



Policy Number and Chapter: 05.031 Human Resources

Policy Title: Retirement

Policy Statement. The University of North Texas recognizes the importance of saving for retirement and is committed to assisting eligible employees with retirement planning and saving.

Application of Policy. Regular Faculty and Staff.

Definitions.

1. **Contribution(s).** “Contribution(s)” means a monetary payment to a retirement plan.
2. **Creditable Service.** “Creditable Service” means a retirement credit for time worked.
3. **Defined Benefit Pension Plan.** “Defined Benefit Pension Plan” means a type of retirement plan in which an employer/sponsor promises a specified pension payment, lump-sum, or combination thereof on retirement that is predetermined by a formula based on the employee's earnings history, tenure of service, and age, rather than depending directly on individual investment returns. Teachers Retirement System of Texas (TRS) is a Defined Benefit Pension Plan.
4. **Defined Contribution Plan.** “Defined Contribution Plan” (DC) means a type of retirement plan in which the employer, employee, or both make contributions on a regular basis. Individual accounts are set up for participants, and benefits are based on the amounts credited to these accounts (through employee contributions and, if applicable, employer contributions) plus any investment earnings on the money in the account. Optional Retirement Plan (ORP) is a Defined Contribution Plan.
5. **Emoluments.** “Emoluments” means cash or non-cash gain from employment or position (e.g., housing allowance, longevity pay, hazardous duty pay, etc.).
6. **ORP Eligible Positions.** “ORP Eligible Positions” means positions defined by the Texas Higher Education Coordinating Board as eligible to participate in the ORP plan. Those positions include:
 - a. A member of the faculty whose specific assignments are made for the purpose of conducting instruction or research as a principal activity (or activities), and who holds title of professor, associate professor, assistant professor, instructor, lecturer, or an equivalent faculty title, including “visiting professor” if the position is at least one full semester in duration;
 - b. Counselors. The eligibility of counselors shall be determined as follows:

- i. Faculty. If the institution has established policies that consider and treat counselors in the same manner as faculty in such areas as, for example, employment contracts, oversight, and work schedules, then ORP eligibility for a counselor position shall be determined under the same requirements as a faculty position, except that the principal activity shall be counseling rather than teaching and/or research, and the title shall be counselor rather than the faculty titles listed in that category.
 - ii. Staff. If the institution has established policies that consider and treat counselors in the same manner as staff rather than faculty, in such areas as, for example, employment contracts, oversight, and work schedules, then ORP eligibility for a counselor position shall not be determined under the faculty category. Depending on the duties and required qualifications, a counselor who is considered staff rather than faculty may meet the criteria for one of the non-faculty ORP-eligible positions
- c. An administrator responsible for teaching and research faculty, who holds the title of dean, director, associate dean, assistant dean, department chair, or head of an academic department, and whose principal activity is planning, organizing and directing the activities of faculty;
 - d. A professional librarian, a president, a chancellor, a vice-president, a vice chancellor, deputy chancellor, provost, executive vice president, associate and assistant vice-president, associate and assistant vice chancellor or the equivalent; or
 - e. Other administrative or professional positions that are generally and customarily recruited for by advertising in national publications such as the Chronicle of Higher Education or in newsletters or websites of national professional associations or at meetings of such associations.
 - i. The other administrative or professional positions shall usually report to the office of a chancellor, president, vice chancellor, vice-president, dean, or equivalent. Staff in such positions serve as director or other administrative head of a major department or budget entity. Staff in such positions must be responsible for the preparation and administration of the budget, policies, and programs of the major department or budget entity.
 - ii. Professional positions refers to positions in nationally recognized fields which require advanced degrees and/or specialized professional

training, experience, and achievement. These would include, but are not necessarily limited to, titles such as physician, athletic coach, engineer, architect, and attorney.

- f. An employee who meets the qualifications of a “professional” or a “librarian” is not eligible to elect ORP as a professional or librarian unless the position requires the professional or librarian qualifications, respectively, as a principal activity. For example, an attorney who fills a position that does not require that the position be filled by an attorney shall not be considered ORP-eligible based solely on the fact that the person is an attorney.
7. Regular Faculty and Staff. “Regular Faculty and Staff” means an employee who is scheduled to work at least twenty (20) hours per week for a period of at least four and one-half (4 ½) months and is not employed in a position for which the employee is required to be a student as a condition of the employment.
8. Savings Plans. “Savings Plans” means a type of financial account for holding savings and investment assets.
9. Vested (TRS). “Vested (TRS)” means a member who has attained five years of retirement service credit. This entitles them to retirement annuity benefits upon meeting the applicable age.
10. Vested (ORP). “Vested (ORP)” means an employee who is vested and gains the employer contribution after one year and one day of ORP participation.

Procedures and Responsibilities.

Participation in a retirement plan is mandatory for all Regular Faculty and Staff, in either the Teachers Retirement System of Texas (TRS) plan or the UNT System Optional Retirement Plan (ORP). In addition, employees are eligible to voluntarily participate in 403(b) and 457(b) voluntary retirement savings plans.

I. Mandatory Participation:

A. Teacher Retirement System (TRS).

1. The TRS plan is a Defined Benefit Pension Plan which provides a lifetime annuity upon retirement under the plan. The annuity amount is based on a formula that includes salary, years of service, and age at time of retirement. The plan also includes disability and survivor benefits.
2. Enrollment is automatic as of the first day of employment for Regular Faculty and Staff members. TRS participants are subject to all terms, conditions, and requirements set forth by State and Federal law.

3. Each TRS participant is required to contribute a percentage of salary (including Emoluments) as set by State law. Contributions are assessed on a pre-tax basis.
4. The employer will contribute a percentage to the TRS fund, which does not become part of the employee's retirement account.
5. If a TRS participant becomes non-benefits-eligible during a fiscal year and has already earned TRS credit for that year, the employee must continue to have TRS Contributions withheld from the employee's paychecks for the remainder of the fiscal year.
6. Each TRS member has a vested right to a retirement annuity upon completion of five (5) or more years of Creditable Service when all other eligibility rules are met. If the TRS member has not vested at the time of termination, Contributions can be rolled over into an eligible account, withdrawn, or remain in the account without earning additional interest.

B. Optional Retirement Plan (ORP).

1. Only Regular Faculty and Staff members who meet the criteria set forth by the Texas Higher Education Coordinating Board are eligible to participate in the ORP plan.
2. The ORP plan is a Defined Contribution Plan which provides various income options upon retirement under the plan. The plan allows participants to invest retirement monies in various funds available through UNT System-approved vendors. Benefits are based on the account's market value at the time of retirement.
3. Each ORP participant is required to contribute a percentage of salary (including Emoluments) as set by State law. The employer will contribute a percentage of salary to the employee's account as set by state law. Contributions are assessed on a pre-tax basis.
4. Employees who are eligible for ORP have a ninety (90) day election period window in which to choose whether to participate in TRS or ORP. The ninety (90) day window begins the first day the employee is hired into an ORP Eligible Position. The plan that is in place (TRS or ORP) following the ninetieth (90th) day typically remains in place throughout the remainder of the employee's State of Texas higher education employment.
5. Election of ORP is effective the first of the following month after election signature date or the next available payroll, whichever is earlier.

6. Vesting in ORP occurs after one (1) year of participation in the plan.
 7. ORP participants are subject to all terms, conditions, and requirements set forth by State and Federal law.
- C. Old-Age, Survivors, and Disability Insurance (Social Security). Each employee of the University of North Texas, except those specifically excludable by law, is required to participate in the Old-Age, Survivors, and Disability Insurance (Social Security) Program. The employee's Contribution is specified by the Federal government, and an equal amount is matched by the employer.

II. **Voluntary Savings and Retirement Plans.**

A. 403(b) Voluntary Savings Plans.

An employee may elect to set aside a portion of their salary to purchase tax sheltered annuities, mutual funds, or other eligible tax deferred supplements. Contributions are deducted from the employee's paycheck, pre-tax, and directed to the UNT System-approved vendor chosen by the employee. Distributions are not allowed except under the following circumstances in accordance with plan rules:

- a. termination of state employment,
- b. retirement,
- c. disability,
- d. death,
- e. attainment of age 59 ½,
- f. certain hardship withdrawals, or
- g. loans where available.

B. 457 Voluntary Savings Plans.

1. 457 Pre-Tax Savings Plan. An employee may elect to set aside a portion of their salary to purchase tax sheltered annuities, mutual funds, or other eligible tax deferred supplements. Contributions are deducted from the employee's paycheck pre-tax. Distributions are not allowed except under the following circumstances in accordance with plan rules:

- a. termination of state employment (distributions are not available until 51 days after the employee has terminated),
- b. retirement,
- c. disability,
- d. death,
- e. attainment of age 59 ½,
- f. certain hardship withdrawals, or
- g. loans where available.

2. 457 Roth After-Tax Savings Plan. An employee may elect to set aside a portion of their salary to purchase annuities, mutual funds, or other eligible supplements. Contributions are deducted from the employee’s paycheck after-tax. Distributions are not allowed except under the following circumstances in accordance with plan rules:
 - a. termination of state employment,
 - b. retirement,
 - c. disability,
 - d. death,
 - e. attainment of age 59 ½,
 - f. certain hardship withdrawals, or
 - g. loans where available.

III. Retiring Under TRS or ORP

A retiree’s retirement annuity options and benefits will vary depending on the retiree’s retirement program, e.g. the Teacher Retirement System of Texas or the UNT System Optional Retirement Program. Employees considering retirement should discuss their plans and options with a staff member from the Benefits section of the Human Resources Department. A retiring employee should arrange to meet with a staff member from the Benefits section of the Human Resources department for a retirement exit meeting at least two months prior to the employee’s retirement date.

References and Cross-references.

- Texas Government Code, Chapter 609, Subchapter D
- Texas Government Code, Chapter 822-825
- Texas Government Code, Chapters 830
- Internal Revenue Code 403(b)
- Internal Revenue Code 457
- Regents Rule 04.1000, Retirement and Deferred Compensation Plans

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