

HEALTH SCIENCE CENTER HANDBOOK OF OPERATING PROCEDURES

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|---------------------|----------------------------|-----------------|------------------------------------|
| Chapter 4 | General Personnel Policies | Effective: | November 2000 |
| Section 4.8 | Benefits | Revised: | September 2005 |
| Policy 4.8.2 | Retirement Program | Responsibility: | Vice President for Human Resources |

RETIREMENT PROGRAM

Overview

Eligible employees have access to or are covered by certain retirement plans as an employee of The University of Texas System. For detailed information including programs and eligibility, please see <http://www.utsystem.edu/benefits/retirement/>.

Mandatory Retirement Plans

Retirement plans include:

1. Teacher Retirement System (TRS);
2. Optional Retirement Program (ORP),

TRS is a defined benefit retirement plan governed by *Internal Revenue Code*, Section 401(a). All eligible employees of The University of Texas System are automatically enrolled in TRS on their first day of employment. Retirement benefits are based on legislatively determined formulas. Employees are vested after five (5) years of service with a right to a retirement benefit. There are also disability and death and survivor benefits available to TRS members.

The ORP may be chosen by certain employees in lieu of TRS based on the job they perform. This plan is a defined contribution plan governed by *Internal Revenue Code*, Section 403(b). Benefits are based on the performance of the investments selected and are controlled by the employee. Employees are vested after one (1) year and one (1) day of participation with a right to both employee and employer contributions. The ORP plan has a greater degree of portability than TRS for the employee.

Supplemental Retirement Savings Plan

The University of Texas offers the UTSaver Supplemental Retirement Savings Program which include:

1. UTSaver Tax-Sheltered Annuity Plan (403(b)); and
 2. UTSaver Deferred Compensation Plan (457(b)).
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These plans allow employees to tax-defer additional income for retirement, through pre-tax contributions. The plans do not include an employer contribution. Participants reduce their taxable income by making pre-tax contributions from their paycheck to invest in a fixed or variable annuities or mutual funds with an authorized company. As investments grow, the earnings are tax-deferred until the money is withdrawn, presumably at retirement when income tax rates are generally lower.
