Office of Human Resources

Staff Retirement Incentive Program

Spring 2019
Agenda

- Welcome
- Overview of the Program
- Overview of Retirement Plans
- Retiree Benefits
- Q&A
- Retirement Process – Resources & Next Steps
- Break-out Sessions
Staff Retirement Incentive Program (SRIP)
Staff Retirement Incentive Program

Program making an incentive payment to eligible employees for retiring during a window period

Election Form must be returned to Human Resources no later than April 30, 2019

Retirement dates:
- June 30, 2019
- July 31, 2019
- August 31, 2019
Program – Eligibility

Regular full-time exempt and non-exempt non-faculty who are not under a written employment contract

Age and Service Criteria: Age as of January 1, 2019 Service as of June 30, 2019

At least age 55 with at least 15 Years of Service

At least age 62 with at least 10 Years of Service
Program – Incentive Payment

Formula

• 4% x Final Annual Salary as of July 1, 2018 x Years of Service as of June 30, 2019
• Incentive Payment not to exceed Final Annual Salary

Final Annual Salary

• Rate of annualized base salary in effect on July 1, 2018
• Includes 3-year average of tips for tipped employees

Years of Service

• Full years of continuous employment counted from “adjusted service date”

Lump Sum

• Incentive Payment will be paid in a lump sum within 30 days of employee’s date of retirement, less taxes
• This payment will be taxable income in the 2019 tax year
• Consider the tax impact on your finances

A tax advisor will be at one of the break-out sessions to discuss the impact and potential tax strategies.
## Incentive Payment - Example

<table>
<thead>
<tr>
<th>Final Annual Salary:</th>
<th>$12 \times 40 \text{ hours} \times 52 \text{ weeks} = $24,960</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years of Service:</td>
<td>24</td>
</tr>
</tbody>
</table>

### Incentive Payment:

- $4\% \times \$24,960 \times 24 = \$23,961.60$
- Maximum of one year salary
- Payment will be net of taxes:
  - Federal: 22%
  - State: 3.23%
  - County & FICA taxes
Emotional Well-being

In addition to the financial impact, consider the emotional impact the transition to retirement may have on you.

Resources for emotional well-being are available through the University’s Employee Assistance Program (EAP)

Call 888-267-8126 or visit www.lifeworks.com

More information on the EAP and Well-Being for Life is available at hr.nd.edu
University of Notre Dame Employees’ Pension Plan
Pension Plan

<table>
<thead>
<tr>
<th>Design and Eligibility</th>
<th>Payment Options</th>
<th>Commencement Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>• A defined benefit plan for non-exempt staff fully paid for by Notre Dame (employee contributions pre-1997)</td>
<td>• Monthly benefit paid by the University</td>
<td>• Employees under age 65 who choose to retire under the SRIP are not obligated to immediately commence their pension benefit</td>
</tr>
<tr>
<td>• Some exempt employees may have an accrued benefit in the Pension Plan if they were previously non-exempt</td>
<td>• Annuity options such as:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Single life annuity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Joint and survivor annuity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 10 years certain and life annuity</td>
<td></td>
</tr>
</tbody>
</table>
Pension Plan

- When an employee retires, the pension benefit is calculated using the following formula:

\[
1.45\% \times \text{Final Average Pay} \times \text{Years of Credited Service}
\]

- **Final Average Pay**: average of employee’s pay for the five consecutive highest paid calendar years out of the last 10 calendar years of plan participation
- **Credited Service**: counted in completed full years of service (minimum of 1,000 hours)
- Benefit is reduced for retirement before age 65.
Your Pension Resources (YPR)

An online pension estimate tool

Available to active pension plan participants

Run multiple estimates at eligible retirement date

Visit https://ypr.aon.com/notredame

• User name is your Notre Dame NetID (ex: jdomer)
• May need to re-register if you have not used the site recently

Help with YPR available at NDRetire or bi-weekly Benefits Assistance Sessions
University of Notre Dame 403(b) Retirement Plan
# 403(b) Plan

<table>
<thead>
<tr>
<th>Design</th>
<th>A defined contribution plan where the retirement benefit is based upon the value of investments (contributions plus or minus earnings) in an individual account</th>
</tr>
</thead>
</table>
| Eligibility | Voluntary: All employees are eligible to make voluntary deferrals  
Mandatory and University: Exempt and non-exempt staff*  
Employees contribute 5%  
Notre Dame contributes 10% |
| Administration | The 403(b) Plan is administered by Fidelity Investments  
Some employees may have historical funds invested at TIAA |
| Distributions | Benefit distribution options are based on the Funding Vehicle contract and may include a single life annuity, joint and survivor annuity, cash withdrawal and fixed period annuity |

*Some non-exempt staff may have 403(b) eligibility from 2017 Choice Program
Retiree Benefits
Flexible Spending Accounts

You will only be able to claim reimbursement for expenses incurred prior to your retirement date.

Any additional money in the account(s) will be forfeited per IRS regulations.

You must submit receipts within 90 days of your retirement date in order to be reimbursed.
## Retiree Medical – Eligibility

### Employee Eligibility
- Age 55 with 15 years of full-time service, or
- Age 62 with 10 years of full-time service, and
- Retire directly from active employment and have medical coverage at time of retirement under a Notre Dame medical insurance plan

### Spouse Eligibility
- Spouse is eligible if covered by a Notre Dame medical insurance plan at the time of employee’s retirement
- In order for spouse to be covered, the employee must also elect to participate in a plan (although you and your spouse may be in different plans)

### Medical Plans
- Under Age 65: Early Retiree Medical
- Age 65 or Over: Medicare Supplemental Plan

### Considerations
- Declining coverage at time of retirement **cannot** be reversed at a later date
- Retirees do not have access to the Wellness Center and Pharmacy
## Early Retiree Medical – 2019 Rates

<table>
<thead>
<tr>
<th></th>
<th>Anthem PPO</th>
<th>Anthem HMO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retiree Only or Spouse Only</td>
<td>$460.00</td>
<td>$479.00</td>
</tr>
<tr>
<td>Retiree and Spouse</td>
<td>$919.00</td>
<td>$960.00</td>
</tr>
<tr>
<td>Family Coverage</td>
<td>$1,380.00</td>
<td>$1,438.00</td>
</tr>
</tbody>
</table>
Retiree Medical – Medicare Eligible

- Retirees or spouses who are age 65 or older will have Medicare Parts A & B as primary medical insurance after retirement.
- Retirees begin the enrollment process for Medicare (for all plans) approximately 3 months prior to retirement.
- Medicare will require verification from ND of active medical insurance prior to retirement when you are signing up for Medicare Part B.
- Retirees age 65 or over may also elect to purchase an individual Medicare supplement plan and drug plan.
Medicare Plan Coverage

Part A
- Hospitalization coverage
- No cost to participant (if you have 40 quarters with Social Security earnings)
- Enroll at time of election for Social Security distributions

Part B
- Physician visits, lab work, procedures
- 2019 Cost: $135.50 standard monthly premium
- Coverage for most services is 80% after deductible is met

Part D
- Prescription coverage
Health Reimbursement Account

An HRA is an account funded by the employer and managed by Aon.

Medicare-eligible retirees and spouses can purchase benefits through the individual Medicare retiree plan market and will use this account to help offset the insurance premium cost.

University will contribute $750 annually for each eligible retiree and eligible spouse.

- Pro-rated based upon retirement date

Reimbursement is paid monthly in equal amounts ($62.50 per month).

- Premiums eligible for reimbursement: medical supplements, dental, and vision

Unused amount will roll over to next calendar year.

Not a taxable benefit.
Retirees are provided the services of an external benefit advisor, Aon Retiree Health Exchange

- Advisors are licensed consultants who will help retirees and spouses make decisions to select the appropriate plans
- Advisors are salaried and do not work on commission

You do not have to utilize Aon Retiree Health Exchange to receive the HRA.

- Using a consultant who is not Aon Retiree Health Exchange will require you to submit a claim annually for HRA reimbursement

A representative of the Aon Retiree Health Exchange is here today leading one of the break-out sessions
Other Retiree Benefits – Dental/Vision

• Option to continue dental and vision coverage up to 18 months through COBRA
• Retiree dental plan administered by Delta Dental is available
  – Available to retirees and spouses
  – Premiums paid directly to Delta Dental

<table>
<thead>
<tr>
<th>Plan</th>
<th>Cost/Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delta Premier – Family</td>
<td>$ 105.28</td>
</tr>
<tr>
<td>Delta Premier – Individual</td>
<td>$ 54.18</td>
</tr>
<tr>
<td>Delta Premier – Individual</td>
<td>$ 28.46</td>
</tr>
<tr>
<td>Delta Preferred – Family</td>
<td>$ 126.60</td>
</tr>
<tr>
<td>Delta Preferred – Individual</td>
<td>$ 68.81</td>
</tr>
<tr>
<td>Delta Preferred – Individual</td>
<td>$ 36.31</td>
</tr>
<tr>
<td>Eye Med Vision – Family</td>
<td>$ 27.97</td>
</tr>
<tr>
<td>Eye Med Vision – Individual</td>
<td>$ 19.09</td>
</tr>
<tr>
<td>Eye Med Vision – Individual</td>
<td>$ 10.10</td>
</tr>
</tbody>
</table>
Other Retiree Benefits

Retiree Life Insurance

- $5,000 for retiree only
- Declining coverage at time of retirement cannot be reversed at a later date
- Annual premium rate for 2019 is $226.68 / year
- Coverage for current life insurance (Base Life, Supplemental Life, Spousal Dependent, or Child Dependent) ends at retirement date
- Option to port or convert to individual policy through Securian within 30 days after retirement
- Subject to individual rates

ND Children’s Educational Benefit

- Eligible with at least 25 consecutive years of full-time service upon retirement
Other Retiree Benefits

<table>
<thead>
<tr>
<th>Retiree ID Card</th>
<th>Option to Purchase Football/Basketball/Hockey Tickets (Discount for Basketball &amp; Hockey)</th>
<th>Email Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spousal Retiree ID Card</td>
<td>Free admission to ND Athletic Events (excluding football, basketball, hockey and all tournaments)</td>
<td>Retiree Luncheons</td>
</tr>
<tr>
<td>Use of Athletic Facilities</td>
<td></td>
<td>Golf Course Discounts</td>
</tr>
<tr>
<td>Library Privileges</td>
<td>Transpo Rides</td>
<td>ND Communications</td>
</tr>
<tr>
<td>Flu Shots (Retiree &amp; Spouse)</td>
<td></td>
<td>RecSports Classes</td>
</tr>
<tr>
<td>Bookstore &amp; Varsity Shop Discount</td>
<td></td>
<td>ND Educational Benefit for Retiree and Spouse (this is a taxable benefit)</td>
</tr>
</tbody>
</table>
Questions?
Questions

When do I need to notify my department?  As soon as you know you will be retiring

What happens to my vacation?  Remaining balance paid in last pay

What does my department need to do to retire me?  Department completes Separation Form and submits to Office of Human Resources

Vacation time included on paperwork
Questions

Am I eligible to continue to work at ND after I retire?

Yes, only as a temporary staff worker after a 90 day lapse period following your date of retirement

Maximum hours can work in a plan year – 900 hours

Contact HR Talent Acquisition at (574) 631-5900

Note: 403(b) Plan participation upon rehire, including mandatory/University contributions if participant at time of retirement
Retirement Process – Resources & Next Steps
Retirement Planning

HR Planning Resources

- Review hr.nd.edu pages on retirement benefits
- Sign up for and attend an upcoming NDRetire session
  - Friday, March 15, 2:00 – 3:30pm
  - Wednesday, April 10, 2:00 – 3:30pm
  - Please register in advance by calling askHR at 631-5900 or scheduling in eNDeavor. (Search for NDRetire: an Information Session)
- Bi-weekly Benefits Assistance Sessions
  - Next Benefits Assistance Session is Monday, March 18, 3:00 to 4:00 pm in 200 Grace Hall
  - (After program is elected) Attend retirement appointment with Human Resources
Retirement Planning

### 403(b) Plan Vendors

- Schedule a counseling session with 403(b) plan vendor(s) if you have a defined contribution plan
- Retirement Planners from Fidelity Investments are on campus regularly to provide one-on-one guidance appointments
- To schedule your consultation, contact Fidelity Investments at 877-963-0242 or visit [netbenefits.com/nd](http://netbenefits.com/nd)
  - Consultations may be conducted in person or over the phone.
  - Representatives from Fidelity are here today leading one of the break-out sessions

### Your Pension Resources (YPR)

- Visit [ypr.aon.com/notredame](http://ypr.aon.com/notredame)
- Help with YPR available at NDRetire or bi-weekly Benefits Assistance Sessions
SRIP – Next Steps

Make an informed decision

**Not retiring**
No action needed!

**Retiring**
Election Form must be returned to Human Resources no later than April 30, 2019
  - Turning in Election Form is irrevocable decision

A representative from the Office of Human Resources will contact you within 2 weeks to discuss next steps and prepare for your final retirement appointment

Separation Agreement must be signed within 30 days of last active day of employment, followed by 7 calendar days to revoke by providing written notice
Break-out Sessions
You will now have the opportunity to attend 2 break-out sessions, each 45 minutes in length.
Break-out Sessions

Aon Retiree Health Exchange

- Tammi Mason Hartsworm
- Room:

Fidelity Investments

- Paul Bhe, Andy Marsh, Caroline Mason
- Room:

Tax Advisory

- Larry Lackner, CPA of Metzger, Mancini & Lackner, LLP
- Room: