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## Impact of Separation or Retirement on Benefits FAQ's for IT Staff

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The following FAQs provide important information concerning the impact of separation or retirement on your Texas A&M University System group insurance and retirement benefits. This information should be considered when evaluating your options under the Staff Voluntary Separation Program (SVSP) for employees who report to Texas A&M Information Technology.

Please note, the impacts of separation or retirement on your benefits are the same whether the separation or retirement is processed in relation to the acceptance of the SVSP program or for any other reason you may separate or retire from university employment.

### Retirement Eligibility

#### 1. Am I eligible to retire with Texas A&M University System and obtain retiree status?

Retirement status with Texas A&M University System allows you the opportunity to continue your group insurance benefits and to continue to receive the employer contribution to apply towards the cost of premiums. You are eligible to retire with Texas A&M System if you were hired before 9/1/03 and meet the following criteria:

- You are at least 55 and have at least 5 years of TRS/ORP service credit, or your age plus years of TRS/ORP service credit equals 80, or you have at least 30 years of TRS/ORP service credit, and
- You have 3 years of service with Texas A&M University System (TAMUS), and
- The A&M System is your last state employer, and
- You have an intact ORP or TRS Account, and
- If on TRS, you actively retire under TRS and draw your annuity.

You are eligible to retire with Texas A&M System if you were hired on or after 9/1/03 and meet the following criteria:

- You are at least 65 and have at least 10 years of TRS/ORP service credit, or your age plus years of TRS/ORP service credit equal at least 80, and
- You have 10 years of service with the Texas A&M University System, and
- The A&M System is your last state employer, and
- You have an intact ORP or TRS Account, and
- If on TRS, you actively retire under TRS and draw your annuity.

#### 2. Where can I get more information on Texas A&M System retirement?

System Policy 31.07 Retirement applies to retirement under the TAMU System [tamus.edu/offices/policy/policies/pdf/31-07.pdf](http://tamus.edu/offices/policy/policies/pdf/31-07.pdf). Additionally the brochure *A Look Ahead: A guide to retiring from Texas A&M System* [assets.system.tamus.edu/files/benefits/pdf/publications/AGuide.PDF](http://assets.system.tamus.edu/files/benefits/pdf/publications/AGuide.PDF) provides valuable information to understand the retirement process and eligibility rules.

### ORP Retirement Plan Considerations

#### 1. When am I eligible to retire and receive distributions under my ORP program?

ORP is a defined contribution plan, so eligibility to retire is not contingent on certain factors like under TRS. You would work directly with your ORP vendor on any retirement account distribution decisions.

You must also meet Texas A&M System retirement eligibility criteria to continue participation in the group insurance plans.

**2. Do I have to start making withdrawals from my ORP account when I separate or retire?**

You do not have to start making withdrawals from your account unless you are 70 ½ or older as set by the IRS Code. Texas A&M System retirement eligibility criteria stipulates an intact ORP account must be maintained in order to be eligible for retiree status. Therefore, please make sure that you have officially retired with Texas A&M System BEFORE taking action to roll your ORP account into an IRA or other investment account as it may impact your ability to gain retiree status at a future date if you delay your retirement following separation.

**3. What do I need to do to start the retirement process with ORP?**

You will work directly with your ORP vendor to discuss retirement distribution options. During your Retirement Counseling meeting with Benefit Services or upon separation from employment, you will complete the ORP Notification of Change in Employment Form HR15 at [assets.system.tamus.edu/files/benefits/pdf/publications/forms/15.pdf](https://assets.system.tamus.edu/files/benefits/pdf/publications/forms/15.pdf) that will notify your vendor of your retirement or separation date. The form will be verified by Payroll Services after your final paycheck is processed and will be forwarded to your retirement vendor(s) to allow your account funds to be accessed.

**4. What do I need to do to start the retirement process with Texas A&M University?**

Once you have decided to retire from Texas A&M, contact Benefit Services at 979-862-1718 to make arrangements for a retirement counseling meeting. During the retirement processing meeting you will complete the required Texas A&M retiree forms to establish your retiree benefits.

## TRS Retirement Plan Considerations

**1. When am I eligible to retire under TRS?**

Several factors determine retirement eligibility under TRS including the date of initial membership, age at time of retirement and number of years of service credit. TRS defines normal age and early age retirement eligibility criteria based on six distinct TIERS of membership. You may reference the TRS handbook to obtain your membership TIER which determines specific eligibility rules. TIER information is available starting on page 30. [trs.texas.gov/TRS%20Documents/benefits\\_handbook.pdf](https://trs.texas.gov/TRS%20Documents/benefits_handbook.pdf)

**2. If I don't meet normal age retirement eligibility for an unreduced annuity, can I still retire under TRS?**

You may be eligible to retire under TRS with Early Age Retirement if you meet the criteria listed for your specific TIER. If you choose to not retire at time of separation, you may be eligible to retire under TRS in the future once you meet retirement eligibility and apply to gain Texas A&M System retiree status in the future by contacting Benefit Services upon your TRS retirement. You must leave your account intact with TRS to be eligible to retire from Texas A&M University System.

**3. What do I need to do to start the retirement process with TRS?**

To get started, complete the online Request for Estimate of Retirement Benefits with TRS form, or mail/fax the completed TRS18 form [trs.texas.gov/TRS%20Documents/form\\_18.pdf](https://trs.texas.gov/TRS%20Documents/form_18.pdf). You will receive your packet from TRS within approximately 30 days.

**4. What do I need to do to start the retirement process with Texas A&M University?**

Once you receive your TRS packet, contact Benefit Services at 979-862-1718 to make arrangements for a retirement counseling meeting. During the retirement processing meeting you will complete the required Texas A&M retiree forms to establish your retiree benefits.

**5. Can I retire under Texas A&M System now and wait to retire under TRS?**

No, you cannot retire under Texas A&M System without first retiring from TRS. In order to be eligible for Texas A&M System retiree status, maintain enrollment in the group insurance plan and receive the University contribution towards premiums, the University is required to get confirmation of your TRS retirement.

**6. I am a TRS member, but I do not want to actively retire under TRS now, what are my options?**

If you do not actively retire under TRS, then you cannot have Texas A&M System retiree status and will not be eligible to continue the group insurance plans. You will be offered a COBRA continuation policy for your health, dental or vision coverages. If you maintain an intact TRS account, you would have the ability to gain retiree status at a later date once you retire under TRS. Individuals who return to retire under Texas A&M System will have to satisfy the 90-day waiting period for the employer contribution and must make the request to retire within 60 days of meeting retirement eligibility or during a future annual enrollment period.

**7. Can I cash in my sick leave to buy a year of service?**

If you have at least 50 days or 400 hours of accumulated sick leave on your last day of employment, you may purchase one year of service credit through TRS. You must already be eligible to retire and cannot use the year purchased from sick leave to reach retirement eligibility. The cost to purchase the year is the actuarial present value of the increased standard annuity benefit resulting from the additional year. Employees should contact TRS directly at 1-800-223-8778 to request a bill and discuss steps to verify and purchase the eligible service credit. Use the TRS website to get an estimate of cost to purchase: [trs.texas.gov/Pages/active\\_member\\_sick\\_personal\\_leave\\_calculator.aspx](https://trs.texas.gov/Pages/active_member_sick_personal_leave_calculator.aspx)

**8. If I decide to retire at time of separation, will my FY18 salary be considered one of my highest salaries for the TRS annuity calculation?**

TRS uses actual wages earned and reported through the payroll process as creditable compensation and not an “annualized” salary to determine the highest salary amounts to use for the annuity payment formula. Therefore, because you will not have creditable compensation for the full academic year, your FY18 salary will not be one of the highest average salaries used by TRS.

**9. I will be retiring under TRS, are there any other considerations I need to be aware of?**

Please be aware that if you participate in the Teacher Retirement System (TRS), it can take approximately two months to receive your first annuity payment. Texas A&M University provides the final report of earnings at the end of the month in which your last paycheck was received. All earnings must be reported to TRS before the retirement can be certified and the TRS paperwork processed. You are encouraged to plan for this time delay.

*Example between difference of selecting September 29 or October 1 as your separation date for TRS members:*

<b>Last Day on Payroll/TAMU Retirement date</b>	September 29, 2017	October 1, 2017
<b>Official (TRS) Retirement Date</b>	September 30, 2017	October 31
<b>Payroll Final Processing</b>	October	November
<b>TRS 7 Form sent to TRS</b>	November 10	December 10
<b>First Annuity Check</b>	November 30	December 31

## Voluntary Retirement Plans

### 1. I have a voluntary retirement account through Texas A&M, what are my options for the account (TDA and/or TexaSaver DCP)?

You may leave your account invested for retirement, but no further contributions can be made since you will no longer be employed by Texas A&M. You may roll your account balance into a similar tax deferred plan without penalty. You may withdraw your funds, but you will pay a 10% penalty tax on your TDA distribution unless you are disabled, you reached age 59 ½, you retire at age 55 or older, or you take an annuity at any age. The TexaSaver DCP does not have an early withdrawal penalty. If you begin working again for Texas A&M, you may contribute again to the Voluntary Retirement Programs provided you have not met the IRS calendar year maximum.

## Insurance Coverage as Retiree

### 1. What changes occur to my benefit coverage when I retire?

Once you meet retiree status, you will be eligible for the same Health, Dental, and Vision plans as you were eligible for as an active employee. In addition, you may have the option to move to the 65+ Plan which has a lower maximum out of pocket if you and all covered dependents are enrolled in Medicare as your primary payer. Retirees are no longer eligible to participate in the Flexible Spending Accounts or in Long Term Disability. Additionally, maximum levels of Optional Life and Accidental Death & Dismemberment coverage become enforceable. Impacts on your specific coverage will be reviewed during your retirement counseling meeting with Benefit Services.

### 2. Once I am retired, how do I pay my monthly premiums?

Since you will no longer be receiving paychecks from Texas A&M (any retirement funds are paid directly from the retirement account), you will pay your retiree insurance premiums via a monthly bank draft or through a semi-annual or annual billing option. Retirees and active employees pay premiums on a different schedule, so even if you return to a working status, as a retiree you will remain on the retiree billing system.

## Medicare & Medicare Coordination

### 1. If I retire, do I have to sign up for Medicare?

If you are 65 or older and retire with Texas A&M System, you will need to enroll in Medicare Part A and Part B. This is true even if you return to a working retiree status. Medicare Part A is free hospitalization coverage and Part B is physician services and outpatient services. Medicare Part B requires a monthly premium and will be your primary payer if you are no longer working in an otherwise benefits-eligible position within the Texas A&M University System. Medicare enrollment may be completed in person at the local office or online at [medicare.gov](http://medicare.gov).

### 2. Must I enroll in Medicare even if I am not eligible for full Social Security or choose not to file for Social Security at this time?

Yes, you should enroll in Medicare Part A and Part B if you are not eligible for full Social Security until a later age or decide to defer your application for Social Security. You must enroll in Medicare Part A and Part B when you reach 65 or when you retire. If you are not 65 at the time of retirement, then you will need to enroll when you reach age 65. You will receive a letter from Texas A&M reminding you of your Medicare eligibility and the importance of enrollment. The Texas A&M insurance plan will become secondary to Medicare during retirement when you are no longer working in an otherwise benefits-eligible position within Texas A&M University System.

**3. How do I sign up for Medicare and will I have a late penalty if I am over 65 and did not sign up when originally eligible?**

Medicare Part A typically comes automatically when you reach age 65. Medicare Part B requires active enrollment through the Social Security Office. Please note: If you were actively employed and covered under our group health insurance plan, you will not be penalized for late enrollment after age 65 as long as you enroll as soon as your employment ends at time of separation. A verification form needs to be completed by Benefit Services to verify and certify your employment and benefit coverage records.  
[medicare.gov](http://medicare.gov)

Local Social Security Office:  
866-568-9428  
2120 W Briargate Drive, Bryan, TX 77802

**4. Why is it important that I enroll in Medicare?**

It's important to enroll for two reasons, first the Texas A&M System insurance plan becomes secondary to Medicare, so if you do not enroll in Medicare, you will be responsible for the portion of the medical bills that Medicare would have paid. This increases your out-of-pocket costs. Second, Medicare will add a penalty charge on your monthly Part B premium if you do not enroll when you retire. This penalty will remain for the duration you are enrolled in Medicare.

**5. Now that I am enrolling in Medicare, will my TAMUS insurance premiums reduce?**

There is no reduction in the monthly insurance premium, however, if you and your covered dependents are all enrolled in Medicare, you have the additional option to move to the A&M Care 65+ plan which has a lower monthly premium and a lower out of pocket maximum. More information on the 65+ Plan option is available online: [tamus.edu/business/benefits-administration/employee/retiree-benefits/health](http://tamus.edu/business/benefits-administration/employee/retiree-benefits/health)

**6. How much is my Medicare Part B premium?**

The cost of Medicare Part B is based on a number of factors. You may obtain more information on Medicare costs from the website: [medicare.gov/your-medicare-costs/costs-at-a-glance/costs-at-a-glance.html#collapse-4809](http://medicare.gov/your-medicare-costs/costs-at-a-glance/costs-at-a-glance.html#collapse-4809)

**7. I may decide to work with the Texas A&M University System as a working retiree, how would this decision impact Medicare coordination and eligibility for the 65+ plan?**

You will not be eligible for the 65+ plan if you are working in a position that would otherwise be considered benefits-eligible. Benefit eligibility is satisfied for positions that are for 4.5 months at 50% effort or more. During months you are employed in a benefit-eligible position, your Texas A&M insurance plan will be primary and you would not be eligible for the 65+ Plan. If your position is not otherwise benefits eligible (4.5 month at 50% effort or more), Medicare will remain primary and you would be eligible for the 65+ Plan.

**8. Do I need to also enroll in Medicare Part D?**

If you remain enrolled in the Texas A&M System health plan, you do not need to enroll in Medicare Part D which is the prescription services part of Medicare. Our plans have full prescription coverage. Medicare Part D and private/group employer insurance plans do not coordinate. In addition, Medicare Part D has an extra monthly premium, but you will receive no premium credit towards your current health insurance premiums.

**9. Where can I get more information on Medicare Coordination and my insurance plan**

A specific Medicare Information webpage [tamus.edu/business/benefits-administration/employee/retiree-benefits/medicare-information](http://tamus.edu/business/benefits-administration/employee/retiree-benefits/medicare-information) provides detailed information including coordination of benefits with Texas A&M System policies.

## Leave Information

### 1. What happens to my accrued vacation leave balance?

If you are in a vacation leave eligible position or were previously in a vacation leave eligible position and your leave was frozen, then any accumulated vacation leave will be paid out as a lump sum after your separation from employment or retirement is processed and final paycheck received.

### 2. Do I have the option to roll over my lump sum vacation leave payment to a tax-deferred investment?

You may have the option to tax defer a portion of your lump sum payment if you have an active TDA or DCP account and have not yet reached the IRS established calendar year maximums. Rolling your vacation lump sum (or a portion) into a tax-deferred investment account may allow you to limit your current tax liability. TDA accounts have an annual maximum contribution as established by IRS Code, so you will need to make sure you are within the limits. To roll all or part of your payment, you will complete the TDA Salary Reduction Agreement/Change of Vendor Form HR17

[assets.system.tamus.edu/files/benefits/pdf/publications/forms/17.pdf](https://assets.system.tamus.edu/files/benefits/pdf/publications/forms/17.pdf) (section A select option 3, section B indicate amount or % in the last option) to be returned to the Payroll Office with the lump sum payment request processed by your department.

If you wish to defer your vacation payment into a Deferred Compensation Plan (DCP) you will first need to establish an account with Texa\$aver by contacting 1-800-634-5091. Work with you department HR Liaison to notify Payroll Services of the intent to defer when the lump sum payment is processed.

Additional information, including the Maximum Contribution Limits for TDA & DCP along with vendor contact information and an explanation of how the lump sum deferral will be processed, is included on the website [employees.tamu.edu/benefits/leave/vacation-lump-sum-tax-deferral-information/](https://employees.tamu.edu/benefits/leave/vacation-lump-sum-tax-deferral-information/).

### 3. What happens to my Sick Leave?

Sick leave is not paid out at separation or retirement. You have the option to donate your sick leave balance to the [Sick Leave Pool](#) or possibly as a [sick leave direct donation](#) to another coworker (some tax implications may occur for a direct donation). Sick leave not donated will expire. If you are re-employed in a leave eligible position within the same year as your separation, there may be some additional options available for your leave to be restored.

## Returning to Work

### 1. Can I return to work with Texas A&M if I separate through the SVSP?

Yes, if you choose to separate through the SVSP, you may return to work as a working retiree of Texas A&M System (reference question #2) or a regular employee (if you did not officially retire). All hiring practices would apply.

### 2. Where can I get more information on Retirement and Employment After Retirement?

[System Policy 31.07.01](#) applies to employees who retire under Texas A&M University System. Additionally, TRS has a guide for TRS members who return to work [trs.texas.gov/TRS%20Documents/employment\\_after\\_retirement.pdf](https://trs.texas.gov/TRS%20Documents/employment_after_retirement.pdf)

### 3. I am a TRS member and plan to retire under TRS upon separation, can I negotiate reemployment with Texas A&M or another TRS covered employer?

TRS has very specific rules surrounding employment after retirement. Individuals who retire under early-age eligibility rules cannot negotiate or discuss reemployment during the required full calendar month break in service without revoking their TRS retirement. TRS members who plan to retire and consider employment after retirement are strongly encouraged to read the TRS document Employment After Retirement: [trs.texas.gov/TRS%20Documents/employment\\_after\\_retirement.pdf](https://trs.texas.gov/TRS%20Documents/employment_after_retirement.pdf)

**4. If I return to work, can I get my sick leave restored?**

[System Regulation 31.03.02 Sick Leave](#) stipulates when sick leave may be restored. If you do not donate your sick leave, it can be restored if you are rehired within 12 months of your last working day and rehired by a different System component or State agency. If rehired by the same System component, then you must also have at least a 30-calendar day break in service. If you did not have a break in service (example retired and then rehired the next day), then the sick leave balance will remain intact.

**5. What happens to my leave and benefits if I separate with Texas A&M during the SVSP, but am immediately rehired into another position without a break in service?**

If you are rehired with no break in service into a benefit-eligible position, you will be able to continue your current benefits with no break or interruption of coverage. Please be aware that if you have a change in percent effort, that could impact the amount of your State contribution to insurance premiums. If you are rehired into a position that is not considered benefit eligible, your current coverage will end the last day of the month of your separation and COBRA continuation will be offered for any health, dental and vision coverage.

In addition, if there is no break in service and you will be rehired into a leave eligible position, then your vacation leave will not be paid out and will remain available for use along with your sick leave balance. If you move to a non-leave eligible position, then your vacation leave will be paid out and your sick leave may be donated or will lapse.

**6. If I retire with Texas A&M System and am rehired, can I contribute to ORP or TRS again?**

No, once in a retiree status, you will no longer be eligible to contribute to TRS or ORP under Texas A&M or any other covered State agency or institute of higher education. You will not have retirement deductions from your paychecks or receive retirement contributions from the State.

**7. If I retire with Texas A&M System and am rehired, can I participate and contribute to a TDA account?**

Yes, you can participate and contribute to the voluntary TDA retirement plan. Remember there are no matching State contributions to this plan.

**8. I am retiring under TRS and wish to be a working retiree, what return to work restrictions apply to me?**

Any return to work arrangements must be made within your employing department. However, please keep in mind the TRS work restrictions require at least a full calendar month break in service from the date TRS processes your retirement (last day of the month you actively worked). For example, if you retire on September 15 from Texas A&M, TRS will consider your retirement date as September 30 and the earliest you can begin re-employment is November 1. If the break in service is not satisfied, TRS will revoke the retirement. PLEASE NOTE: TRS retirees that are considered early-age retirees are prohibited from **NEGOTIATING** return-to-work with a TRS covered employer until they have satisfied the required waiting period.

TRS also restricts the amount of time worked for TRS working retirees to an equivalent of 50%. If these work restrictions are exceeded, your TRS annuity payment will be forfeited and TRS will impose a TRS surcharge to the employer.

**9. I am retiring under ORP and wish to be a working retiree, what return to work restrictions applies to me?**

Any return to work arrangements must be made within your employing department. There are no additional restrictions imposed on ORP working retirees.

## Delaying Retirement Status at Separation

**1. What if separate my employment with Texas A&M during the SVSP deciding to no longer work with Texas A&M System, but decide not to actually retire now?**

If you separate employment, but do not officially retire, then you will not be eligible to continue the group insurance plans. You will be able to apply for COBRA continuation of health, dental, and vision benefits. You may qualify for retiree status in the future with Texas A&M System if you meet certain eligibility such as having an intact TRS/ORP account and TAMUS is your last state employer.

**2. What if I separate with Texas A&M during the SVSP, but I'm immediately rehired without a break in service?**

If you are rehired with no break in service, then provided that the new position is benefits eligible, you will be able to continue your benefits with no break. Please be aware that if you have a change in percent effort, that could impact the amount of your State contribution to insurance premiums.

In addition, if there is no break in service and you will be re-employed in a leave accruing position, then your annual leave will not be paid out and will remain available for use along with your sick leave balance. If you move to a non-leave accruing position, then your vacation leave will be paid out as covered in the previous section.

## More Information

**1. I need more information, what are some good resources and who should I contact?**

Additional important information including contact data is included below:

- Texas A&M University Benefit Services Office: 979-862-1718 or [benefits@tamu.edu](mailto:benefits@tamu.edu)
- TRS: 1-800-223-8778 or [trs.state.tx.us/](http://trs.state.tx.us/)
- Social Security Administration: 1-800-772-1213 or [ssa.gov](http://ssa.gov)
- Medicare: [medicare.gov](http://medicare.gov)