Carnegie Mellon Retirement Plans: Understanding Your Options

Carnegie Mellon provides a retirement program that enables its employees to save for their retirement.

Depending on the plans in which you participate, the retirement benefit you receive may be based on both University and personal salary deferral contributions and the investment earnings on such funds..

We provide two 403(b) tax-deferred annuity plans under our retirement program:

- ***Faculty and Staff Retirement Plan***
- ***Tax Deferred Annuities Plan***

Faculty and Staff Retirement Plan (University Contributions)

Most full-time faculty and staff (and part-time employees who are credited with at least 1,000 hours of service in an employment year) may participate in the Faculty and Staff Retirement Plan (FSRP).

Through the FSRP, Carnegie Mellon contributes 8% of a participant's eligible compensation (or 9.78% for those faculty/staff members on an academic year appointment from September through May) into a retirement account on your behalf. The account is in your name and you decide how to invest the money (low, medium or higher risk accounts, real estate, bonds, stocks, etc.).

You do not need to contribute any money of your own into a retirement account in order to be eligible to receive our contributions. The FSRP is intended to provide our faculty and staff with a basic retirement income.

Vesting – Owning Our Contributions

Once you complete three years of service (as defined in the FSRP) you become *vested* in the University contributions and their earnings in your account.

Vesting means that you own the funds that Carnegie Mellon has contributed on your behalf, as well as any earnings from those investments. ***If you separate from the University before you are vested, you will lose all University contributions and earnings on them.***

The three-year vesting period may be reduced or waived if, in the past five years, you performed sufficient services at another college/university and participated in a 403(b) plan while there. For this service to be recognized for vesting purposes under the FSRP, you must complete the Prior Service Credit Request (online at http://www.cmu.edu/hr/benefits/benefit_programs/forms/PriorServiceCredit.pdf) and return it to the Retirement Benefit Specialist. The University will then reach out to your former employer to verify the prior years of service.

Participants also become vested if, while employed at the University, they:

- become permanently disabled,
- turn age 65 ("normal retirement age" under the FSRP), or
- die (in which case the participant's beneficiary will receive a benefit).

Once you become vested under the FSRP, you are vested for life. If you leave the university, you will still be vested. Contact the Retirement Benefit Specialist at

412-268-3215 if you have any questions about vesting status.

Tax Deferred Annuities Plan (Your Contributions)

Only you can decide what level of income replacement will be necessary in order to have the standard of living you desire in your retirement. The University makes a Tax Deferred Annuities Plan (formerly known as a Supplemental Retirement Account) available to you so that you may save additional income toward your retirement.

You are immediately vested in your TDA, which means you own all the funds you contribute to your TDA and any earnings on them, regardless of when you separate from the University.

You may choose to contribute to either a tax-deferred or a Roth account.

- Traditional pre-tax contributions are exempt from federal taxes, thus reducing the taxes you pay in the year of contribution. However, the contributions and their earnings will be taxed as income when they are distributed.

- Roth contributions are made with post-tax dollars,. However, the contributions and their earnings are tax-free when you receive them in retirement (if you meet the distribution requirements and the funds have been in the Roth SRA for at least five years).

Enrolling in the Retirement Program

You need to be enrolled in the FSRP and the TDA in order to participate in these plans. By enrolling, you will select the carrier (TIAA CREF and/or Vanguard) and mutual funds that your University and/or personal contributions will be invested in.

See the help sheet *"Enrolling in Your Carnegie Mellon Retirement Benefits"* for detailed instructions.

You should complete the carrier enrollment form to invest your University contributions. If you participate in the TDA, you will also need to complete additional enrollment forms as well as a Salary Reduction Agreement. See the Benefits web site at http://www.cmu.edu/hr/benefits/benefit_programs/retirement/ for the forms.

Making Changes to Your Retirement Choices

You can change how much *you* contribute or how much is invested with each carrier using HR Connection's Financial Module (at http://www.cmu.edu/hr/benefits/hr_connection.html).

To start investing with a carrier for the first time or to initiate a Roth or traditional TDA with a carrier for the first time, you will need to complete the Enrollment/Application form for the carrier, and submit the forms to the Retirement Benefit Specialist.

To change which mutual funds or annuities you invest in, contact the carriers directly (http://www.cmu.edu/hr/benefits/contact_carriers.html). A representative of TIAA-CREF or Vanguard can make changes to your allocations during a One-on-One counseling session, as well.

Transfer Options

You may transfer funds among accounts in the following ways:

TIAA-CREF

- TIAA Traditional to CREF GRA (installments over 10-years)
- TIAA Traditional to Vanguard Custodial (installments over 10-years)
- Transfers are permitted between all CREF GRA options
- CREF GRA to TIAA Traditional
- CREF GRA to Vanguard Custodial

Vanguard

- Transfers are permitted between all Vanguard funds available through Carnegie Mellon
- Vaguard Custodial to TIAA GRA
- Vanguard Custodial to CREF GRA

Withdrawal Options

In addition to certain default forms of benefit payments outlined in the FSRP, you may elect to receive distributions from your accounts in the following ways:

TIAA-CREF

- TIAA Traditional lump sum (if balance is less than $2,000, withdrawal is within 120 days of separation from the University, and you are at least age 59.5)
- Cash withdrawal from TIAA Traditional GRA at separation from the University (10% immediately, remaining 90% over 9 years)
- GRA withdrawals may be taken as annuity, monthly benefit or other fixed payment.
- CREF GRA withdrawal at age 59.5 or separation from the University, whichever is later. (May be taken as monthly benefit/fixed payment [only at retirement] or lump sum.)
- 100% CREF accumulation may be rolled over to IRA at separation from the University.

Vanguard

- Vanguard withdrawal at age 59.5 or separation from the University, whichever is later. (May be taken as monthly benefit/fixed payment or lump sum.)
- 100% Vanguard accumulation may be rolled over to IRA at separation from the University.

You should contact your personal tax advisor if you are considering withdrawing funds from your accounts.