addition, participants will receive an annual report which includes an estimate of the amount of annuity income payable at age 65 or whatever age you specify.

Disability Retirement

If disability occurs before the member is credited with 10 years of New York State service (except for an on-the-job accidental disability), no benefit is payable. If credited with the required years of New York State service, you are eligible for the following.

TRS

A. Ordinary Disability

You must be permanently incapacitated from gainful employment as determined by TRS. Your benefit will generally be 1/3 of your final average salary. If credited with more than 20 years service, a formula of $1-2/3\%$ x years of service x final average salary would apply.

B. Accidental Disability

Same as ordinary disability except that the 10 year requirement is waived and the accident must be job related.

ERS

A. Ordinary Disability

The allowance is equal to the greater of:

1/60th (1.66%) of your final average salary for each year of credited service; or

1/60th (1.66%) of your final average salary for each year of credited service plus 1/60th of your final average salary for each year of service you might have earned before attaining age 60, but not more than one-third of your final average salary.

If you are age 60 or older at the effective date of your disability, the benefit would be equal to the benefit that would be payable to you at the normal retirement age of 62.

B. Accidental Disability

Same as ordinary disability except that the 10 year requirement is waived and the accident must be job related.

OPTIONAL RETIREMENT PROGRAM

No special disability provision, but you may elect to receive an annuity from the accumulated value of employee and University contributions, based on age at the time disability begins.

In addition, all active full-time employees at state-operated campuses and certain part-time professional staff members participate in State University's Group Disability Insurance Program. You may obtain a descriptive booklet from your Personnel Office.

Death Benefits

The following benefits are payable in the event of death before retirement. Death benefits after retirement, if any, will be determined by the retirement income option selected.

TRS

1. Return of employee contributions, if any, with interest; plus
2. A benefit of one year's salary after one year of service, two years' salary after two years of service, three years' salary after three or more years of service.

The benefit is reduced after age 60.

There is a survivor benefit after retirement:

First year – 50% of the death benefit in effect at retirement.

Second year – 25% of the benefit in effect at retirement.

Third and subsequent years – 10% of the benefit at age 60 (or at retirement if earlier).

If death results from an accident occurring while performing your duty, the following benefit is paid in lieu of the ordinary death benefit:

A pension equal to 1/2 of your last year's earnings (reduced by payments awarded under Workers Compensation Law, if any) to your spouse until death or remarriage, minor children or dependent parents until death.

ERS

1. Return of employee contributions, if any, with interest, plus
2. An ordinary death benefit equal to your final year's salary multiplied by your years of service, not to exceed three years of salary. If you are in service at age 61, the death benefit will be reduced by 4% and will be further reduced by 4% each year you remain in service, up to age 70. It will not be reduced below 60% of the ordinary death benefit payable.

You would also be covered by a post-retirement death benefit if you retire within one year of leaving covered employment.

The post-retirement death benefit is calculated at retirement. During the first year of your retirement, the benefit is 50% of the ordinary death benefit payable at retirement; during the second year of retirement, the benefit is 25%. During the third year and thereafter, the benefit equals 10% of the ordinary death benefit that would have been payable at age 60, or at retirement, whichever was earlier.

If death results from an accident occurring while performing your duty, the following benefit is paid in lieu of the ordinary death benefit:

A pension equal to 1/2 of your last year's earnings (reduced by payments awarded under Workers Compensation Law, if any) to your spouse until death or remarriage, minor children or dependent parents until death.

OPTIONAL RETIREMENT PROGRAM

The full current value of your annuity accumulation, including the portion attributable to University contributions, will be paid to the beneficiary you have named. A full array of payment options including a single sum payment, lifetime annuities and fixed period payments may be selected by a named beneficiary, such as a spouse or child, unless you file a written election designating a specific payout. If your beneficiary is a corporation, association or your estate, a single sum payment will be made.

For participants with more than 90 days service, if the value of that portion of the death benefit attributable to the University's contributions is less than 1/2 final salary, a survivor's benefit to bring this benefit up to 1/2 of final salary (but not less than \$2,000 nor more than \$10,000) is payable. This survivor's benefit is provided by the Survivor's Benefit Law, which is subject to annual reenactment.

Vesting

Vesting refers to the retention by an employee who terminates service prior to retirement (for reasons other than death or disability) of eligibility for retirement benefits at a later date.

TRS

- A. Before five years of New York State credited service, there is no vesting of retirement benefits. The terminating employee receives a refund of contributions, with interest. Members who leave public employment prior to attaining ten years of credited service can terminate their membership in the Retirement System and withdraw their contributions plus interest.
- B. With five or more years of New York State credited service, the terminating employee has a vested right to a deferred retirement allowance payable at age 55. This allowance is based on the number of years of credited service at the time employment ceased. There is a reduction for age, if under 62 and less than 30 years of service. Accumulated contributions must be left in the system. The retirement allowance payable as the result of vesting is computed in the same manner as the service allowance previously described. In the event of death prior to the effective date of retirement, any employee contributions, plus interest, are paid to the named beneficiary. If you have 10 or more years of service a vested death benefit (1/2 the in-service death benefit) is also payable.

ERS

Members who leave public employment prior to age 55 and have five or more years of credited service are eligible for a vested retirement benefit at age 55. Members who leave public employment prior to attaining ten years of credited service can terminate their membership in the Retirement System and withdraw their contributions plus interest.

With five or more years of credited service, you have a vested right to a deferred retirement allowance payable at age 55. This allowance is based on the number of years of credited service at the time employment ceased and your final average salary. The benefit is reduced if you retire prior to age 62 with less than 30 years of service credit. Accumulated contributions must be left in the System. The retirement allowance, payable as the result of vesting, is computed in the same manner as the service allowance described on page 6 of this booklet. In the event of death prior to the effective date of retirement, any employee contributions, plus interest, are paid to the named beneficiary. An out of service death benefit (50% of the in-service benefit) may also be payable to the named beneficiary if you had ten or more years of credited service when you left public employment.

OPTIONAL RETIREMENT PROGRAM

Upon completion of 366 days of service (waived for employees who enter service with retirement contracts from any of the ORP carriers) the participant has full and immediate vesting in all retirement and death

benefits provided by the retirement annuities purchased through the employee and the University's contributions. Under certain circumstances, the participant may be able to repurchase the value of his or her annuities. If you were hired after January 1, 1992, you can repurchase the full value of your accumulations upon separation from service, including your contributions and those of the University, provided that your total TIAA-CREF accumulation is no greater than \$4,000, and of that \$4,000, the total accumulation in TIAA is no greater than \$2,000.

Retirement Income Options

When you are ready to retire, you will receive information from the retirement system you have elected as to the options available and the amount of income available under each option. There are a number of different options offered by each program, but they all fall into the following general categories:

1. Income for the life of the participant and ceasing at participant's death.
2. Income for the life of the participant and continued in the same or a reduced amount to a surviving beneficiary.
3. Income for the life of the participant, but guaranteed for a period of years to the surviving beneficiary.
4. Full or partial cash payments; ORP only.

The amount of periodic payments to the retiree under 2 or 3 above will be smaller than under 1 in order to provide benefits for surviving beneficiaries.

Social Security

Social security coverage is required for participants in all three retirement programs. Social security taxes must be paid in addition to the employee contribution to the appropriate retirement system.

Transfer

TRS

In general, transfer is possible to and from any other public retirement system of this state. Although New York State law provides for reciprocal transfer to other state systems having a like provision, no other state has such a provision in effect at this time.

ERS

In general, transfer is possible to and from any other public retirement system of this state. There are no provisions permitting transfer to and from public retirement systems of other states.

OPTIONAL RETIREMENT PROGRAM

As TIAA-CREF benefits provided by contract are vested immediately with the individual, transfer among more than 15,000 public and private universities, colleges, private schools, teaching hospitals, foundations and other educational and research organizations throughout the country is possible.

Alternate Funding Vehicle benefits provided by contract are vested immediately with the individual.

Loans

TRS

Members with at least one year of service credit may borrow up to 75% of their member contribution balance. The minimum loan is \$1,000.

ERS

Same as TRS.

OPTIONAL RETIREMENT PROGRAM

Employees may borrow up to 50% of the accumulated value of their contracts, subject to regulations promulgated by the ORP carriers.

All loans are subject to Internal Revenue Service regulations. Current IRS regulations set a maximum loan balance of \$50,000.

Employee Contributions

ERS, TRS and ORP employee contributions are not subject to Federal income tax, but are included for State and local income tax purposes.

The TRS & ERS contributions are refundable if you do not qualify for a retirement allowance.

The Internal Revenue Service imposes a 10% tax penalty on refunds if you are under age 59 1/2 and do not roll the refund over into an Individual Retirement Account.

It should be noted that staff members may also participate in Tax Deferred Savings Programs. These programs provide employees the opportunity to contribute additional money toward retirement subject to limitations imposed by the Internal Revenue Code. Federal and state taxes on contributions are deferred until retirement. Additional information is available from the College Personnel Office.

Some Key Points

- Detailed information concerning the retirement programs is contained in the individual booklets for each program. If you need assistance, the Personnel Officer at your college, when necessary, will refer you to the appropriate representative from the programs for more complete information.
- If you are a full-time employee, your election of a retirement program must be made within 30 days of your initial date of service. This will be your only opportunity to make such election during your employment with State University.
- If you are a part-time employee you may elect to join ERS, TRS (if eligible), or the ORP (if eligible) at any time.
- The two State systems, TRS and ERS, are designed primarily for those persons entering or continuing a career of service with the State. Under present legislation, five years of member service are required in order to vest retirement benefits.
- TIAA-CREF and the Alternate Funding Vehicles offer mobility of pension benefits as annuity contracts are fully vested with the individual immediately upon issue. This coupled with the transferability to other educational and research organizations throughout the nation, permits University employees electing the ORP to continue their contracts if they leave State University.
- If you are an active member of another public system within New York State, you may be eligible to transfer your membership from that system to TRS or ERS. Or, if you were previously a member of

TRS, ERS or another public retirement system within New York State (excluding the ORP) or eligible for such membership, you may be able to purchase credit for such service.

- Should you elect the Optional Retirement Program and at a later date leave the University to accept employment with another State agency, and thereby become an active member of TRS or ERS, you will not be permitted to establish credit for any service for which state contributions under the Optional Retirement Program were made on your behalf.
- Changes and/or liberalization of benefits under TRS and ERS have been approved by the legislature from time to time and further changes could improve the attractiveness of these programs. Under the Optional Retirement Program, benefits are provided in accordance with the terms of the contracts issued to individuals, and legislation affecting TRS or ERS would not apply to such contracts.
- Benefits under both State systems are guaranteed by constitutional provision. Under TIAA-CREF and the AFVs, benefits are payable in accordance with contracts issued by private insurers, and are not covered by constitutional provision.
- If you become a member of the Optional Retirement Program you may, at any time, commence participation or terminate participation in the Alternate Funding Vehicles. In addition, transfer among the Alternate Funding Vehicles is possible.
- Members of ERS and TRS may purchase up to three years of service credit for military service. This benefit is not available in the Optional Retirement Program.

Retirement Program Election Form

(PLEASE PRINT)

Name: _____

Address: _____

College: _____

(This form must be submitted to the Personnel Office of your college within 30 days of your initial date of appointment, if full-time. Part-timers may submit it at any time, with membership determined by the date of receipt.)

Having satisfied myself as to the desired retirement program available to me by or pursuant to law in connection with my employment by State University of New York, I hereby elect to participate in the retirement program specified below.

- 1. New York State Teachers' Retirement System
- 2. New York State Employees' Retirement System
- 3. Optional Retirement Program
 - A. Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF)

ALTERNATE FUNDING VEHICLES

- B. ING Life Insurance and Annuity Company

C. Metropolitan Life and Affiliated Companies

D. The Variable Annuity Life Insurance Company (VALIC)

NOTE: If you participate in an AFV, you must also elect TIAA-CREF

Signature: _____ Date: _____

NOTE: Upon timely receipt of this form, the Personnel Officer will send you the appropriate application and other forms for the retirement program you elected above.