UT DALLAS

A Guide to Retirement Basics

For retirements through August 31, 2008

This publication is intended to provide you with general information about retirement benefits. The information has been reviewed for accuracy, but policies and laws change. If any of this information conflicts with any policy or law, the policy or law will govern. Contact HRM for more information at 972-883-2221.

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INSURANCE

When Can I Retire?

When you have 5 years of creditable State service, you are vested. This means, once you reach the minimum age and years of service requirement (consult the TRS Handbook for requirements), you may qualify for a lifetime retirement annuity. Employees eligible to retire must have an active TRS account and may not be working for a TRS agency.

With 5 years of creditable service, you are retirement eligible; but, you may not be eligible for our insurance program. Read the next section on insurance eligibility.

Am I Eligible for Retiree Insurance?

Two bills passed in 2003 by the 78th Legislative Session changed the number of years of creditable service some employees must have with the University of Texas System in order to receive retiree insurance coverage after August 31, 2003, and also added new requirements. Taken together, these bills create two categories for purposes of retiree insurance eligibility.

Category One: Benefits eligible employee employed on August 31, 2003

- Age 55 with at least 5 years of creditable state service under the Teacher Retirement System (TRS), Optional Retirement Program (ORP), Employees Retirement System (ERS) or any combination of the three retirement plans; or
- Any age with 30 years creditable service (no less than 5 years of State service); or
- A combination of age and years of creditable service equal to 80 (no less than 5 years of State service), and
- At least three years of creditable service in a benefits eligible position with The UT System; and
- A component of The University of Texas must be the last State employer
- Must retire under TRS, ERS or ORP.

Category Two: Employees hired on or after September 1, 2003

Employees hired on or after 9/1/03 can retire with health insurance when they satisfy the following:

- Age 65 with at least 10 years of creditable State service under the TRS, ORP, ERS or any combination of the three retirement plans; or
- A combination of age and years of creditable State service equal to 80 with at least 10 years of creditable State service, and
- Ten years of creditable State service must be with The UT System, and
- A component of The University of Texas must be the last State employer
- Must retire under TRS, ERS or ORP.

Applying for retirement

As you contemplate retirement, TRS members may take advantage of the TRS on-line Retirement Estimate Calculator or you may send TRS a TRS18 Request for Estimate of Retirement Benefits. Using this information, you can decide on your retirement date. A memo stating your intent to retire should be given to your supervisor, with a copy to Human Resources Management, approximately 30 days prior to retirement. About 90-days before your retirement date, mail your TRS paperwork to TRS. Enrolled in ORP and want a retirement estimate? Contact your ORP vendor. Prior to retirement, ORP enrollees must file a Declaration of Retirement Form with Human Resources Management.

Enrolling in Retiree Insurance

Retirees currently receive the same medical, dental & vision coverage options as active employees and are also eligible for reduced Group Term Life insurance (see section Group Term Life). However, insurance does not automatically continue upon retirement. During the month in which you retire or no later than 31 days after the last date of employment, you must complete a UT Dallas Insurance Enrollment/Change Authorization form. You may also waive your insurance coverage or drop dependent coverage at the time of retirement. Contact your Benefit Rep to discuss your options and complete your insurance enrollment.

If you are retiring under TRS, you must provide documentation regarding your retirement, such as a copy of your TRS30 form. If you are retiring under ORP, you must complete a Declaration of Retirement form, available from your Benefit Rep.

Cost of Retiree Insurance Coverage

Retirees receive the full State Premium Sharing (the amount the State contributes toward the cost of your medical premium). The amount currently deducted from your monthly paycheck for medical, dental and vision insurance is typically the amount you pay as a retiree. Remember, each fiscal year, due to contract changes and Legislative decisions, your insurance rates and Premium Sharing allocations are subject to change. Each July, fiscal year billing statements, detailing your cost, are mailed to your home. If you are required to pay a portion of your insurance, you may enroll in our monthly bank draft program. Bank draft is easy! No check writing! Without bank drafting, you must submit the monthly premium to Financial Services, MC15 and indicate on the check memo line the month(s) you are paying.

Annual Enrollment (AE)

Each annual enrollment period, typically July of each year, retired employees may make changes to their insurance coverage(s). It is important to read the information you receive and determine what changes can be made and how to make the changes. When an e-mail address is on file with HRM, retirees receive AE information electronically. You will also receive other e-mailed insurance related information such as the monthly wellness newsletter. E-mail is our fastest and most efficient means of broadcasting notices; be sure to give us your e-mail address.

Surviving Dependents

At the time of a retiree's death, a surviving dependent may retain the benefits in which they are enrolled. Surviving dependents do not receive Premium Sharing and are responsible for paying the full price of the insurance coverage. Your dependent may remain on the plan until one of the following occurs:

- Your dependent no longer meets the definition of a dependent.
- Your dependent becomes eligible for similar benefits offered elsewhere.
- Your dependent cancels coverage.
- Your dependent does not pay for coverage.

Once a surviving dependent drops any coverage, that coverage ceases permanently.

Group Term Life Insurance

Retiree medical coverage includes $3,000 Group Term Life insurance. If you elect retiree coverage immediately following active employment status, you may elect additional Retiree Group Term Life in amounts of $7,000, $10,000, $25,000, or $50,000. Your coverage as an employee must equal or exceed the amount you elect as a retiree. For example, you must have at least $50,000 active employee coverage in order to elect $50,000 retiree coverage. With EOI, you may elect a higher coverage level. The monthly rate for this Voluntary Group Term Life coverage is based on your age.

Employees, who at the time of retirement have coverage above $50,000, have the flexibility to keep a higher amount of life insurance coverage through conversion to an individual policy. At the time of retirement, contact HRM for a conversion enrollment form and rates. Dependent life insurance may also be converted. Converted life insurance policies payments are sent to Fort Dearborn Life. Policy questions should be directed to Fort Dearborn Life – 1-866-628-2606.

Group Accidental Death & Dismemberment Insurance (AD&D)

Employee and dependent Group AD&D insurance ceases at retirement.

Group Disability Insurance

Short Term (STD) and Long Term Disability (LTD) coverage ceases upon retirement. Pre-retirement is a good time to review your LTD benefits and determine if the coverage continues to be beneficial. LTD provides 60% of your monthly salary if you become disabled and are unable to work. You should consider the current cost and use the chart below to determine the maximum years of coverage you would receive. Your Benefit Rep can assist with any questions you have.

Age at Disability	Maximum Period of Payment
Below age 60	To age 65
60 – 64	5 years
65 – 69	To age 70 (minimum 1 year)
70 and over	1 year

Long Term Care Coverage

A retiree who is enrolled in Long Term Care insurance while employed may continue coverage after retirement. CNA bills you directly and premiums are submitted to CNA. Contact CNA at 888-825-0353 to set up your retirement billing.

Retirees who did not enroll in Long Term Care while employed still have the option to enroll at anytime by contacting CNA; however, Evidence of Insurability (good health) is required and the application must be approved by CNA before you receive the insurance coverage.

Keep your address current

If you move or change your e-mail address, promptly notify the HRM. This ensures that you receive important information and also ensures that you are enrolled in the correct medical and dental plans. Enrollment in medical and dental plans is based on your address. When moving out of the DFW area, verify with HRM your continued plan eligibility.

UTD RE-EMPLOYMENT

If you are interested in returning to work, TRS members must wait a month before returning to employment with a TRS covered employer. ORP retirees do not have to wait one month. Upon returning to a vacation eligible position, i.e. 50% time, you will not receive credit for prior State service. This means vacation accruals are based on your re-hire date. The 79th Legislative session enacted this change. Also, after retirement, if you return to work at least 20 hours per week for 4 ½ months or more, your UT Dallas insurance is your primary coverage and Medicare is secondary. If you work less than 20 hours per week or less than 4 ½ months, Medicare is your primary coverage.

SOCIAL SECURITY

As a State employee, who contributed to Social Security, you are covered by Social Security. These benefits are in addition to any TRS or ORP benefits.

You may apply by telephone or in person at any Social Security office three months prior to eligibility. You need the following information to apply:

- Social Security number
- Birth Certificate
- Your most recent W-2 form
- Information on your pension plans
- Bank account information if electing direct deposit of payment

You may receive a reduced Social Security benefit as early as age 62 or full benefits as indicated in the chart to the right. Be sure to check the SSA website for any changes to the chart.

Year of Birth	Full Retirement Age
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943 - 1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

For additional information on Social Security benefits you can visit their web site at http://www.ssa.gov.

MEDICARE

Medicare Coverage

Usually, at age 65, you become eligible for Medicare Part A & B. Certain disabilities may have an earlier qualification date. If you are disabled, contact Social Security Administration (SSA) about Medicare eligibility. Medicare Part A is hospital insurance and is free of charge for most people. Medicare Part B is medical insurance and requires a monthly premium. You should enroll in Part A when you are first eligible.

When you become Medicare eligible, if you *are still employed*, you may delay Medicare Part B enrollment until retirement. When you become Medicare eligible and *are retired*, it is important that you enroll in Medicare Part A & Part B coverage. You must apply for Medicare Part B at least 3 months before age 65 or if retirement is after 65, at least 3 months prior to retirement. If you retire at age 65 and wait until that month or later to apply for Medicare, there will be one or more months in which you do not have Part B coverage. The UT Select plan assumes you have Part B and any payments are offset by what Medicare will pay.

If you have Medicare enrollment questions, contact SSA. More information about Medicare is available online @ www.medicare.gov or 1-800-772-1213.

Coordination of Benefits

If you are retired and Medicare eligible, Medicare is primary to your UT retiree insurance coverage. For this reason, it is important that Medicare coverage is effective on your 65th birthday or, if you are retiring after age 65, on your first day of retirement. It is important to note, that should you choose to waive or delay enrollment in Part B coverage, your UT secondary insurance will be processed as if you were enrolled in Part B and you may have increased out-of-pocket expenses.

If you are enrolled in UT Select, claims for Medicare approved charges from a provider who accepts Medicare assignment will be covered in full, including deductibles and co-payments. If the provider does not accept Medicare assignment, or if the service is not a Medicare approved charge, co-payments, deductibles and coinsurance will apply.

Medicare Part D Prescription Coverage

UT is committed to providing your prescription drug coverage and helping you make informed choices. Because the Medicare Part D program is not a financially advantageous option for most of our retirees, UT strongly urges you NOT to enroll in the Medicare Part D program. You cannot use your UT prescription benefit and the Medicare Part D benefit for the same prescription. Additionally, you would be responsible for Part D monthly premiums and your UT medical premium.

For a relatively small number of very low income employees, there is the possibility the Medicare prescription plan may save you money if you also qualify for the low income subsidy provided in conjunction with Medicare Part D. You can find additional information about the subsidy at www.socialsecurity.gov or by calling 1-800-772-1213.

Returning to Part-Time UTD Employment

After retirement, if you return to work at least 20 hours per week, your UT Dallas insurance is primary to your Medicare coverage. If you work less than 20 hours per week, Medicare is primary to your UT retirement coverage.

RETIREMENT PROGRAMS

Teacher Retirement System (TRS)

Members participating in TRS prior to 9/1/2007, who continue their membership until retirement, may receive a standard annuity when either of the following requirements has been met:

- Age 65 with five or more years of membership credit
- Any combination of age and service totaling 80, with at least 5 years of membership service credit.

Members participating in TRS after 9/1/2007 may receive a standard annuity when either of the following requirements are met:

- At least age 65 with 5 or more years of service or
- At least age 60 **and** years of service and age equal 80 **and** have at least 5 years of service.

As you approach retirement, carefully check your annual TRS statements. If you see any service or age discrepancies, contact TRS. The purchase of service such as withdrawn, military, or out-of-state service can involve extensive research.

Four to six months prior to your retirement date you should submit the following form:

- "Request for Estimate of Retirement Benefits"

By submitting this form, TRS prepares a retirement packet which includes your benefit estimate and the "Application for Service Retirement".

Optional Retirement Program

If, in lieu of the Teacher Retirement System, you are a member of the Optional Retirement Program (ORP) you should contact your ORP vendor or agent at least three months prior to retirement and have the following reviewed:

- All procedures necessary to begin a retirement annuity
- All available payout options
- Possibility of transferring to alternative plan
- Beneficiary designations

Prior to retirement, your carrier must have a termination/vesting letter on file. Contact your Benefit Rep if your carrier does not have your letter.

Supplemental Retirement Programs

Did you participate in one of our voluntary retirement programs - our pre-tax 403(b), our 403(b) Roth program or our 457(b) Deferred Comp Program? If so, you must contact your vendor or agent at least three months before retirement. Employees should ask their agent to review the following:

- All procedures necessary to begin a retirement annuity
- All available payout options
- Possibility of transferring to alternative plan
- Beneficiary designation.

Unused Annual Leave

If you have a UT Saver DCP 457(b) account in place before you leave UTD employment, you may defer your unused annual leave payment into retirement savings. You can defer all or a portion of your unused annual leave, up to the DCP contribution limit. Federal income will not be withheld but deductions for Social Security and Medicare will be taken. You must contact your Benefit Rep for enrollment information.

RETIREMENT CHECKLIST

Your benefits as a current employee end on the last day of the month in which you retire. To avoid a gap in your benefits, we recommend that you do the following:

- Notify your supervisor in writing of your intent to retire 30 to 90 days before your retirement date. Send a copy of the notice to Human Resources Management, AD10.

- At the same time, contact your Benefits Rep to ensure your benefit elections can be processed before your retirement date. This paperwork must be completed even if you are continuing the plan that you have as an active employee.

- Contact TRS : 1-800-223-8778; or, contact your ORP vendor and complete the HRM ORP intent to retire form.

- If you are 65 or older at the time of your retirement, and have not already done so, you have a 7-month window in which to contact the Social Security Administration (SSA) and enroll in Medicare. The enrollment window begins three months prior to your retirement and ends four months after your retirement. SSA – 1-800-772-1213

  If you turn 65 after you retire, you also have a 7-month enrollment window. This enrollment window begins three (3) months before your 65th birthday and ends four (4) months after your birthday.

  If you don't enroll at the time of your initial eligibility, you must wait for a subsequent "general enrollment period". Enrollment periods are held annually from January 1 through March 31 for coverage starting in July.

Enroll in Medicare Part B. If you do not, you must pay the portion that Medicare would have paid for Part B items. If you are under age 65 and are eligible for Medicare benefits because of a disability, the same conditions apply as if you were age 65. Without Medicare, you could incur large out-of-pocket costs.

- Contact SSA about pension benefits, which may begin as early as age 62. If you plan to retire between the ages of 62 and 65, notify the SSA as soon as your retirement date is set. If you are going to retire after age 65, call SSA at least six (6) months before your 65th birthday to register for Social Security and Medicare benefits.

- Carefully review your conversion options for life insurance and long term care insurance

- Make payment arrangements with your voluntary retirement program providers – Tax Sheltered Annuity (TSA) and/or Deferred Comp (DCP).