
Carnegie Mellon Retirement Plans: Understanding Your Options

Carnegie Mellon provides a retirement program that enables full-time faculty and staff (and part-time employees who work at least 1,000 hours in a year) to save for their retirement. Although 65 is the normal retirement age, our plans provide for a flexible retirement date.

The retirement benefit you receive is based on both the university and personal contributions that are made, the dividends and interests the money earns, and the type of distribution that you select at your retirement.

There are two components to the retirement program we provide, both of which are considered 403(b) investment accounts:

- ***Faculty and Staff Retirement Plan***
- ***Supplemental Retirement Accounts.***

Faculty & Staff Retirement Plan (University Contributions)

Through the Faculty and Staff Retirement Plan (FSRP), Carnegie Mellon contributes 8% of your annual salary (or 9.78% for those on a full academic year appointment) 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.)

This account is “non-contributory”, which means that you do not need to contribute any money of your own into a supplemental 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.

University contributions will begin on your benefits-eligibility date or upon turning age 21, whichever comes later.

Vesting – Owning Our Contributions

Once you complete three years of plan participation (or five years of service in which you work at least 1000 hours, whichever comes first), you become *vested*.

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 waiting period may be reduced or waived if, in the past five years, you worked at another college/university (at least 1000 hours per employment year) or received employer contributions into a 403(b) plan. (*Participation in a 401(k) plan does not reduce the vesting waiting period.*)

You should complete the “Disclosure of Prior Retirement Plan Participation” form if you have prior service that may reduce or waive the vesting waiting period. (See http://www.cmu.edu/hr/benefits/benefit_programs/forms/PriorParticipation.pdf.)

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

- become permanently disabled,
- turn age 65,
- die (the beneficiary will receive a death benefit equal to the amount accumulated in one’s university retirement accounts)

Once you become vested in the Carnegie Mellon retirement plan, you are vested for life. If you leave the university and then return to Carnegie Mellon, you will still be vested. Contact the Benefits Office at 412-268-4747 or HRhelp@andrew.cmu.edu if you have any questions about your vesting status or waiting period.

Supplemental Retirement Accounts (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 Supplemental Retirement Accounts (SRA) available to you so that you may save additional income toward your retirement.

You are *immediately* vested in your SRA, which means you own all the funds you contribute to your SRA 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 – reducing the taxes you pay this year. The impact on your take-home pay will be smaller than the amount you are contributing to the SRA. However, the contributions and their earnings will be taxed as income when they are disbursed in retirement.
- Roth contributions are made with post-tax dollars, so the impact on your take-home pay is higher now. However, the contributions *and* their earnings are tax-free when you receive them in retirement (if you meet the age requirements and have participated for at least five years).

Enrolling in the Retirement Plan

Whether or not you choose to contribute to an SRA, you need to enroll in the retirement plan. By enrolling, you will select the carrier and mutual funds that your university contributions (and/or supplemental contributions) will be invested in.

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

You will need to complete the appropriate carrier enrollment form for university contributions. If you participate in an SRA, you will need to complete additional enrollment forms as well as a Salary Reduction Agreement. See the HR web site at http://www.cmu.edu/hr/benefits/benefit_programs/retirement/ for the forms.

Making Changes to Your Retirement Enrollment

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

To change start investing with a carrier for the first time or to initiate a Roth (or traditional) SRA with a carrier for the first time, you will need to complete the Enrollment/Application form for the carrier, and submit the forms to Human Resources.

To change which mutual funds or annuities your contributions are invested 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
- Vanguard Custodial to TIAA GRA
- Vanguard Custodial to CREF GRA

Withdrawal Options

You may withdraw funds 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 university, and person is at least age 59.5)
- Cash withdrawal from TIAA Traditional GRA at separation from service (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 service, 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 service.

Vanguard

- Vanguard withdrawal at age 59.5 or separation from service, 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 service.

You should contact the Benefits Office or retirement carrier if you are considering withdrawing funds before separating from the university or reaching age 59.5 due to personal circumstances.