

Policies of the University of North Texas Health Science Center	Chapter 05 Human Resources
05.801 Retirement Plans and Annuities	

Policy Statement.

Purpose: To provide retirement plans and annuity programs to regular faculty and staff members within the terms, conditions, and requirements of the appropriate State laws, regulations and acts; and the rules and regulations of the Board of Regents.

Policy: Regular faculty and staff members of the health science center, are required as a condition of employment to be a member of the Teacher Retirement System of Texas.¹ An Optional Retirement Program is available for certain full-time faculty, and non-classified personnel in lieu of participating in the Teacher Retirement System.² Employees are required to participate in the Old Age and Survivors Insurance (Social Security) Program. In addition, regular faculty and staff members eligible for participation in the Teacher Retirement System or the Optional Retirement Program are eligible, as are all employees of the health science center, to purchase a supplemental Tax Sheltered Annuity Program and/or participate in the State of Texas Savers Plan.³⁻⁴

Application of Policy.

Regular Faculty and Staff

Definitions.

None

Procedures and Responsibilities.

Procedure / Duty

1. Teacher Retirement System (TRS):

- a.) This retirement program is operated through the Teacher Retirement System of Texas. Each individual participating in TRS is required to contribute a percentage of salary (including emoluments) set by legislative enactment. Appropriate payroll deductions are made monthly. The State of Texas contributes a percentage of salary (including emoluments) which is established by law and may fluctuate.

- b.) Benefits of membership in the Teacher Retirement System include:

Retirement Annuities which are calculated by a formula based on the member's age, total years of creditable service, and an average salary established by statute;

Disability benefits, should the member become totally and permanently disabled, based upon the length of service and the salary of the member;

Responsible Party

Employee/Human Resource Services Benefits

Survivor benefits beginning on the first day of employment for the member's family should the member die before retirement; and

Guaranteed return of the member's deposits with interest upon permanently terminating State employment, if the member elects or does not qualify for a retirement annuity and a refund is requested.

- c.) Each member in TRS has a vested right to a retirement annuity upon completion of 5 or more years of creditable service at an age established by statute.
- d.) Credit for Special Service may be purchased to increase retirement benefits. Credit may be purchased for withdrawn service, military service or out-of-state service in public schools or colleges. Beginning September 1, 2001 a member may purchase one year of credit for 400 hours of accumulated state sick leave that is unused as of the last day of employment before retirement. TRS members may use payroll deductions to purchase service credit for withdrawn or special service.
- e.) Member contributions to the Teacher Retirement System will be tax-sheltered.
- f.) A member employed for less than one-half time (49%) after retirement is not eligible for participation in the retirement program. Such employment after retirement will not effect their retirement benefits.
- g.) Contribution for Employed Retirees: The health science center is required to contribute, each pay period, an amount equal to the employee and employer contribution that would have been contributed had the retiree been an active contributing member. This contribution is not required for any retiree who was reported under TRS rules in effect for the month of January 2005.

2. Optional Retirement Program (ORP):

Employee/Human
Resource Services
Benefits

- a.) Full-time faculty members and certain full-time non-classified staff members are eligible to participate in the Optional Retirement Program in lieu of active membership in the Teacher Retirement System of Texas. Eligibility for participation in the Optional Retirement Program is regulated by statute. Specific guidelines have been adopted by the Coordinating Board and the University of North Texas Health Science Center and University system.⁵
- b.) The following criteria have been established by the Higher Education Coordinating Board to determine eligibility for the Optional Retirement Program: "a member of the faculty whose duties include teaching or research" shall mean: all persons

whose specific assignments are made for the purpose of conducting instruction or research as a principal activity (or activities), and who hold titles of professor, associate professor, assistant professor, instructor, lecturer, or equivalent faculty title;" "an administrator responsible for teaching and research faculty" shall mean: deans, directors, associate deans, assistant deans, chairpersons or heads of academic departments if their principal activity is planning, organizing and directing the activities of faculty as defined in subsection above; "a member of the administrative staff of the Texas Higher Education Coordinating Board" shall mean: a member of the Texas Higher Education Coordinating Board staff whose assignments would require college graduation and prior experience in higher education or experience of such kind and amounts to provide a comparable background, whose national mobility requirements are similar to those of faculty and who fills a position that is the subject of a nationwide search in the academic community;" a professional librarian, a president, a chancellor, a vice-president, a vice-chancellor" shall mean: a librarian with a degree in library science, presidents, chancellors, vice-presidents, vice-chancellors, deputy chancellors, associate and assistant vice-presidents, associate and assistant vice chancellors or the equivalent; or "other professional staff person" shall mean: administrative and professional positions that are generally and customarily recruited by advertising in national publications such as the Chronicle of Higher Education or in newsletters of national professional associations or at meetings of such associations. In addition, each administrative or professional position must be at a salary rate equivalent to the rate for faculty for the institution."

- c.) Administrative positions shall normally report to the office of a chancellor, president, vice-chancellor, vice-president or dean. Incumbents in such positions serve as director or other administrative head of a major department or budget entity. Incumbents of such positions must be responsible for the preparation and administration of the budget, policies, and programs of the department or entity.
- d.) Professional positions shall include positions in nationally recognized fields which require advanced degrees and/or specialized professional or artistic training, experience, and achievement. These would include titles such as physicians, athletic coaches, engineers, and lawyers.
- e.) Eligible faculty and staff members have a 90-day period from their date of eligibility to enroll in ORP. Failure to enroll in ORP within the 90-day period will result in permanent participation in TRS.

- f.) Contributions to the Optional Retirement Program will be made by both the employee and the State of Texas. Contribution rates are set by legislative enactments, and are based on the salary of the employee (including emoluments) and may fluctuate.
- g.) Vesting of benefits occurs after one (1) year of ORP participation in Texas.
- h.) The employee contributions to ORP shall be tax-sheltered. The State matching contribution to ORP, as with TRS, is automatically tax deferred.⁶

2 **Old Age Survivors Insurance (Social Security):**

Employee/Human
Resource Services
Benefits

- a.) Each employee of the health science center, except those specifically excludable by law, is required to participate in the Old Age and Survivors Insurance (Social Security) Program. The employee's contribution is specified by the Federal government, and an equal amount is matched by the health science center.
- b.) Any employee of the health science center desiring detailed information concerning contributions, benefits, or other information on the Social Security program should call upon the nearest Social Security Office. Federal law prohibits release of personal information to anyone but the individual concerned. Human Resource Services will assist any employee upon request.

3 **Tax-Sheltered Annuity Program (TSA):** All salaried employees are eligible to purchase a tax-sheltered annuity and thereby set aside part of their present salary, up to certain limits, without paying current income tax on that portion, pursuant to State and Federal statutes. The tax-sheltered feature defers payment of income tax until such time as the employee begins receiving payments from his/her annuity program. Participation in the TSA program is voluntary.

Employee/Human
Resource Services
Benefits

4 **Deferred Compensation Plan:** Employees of the health science center are eligible under the State of Texas Saver Plan to withhold a portion of their earnings, thereby reducing current taxable income.

Employee/Human
Resource Services
Benefits

Salary withheld is invested in fixed or variable annuities, savings and loan investment plans, or mutual funds as desired by the employee. Companies must be selected from a list approved by the Employees Retirement System. Salary withheld will be available to the employee only upon retirement, on leaving State employment, on proving financial hardship, on proving total disability, or upon death (proceeds to the employee's estate). Participation is voluntary.

- 5 **Retirement Plans and Annuities Programs Administration:** Human Resource Services is responsible for establishing the rules and regulations for administration of the health science center's retirement plans and annuity programs within the terms, conditions, and requirements of the appropriate state and federal laws, regulations and acts; and the rules and regulations of the Board of Regents. Human Resource Services/BOR

References and Cross-references.

¹ Texas Government Code, § 822

² Texas Government Code, § 830

³ Revenue Code of 1954, as amended, § 403(b) and 415; S.B.279, 61st Legislature, Regular Session, 1969.

⁴ Texas Government Code, §609 and 26 U.S.C.A. § 457.

⁵ Texas Government Code, § 821

⁶ Texas Government Code, § 830

Forms and Tools.

None

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Effective: 9/1/2006

Revised: