

Retirement Planning

Retirement is a special time in life. However, we realize it can be a stressful time also. This information has been compiled to help answer questions and assist in the retirement process. When you have specific questions, or would like to discuss retirement concerns please call us at 678-3573.

As you retire, there are several forms and papers to sign. The forms are included in this packet. Although we will go over each one with you, the following brief notes might be helpful.

Application form (for TCRS members): You may complete this on your own or we will assist you in our office. If you complete your application outside of Human Resources, please do not sign it until you return to our office. Your signature needs to be witnessed and notarized.

Insurance: If you plan to continue health and/or life insurance after retirement, you will need to complete the appropriate forms. Please read the insurance continuation information and be certain you are aware of your options.

Separation and Clearance Form: This form will be completed by your department and signed by you and the department head. At least two weeks prior to your last day, this form should be returned to Human Resources, Records Department in 178 Administration Building. The Separation and Clearance form asks for the last day physically at work. If you accrue annual leave, you will need to decide whether you want to remain on the payroll and use the balance of your leave, or receive a lump sum payment. Keep in mind that your health and life insurance and other benefits will continue to be deducted as long as you remain on the payroll. Again, we are willing to help you determine which situation may be best for you.

Retirement Information Sheet: We would like to furnish the information requested on this form to the Development Office. This will be one way to maintain contact with the University.

Please call us at 678-3573 if you have any questions or would like more information.

Sincerely,

Amanda Clarkson
Director, Employee Benefits and Safety

Thinking About Retirement?

If you are considering retirement, you probably have many questions. As you plan this new phase of your life, Human Resources is ready to assist in the areas of retirement benefits, health and life insurance continuation, and University benefits available after retirement. We hope to help smooth the transition to retirement when you make that decision. Look over the materials enclosed in this packet and keep the following points in mind as you consider your retirement options:

- Once you have a fairly firm retirement date in mind, you should contact the Benefits Office in Human Resources. We would like to talk with you briefly 4 to 5 months before you retire. This will prevent hitting any snags at the time you retire. Actual application for retirement should be made approximately 3 months prior to retirement.
 - If you are in the TN Consolidated Retirement System (TCRS), you may do your own estimate by accessing the TCRS web site at www.treasury.state.tn.us/tcrs. If you need assistance with the estimate, we will be glad to help you.
 - If you are a participant of the Optional Retirement Program (ORP) with AIG-VALIC, ING, and/or TIAA-CREF, you should request an estimate of benefits from the company(ies).
- Average final compensation for TCRS members is the average of your 60 highest consecutive months (5 years) of salary. Longevity payments and faculty summer compensation are used in calculating this average.
- Faculty members on an academic appointment usually retire at the end of the spring semester. TCRS members may begin retirement benefits immediately following a May retirement. Although retiring in May, faculty members remain on the payroll through August 31 to draw the remaining academic year salaries. Faculty members in the ORP will retire after the final employer contributions are made on August 31.
- An employee who earns annual leave may remain on the payroll and exhaust all leave prior to the retirement date or receive a lump sum payment of the leave. We will be glad to assist you in making any necessary calculation. Lump sum payments for annual leave may not be included as salary or service credit for retirement purposes.
- If you are in TCRS, which is a defined benefit plan, your accumulated sick leave balance will apply as creditable service. Each 20 days of sick leave will equal one month of retirement credit. For ORP members, sick leave will count as service credit when calculating the premium for insurance continuation.

Please call Employee Benefits at 678-3573 if you would like to make an appointment to discuss your retirement options.

TCRS: Maximizing your Benefit

As you are setting your retirement date, please consider the following factors that affect your retirement benefit. Please contact the Employee Benefits Office at 678-3573 or benefits@memphis.edu for assistance or clarification of any of the factors.

- If you retire in the middle of the year, it is usually advantageous to make your date of retirement on or before July 1. This will allow your cost of living adjustment (COLA) to begin on the first available date – July 1 of the year following retirement. The TCRS COLA is between 1% and 3%. It was 2.5% for July 1, 2007.
- Faculty members: If you teach summer school or work an extended contract on Career Ladder and the extended work will give you earnings in July, consider a date of retirement at the end of the regular school year versus the date in July. You may find that receiving a benefit from TCRS for the month of June, plus starting the first COLA payment one year sooner, will be more advantageous than the earnings for the extended contract. If you have earnings on July 1 or after, your first COLA will not start until two years following your date of retirement.
- The Social Security Integration Level (SSIL) is a factor in the TCRS benefits formula and is increased on January 1 of every year. If you retire at the end of the year, make your last day of work December 30 or before. Due to the SSIL factor, if you retire on January 1, your benefits may actually be less than if you retire on December 31. If you work into January, work the full month. Working through January will offset the loss due to the increase in the SSIL.
- If your longevity date is after June 30, consider a date of retirement on or before June 30. You will have to forfeit the longevity payment due after June 30, but you will start your COLA one year sooner. This is good for some, but may not work for others. Have your benefit estimated using June 30 and an estimate with date of retirement after you receive your longevity payment. If you elect to take the longevity payment, you will forfeit the first COLA for life. Your age, health, longevity payment, benefit amount, and the COLA amounts are all factors you will want to consider in deciding which is best for you.
- Annual leave can be taken by lump sum or you may quit work and extend the annual leave on a day by day basis until exhausted. If you take the lump sum payment, your TCRS benefit will begin the next day after you quit work. If you use the annual leave, the benefit will not begin until the day after you use the last day of leave. Depending on your circumstances, extending the leave may not be to your advantage unless you need the time to qualify for retirement, insurance, or the longevity payment.

TCRS Retirees: Health Insurance Continuation Under Age 65

Eligibility and Service Requirements

1. Must meet requirements for TCRS retirement: Age 60 with 10 years of service or 30 years of service regardless of age; age 55 with 10 years of service for early retirement.
2. To continue current health plan, must be under age 65 and drawing a TCRS benefit check.
3. *Minimum of 10 years of employment*
 - a. Enrolled in insurance plan 3 years or more immediately prior to retirement
 - b. Retirement benefits and insurance must begin immediately following termination of employment
4. *Minimum of 20 years of employment*
 - a. Enrolled in insurance plan 1 year immediately prior to retirement
 - b. Retirement benefits and insurance must begin within 5 years following termination of employment
5. After death of retiree, dependents may continue insurance if covered at the time of death; first 6 months are free. It is not based on dependent continuing to draw a joint and survivor check.

Application and Payment

1. Must apply for insurance coverage within 30 days of beginning retirement benefits; insurance may be delayed up to 5 years if retiree has at least 20 years of service and is delaying retirement benefits.
2. Application for continuation of health insurance is part of the retirement packet.
3. Premiums are based on health insurance plan enrolled in at time of retirement and years of service with the State.
4. Must remain in the same health plan at retirement but may change between the 3 plans each year during the Annual Enrollment Transfer Period (October 15 – November 15).
5. Premiums are deducted from TCRS retirement checks. If premium is more than benefit, it is paid directly to Benefits Administration.
6. If retiree moves from the service area of the HMO or POS, must change to PPO or appropriate in-state HMO or POS plan.

Retiree Health Insurance Premiums: Under Age 65

The State pays a portion of the health insurance premium based on years of service. Retirees pay 20% of the total medical premium with 30 years of service, 30% with 20 -29 years of service, and 40% with 10 – 19 years of service. Coverage remains exactly the same as it is for active employees.

Effective January 1, 2008

PPO – BlueCross BlueShield

Years of Service	Retiree Only	Spouse Only	Dependents Only	Family (Retiree and spouse/dependents)
30+	\$101.53	\$101.53	\$151.95	\$253.48
20 – 29	\$152.29	\$152.29	\$227.93	\$380.22
10 – 19	\$203.06	\$203.06	\$303.90	\$506.96

POS – CIGNA

Years of Service	Retiree Only	Spouse Only	Dependents Only	Family (Retiree and spouse/dependents)
30+	\$97.38	\$97.38	\$145.75	\$243.13
20 – 29	\$146.07	\$146.07	\$218.63	\$364.70
10 – 19	\$194.76	\$194.76	\$291.51	\$486.27

HMO – CIGNA

Years of Service	Retiree Only	Spouse Only	Dependents Only	Family (Retiree and spouse/dependents)
30+	\$96.08	\$96.08	\$143.51	\$239.59
20 – 29	\$144.12	\$144.12	\$215.26	\$359.38
10 – 19	\$192.16	\$192.16	\$287.02	\$479.18

Medicare: Insurance Continuation for Retirees/Dependents Over Age 65

Medicare is administered by Social Security Administration. It is secondary insurance while you are employed and insured through the University. When you retire, Medicare Part A and B become primary and a Medigap Policy secondary.

There are 3 parts to Medicare:

Part A	Part B	Part D
<ul style="list-style-type: none">• Hospitalization insurance• No cost to you• 2008 deductible, \$1024	<ul style="list-style-type: none">• Medical insurance that covers doctor visits, outpatient services• 2008 monthly premium: \$96.40	<ul style="list-style-type: none">• Prescription drug plan; choose between 53 different plans• Average monthly premium: \$33• 2008 standard deductible: \$275

More information regarding Medicare can be found through the following agencies:

- **Social Security Administration:** 1-800-772-1213 or www.ssa.gov; eligibility for Medicare, issue Medicare card, enroll in Part A and B
- **Medicare:** 1-800-633-4227 or www.medicare.gov; general information about Medicare, order Medicare booklets, enroll in Part D
- **State Health Insurance Assistance Program:** 1-800-525-2816; free insurance counseling services, help with choosing Medicare plans, Medigap policies, long-term health care policies, and other Medicare related questions.

Supplement to Medicare: The Tennessee Plan

There are 12 standardized Medigap Policies (Medigap Plans A through J) offered through various insurance companies. These policies are designed to supplement and pay secondary to the Medicare Part A and B plans. You can contact Medicare for more information regarding each standardized Medigap Policy.

What does the State of TN offer retirees?

The State offers one Medigap Policy called The Tennessee Plan. It is the same as the standard Medigap Policy Plan D.

Retirees and/or dependents must be age 65 or over and eligible for Medicare in order to participate. If spouse outlives the retiree, coverage may be continued, provided spouse is covered at the time of retiree's death.

Some examples of the Medicare Part A and B gaps that The Tennessee Plan covers are as follows:

- Part A deductible
- Hospital coinsurance
- Part B coinsurance
- At home recovery

For more details, please see The Tennessee Plan brochure included in this packet or online at http://www.state.tn.us/finance/ins/medsupp_brochure.pdf.

2008 Monthly Premiums

		January – May	June – December
Base Monthly Premium		\$107.00	\$107.00
Premium Reduction*		- \$50.00	- \$0.00
Adjusted Premium		\$57.00	\$107.00
	State Pays	You Pay	You Pay
30+ years of service	\$50.00	\$7.00	\$57.00
20 – 29 years of service	\$37.50	\$19.50	\$69.50
15 – 19 years of service	\$25.00	\$32.00	\$82.00
Less than 15 years of service	\$0.00	\$57.00	\$107.00
Dependents	\$0.00	\$57.00	\$107.00

** Given the positive financial position of the Medicare Supplement Fund, the State Insurance Committee approved an additional temporary premium reduction to all Medicare Supplement members of **\$50 per month**, beginning with the January premium through the premium for May of 2008.*

Insurance Continuation After Age 65

There are four parts to insurance continuation after retirement at age 65 and older. Three of the parts are offered through Medicare; the fourth part is the Medicare Supplement Insurance (Medigap Policy Plan D) offered by the State of TN.

	Medicare			State of TN Medicare Supplement		
	Part A	Part B	Part D	TN Plan*		
Coverage	Hospitalization with \$1024 deductible	Office visits, outpatient services; \$135 deductible and 20% coinsurance	Prescription drugs; must choose between 53 different plans	Some of the Medicare gaps; basic benefits, Part A deductible, skilled nursing coinsurance		
2008 Monthly Cost	Free	\$96.40	Low: \$18 High: \$98 Ave: \$32		Jan-May	June-Dec
				30+ yrs of svcs	\$7	\$57
				20-29 yrs of svcs	\$19.50	\$69.50
				15-19 yrs of svcs	\$32	\$82
				< 15 yrs of svcs	\$57	\$107
				Dependents	\$57	\$107
Premium Deducted From	Social Security check	Social Security check	Social Security check	TCRS benefit check or, if ORP, pay directly to State of TN		
Coverage Effective Date	Month turn 65	Month turn 65; however, may defer coverage until retirement; at retirement will be effective 1 st of the month following the termination of University coverage	Month turn 65; however, may defer coverage until retirement; at retirement will be effective 1 st of the month following the termination of University coverage	1 st of the month following termination of University coverage at retirement		
How to Enroll	Contact SSA: www.ssa.gov or 1-800-772-1213	Contact SSA: www.ssa.gov or 1-800-772-1213	After verifying in which company you wish to enroll, enroll through Medicare by phone, 1-800-633-4227 or online at www.medicare.gov ; may also enroll directly with chosen plan company	Complete enrollment form with Human Resources prior to last day at University		

*Same as standardized Medigap Policy Plan D and is administered by POMCO Group.

Basic Life Insurance Continuation After Retirement

The basic term life insurance is included with the health insurance as an active employee. In order to continue the life insurance at retirement, it must be converted to an individual whole life insurance policy through Ft. Dearborn Life Insurance Company. Ft. Dearborn will send a conversion notice to retirees after insurance has ended through the University. If it is not converted within 31 days after the date of the letter, the insurance will terminate.

Individual Whole Life Insurance

1. Schedule of insurance is \$20,000 to \$50,000 according to salary as active employee.
2. Minimum amount that can be converted is \$2,500. Maximum is the amount of life insurance that employee has at the time of termination of employment (see chart below).
3. Conversion rate is based on age as of last birthday at time of termination.
4. Premium is level and will not increase.
5. Builds up a cash value and has a loan feature.
6. Insurance will remain in effect for life, provided premiums are paid when due.
7. Premium is paid directly to Ft. Dearborn Life Insurance Company.
8. Insurance on dependents, if currently insured, may be converted also.
9. Call Ft. Dearborn at 1-800-778-2281 with questions or inquires on conversion of life insurance.

Basic Term Life amounts for active employees and dependents

Base Annual Salary	Under Age 65	Age 65 – 69	Age 70 – 74	Over Age 75
Less than \$15,000	\$20,000	\$13,000	\$9,000	\$6,000
\$15,000 - \$17,499	22,000	14,300	9,900	6,600
\$17,500 - \$19,999	25,000	16,250	11,250	7,500
\$20,000 - \$22,499	30,000	19,500	13,500	9,000
\$22,500 - \$24,999	33,500	21,775	15,075	10,050
\$25,000 - \$27,499	37,000	24,050	16,650	11,100
\$27,500 - \$29,999	40,500	26,325	18,225	12,150
\$30,000 - \$32,499	44,000	28,600	19,800	13,200
\$32,500 - \$34,999	47,500	30,875	21,375	14,250
\$35,000 and over	50,000	32,500	22,500	15,000
Spouse/Dependents	\$3,000 each			

Optional Life Insurance Continuation After Retirement

Retirees and/or their dependents in either the optional term or universal life program will receive a letter from UnumProvident Life Insurance Company concerning direct payment of insurance premiums. If insurance is continued, premiums will be paid directly to Unum Provident.

Optional Term Life Insurance

1. Life insurance amount will remain the same.
2. Premium will continue to increase on January 1 or the year following your change in age brackets.
3. Provides a death benefit only; there is no cash accumulation feature.
4. Insurance will terminate at age 70. A retiree has 30 days from date of insurance termination through the University to consider conversion to Universal Life.
5. Call UnumProvident at 1-866-298-7636 for your conversion options and with questions or inquires.

Optional Universal Life Insurance

1. Life insurance amount will remain the same.
2. Premium will continue at same rate, plus an additional \$1 per month.
3. Continues to build up cash value and has a loan feature.
4. Insurance will terminate at age 95. Cash value, less any debt, will be paid on the maturity date provided that the insured is living.
5. Call UnumProvident at 1-866-298-7636 for conversion options and paid-up policy features.

Permaplan

Employees who are in Permaplan will receive an option letter from UnumProvident after retirement. One of the following options may be selected:

1. Keep the amount of life insurance that has been converted to Permaplan and pay the new conversion premium.
2. Elect a paid-up life insurance policy.
3. Withdraw cash surrender value.

University of Memphis Benefits for Retired Employees

Special privileges are extended to University of Memphis retirees to encourage and facilitate their work and personal contacts with other University faculty and staff members. Retired employees shall retain their University ID cards, which will be of valuable assistance in using campus facilities and obtaining other privileges. You will need to have a new ID card made to reflect your new status as a retiree. Please take an ID Card Authorization form to the Human Resources Employment Office, 159 AD, to have the new card issued. Included in these privileges are the following:

- Use of library facilities
- University Store discounts
- Athletic discounts as outlined in Athletic Department policies
- Employees who retire with 10 or more years of University service are eligible to participate in the Staff Scholarship and Spouse/Dependent Discount programs. Subject to regular University admission requirements the Staff Scholarship program allows a retiree to enroll in up to 6 undergraduate or graduate hours per regular semester at no cost. The Spouse/Dependent discount offers a 50% tuition discount on undergraduate courses for spouse and dependent children through age 26.
- People age 60 or older or disabled may be eligible to audit classes at the University at no charge. There are very strict regulations governing this program. Please consult the Registrar's Office for additional information.
- A 10% discount is offered to people age 60 or older on Continuing Education classes costing \$26 or more. Call 678-6000 for additional information.
- Free use of campus recreation facilities by showing valid retiree ID card at the Recreation Center.
- Continued access to the University computer resources. This service, available to the retiree only, must be renewed every year.

Temporary employment after retirement

A retired employee may return to State service, without loss of benefits from TCRS, to teach up to 18 semester credit hours and/or work 120 days within a 12 month period. Compensation cannot exceed 60% of the retiree's final year's salary plus 5% compounded annually since retirement. A TCRS Temporary Employment form must be completed and returned to Human Resources to be filed with TCRS before the employment period begins. Faculty members who are participating in the Post-Retirement Program must check with their departments and complete appointment forms each semester they teach.