

Policy 704.17 – Retirement

Date Adopted: 8/6/09

Issuing Office: Administration & Finance

Date Revised:

Approved By:

References: 19-3-20-21, M.C.A.; HRS Procedures

I. POLICY

The University of Montana Western shall administer retirement programs for staff, faculty and administrators in accordance with applicable federal and state law and Montana University System policies.

II. PURPOSE

The purpose of this policy is to provide guidelines for retirement of UMW employees.

III. PROCEDURE

A. Types of Retirement Plans

1. **Staff** at the University are subject to enrollment in the Public Employees' Retirement System Defined Benefit plan (PERS DB) if scheduled to be employed for a period of at least 960 hours in a fiscal year. Employees working less than 960 hours may optionally elect to enroll in PERS by completing the Public Employees Retirement System Optional Membership Election Form. All enrollees complete a PERS enrollment card; a copy is kept on file in the employee's personnel file.

Staff who are active PERS participants on July 1, 2002 and staff newly-hired on or after July 1, 2002, if deemed eligible by MPERA, have the option to irrevocably elect either the PERS Defined Contribution plan (PERS DC) or the TIAA-CREF Defined Contribution Optional Retirement Plan (ORP). Eligible staff hired on or after July 1, 2002 have one year from their date of hire to decide. The PERS Defined Benefit (PERS DB) plan is the default retirement plan until the eligible employee elects one of the Defined Contribution Plans (DC) as an alternative. Information and irrevocable election forms are available from the Montana Public Employees Retirement System (MPERA).

2. **Administrative Officers, Faculty and other State Defined Members** that are at least half time for two consecutive semesters (six months or greater), or full time for at least one semester, are subject to enrollment in the TIAA-CREF Defined Contribution Retirement Plan (TIAA-CREF), unless they had prior participation in the Teachers' Retirement System Defined Benefit Plan (TRS DB). Prior TRS participants may elect to remain in the TRS DB plan. All TIAA-CREF and TRS enrollees complete an application form; a copy is kept on file in the employee's personnel file.

B. Contributions

The employer's share of the retirement contribution is set by statute. The employee's share of the retirement contribution is set by statute and deducted from salary and sent to the applicable retirement system where it is credited to the employee's account.

For TRS and PERS DB plans, interest is paid on the account and rates are set by the PERS and TRS Retirement boards.

For PERS DC plan and TIAA-CREF plans, account accruals are determined by investment gains and losses. All retirement plan contributions made after July 1, 1985, are tax-sheltered and deducted from gross earnings before federal or state income tax.

C. Retirement Benefits

For TRS and PERS DB plans, the monthly annuity or retirement benefit is calculated by using a formula that includes highest annual compensation and years of creditable service.

For PERS DC plan and TIAA-CREF plans, the benefit received at retirement will depend on the value of the account at retirement (based on the amount contributed, investment gains and losses, time span of investments), life expectancy, and the income option selected.

D. Termination

For TRS and PERS DB plans, employees who terminate employment prior to retirement can elect to withdraw or rollover their personal contributions plus interest or, if they have met the 5 year vesting requirement, may leave their contributions in the fund and take a retirement at a later date.

For PERS DC plan, vested employees (at least 5 years of membership service) may elect to withdraw or rollover the full value of the account (based on both employee and employer contributions) or leave the contributions in their account. Employees who are not vested can elect to withdraw or rollover the value of the account based on their personal contributions.

For TIAA-CREF plans, employees who terminate may elect to rollover or withdraw the full value of the account (based on both employee and employer contributions) or leave the contributions in their account.

Withdrawal of retirement contributions is subject to IRS regulations.

E. Application for Retirement

Employees who plan to retire should contact their respective retirement company within three to six months prior to their retirement date to complete the retirement application process. A termination letter should be forwarded to Human Resource Services as soon as a retirement date is determined. The termination notification allows for both the calculation and payment of qualified leave accruals with the last month wages of the employee and the enrollment option for retirement insurance. TRS and PERS Retirees who draw a state retirement benefit and TIAA-CREF Retirees who are age 50 with at least 5 years of service have a one time only decision to continue coverage as a retiree on a self-pay basis in the medical plan. Continuation in dental and vision plans is optional, but decision must be made at time of retirement.

IV. AUTHORITY

19-3-20-21, M.C.A.; HRS Procedures

V. RESPONSIBILITY

Vice Chancellor for Administration & Finance/Student Affairs, Associate Director of Human Resource Services