

Clerical, Office and Technical Staff Maintenance, Grounds and Services Staff Retirement Plan Overview

May 9, 2013

This presentation is a summary of the major provisions of the Plans. This summary is intended to provide an accurate outline of the provisions of the Plans as amended to date. If, however, there are any discrepancies between this summary and the provisions of the Plan documents, the Plan documents will be controlling. All Plans referenced in this summary are subject to change. Copies of the Plan documents are available in the Human Resources Office.

Create A Plan

1. Where do you want to be?
2. How much time do you have to get there?
3. Where are you now?
4. What vehicles give you a chance to get there on time?

Quick Quiz

- ▶ What is the average life expectancy in the US?

77.6 years

Quick Quiz

- ▶ How much does a couple retiring today at age 65 need in savings to cover their health care expenses, including insurance premiums and out-of-pocket costs, assuming that they do not have any employer-provided retiree health care?

Fidelity estimates \$240,000

Today's Agenda

- ▶ How Much Do I Need?
- ▶ Supplemental Retirement Plan
- ▶ GVSU COT & MGS Retirement Plan B (DC)
- ▶ GVSU COT & MGS Retirement Plan A (Pension)

How Much Do I Need?

Saving To Versus Through Retirement

	To Retirement	Through Retirement
Total needs	85%	15.9 times pay
Social Security	29%	4.9 times pay
Private needs	56%	11.0 times pay



“To” retirement is the percentage of preretirement income a person needs in the year of retirement to maintain their standard of living in that year.

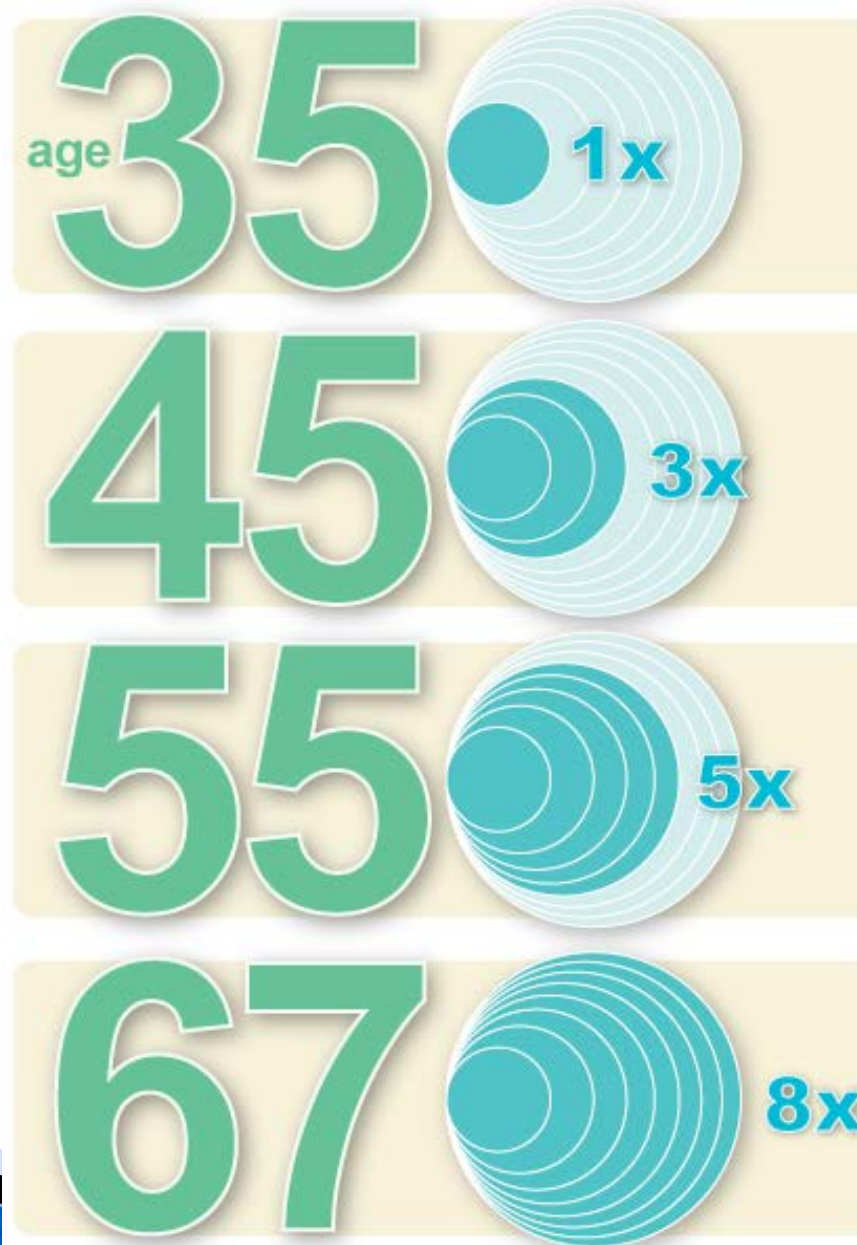


“Through” retirement is the multiple of pay a person needs at retirement to keep their standard of living throughout the retirement years.

Fidelity Age-Based Savings Guidelines

The average worker may replace 85% of his or her pre-retirement income by saving at least 8 times, or 8x, their ending salary. Here's how much an average worker should have saved at milestone ages to reach 8x:

X = MULTIPLE OF YOUR SALARY



Supplemental Retirement Plan

- ▶ Pre-Tax Retirement Contributions
 - 2013 Limit \$17,500
 - Age 50 and over catch-up contribution \$5,500
 - No Federal Income Tax
 - \$1.00 contribution only cost approx. \$0.75

- ▶ Roth Post Tax Option
 - Contributions taxed going in
 - No tax when taking them out

Supplemental Retirement Plan

- ▶ Investment options
 - Fidelity
 - TIAA-CREF
- ▶ Target Date Investment Funds
- ▶ Contributions grow tax free

Supplemental Retirement Plan

- ▶ Distributions
 - In-service age 59 ½
 - Loan
 - Termination

GVSU COT & MGS Retirement Plan B

- ▶ COT hired on or after February 2, 2006
- ▶ MGS Hired on or after October 9, 2004
- ▶ Eligible to participate on date of hire
- ▶ Defined contribution of 8% of base pay
- ▶ Deposited each pay period
- ▶ Funded entirely by University contributions

GVSU COT & MGS Retirement Plan B

- ▶ Investment options
 - Fidelity Investments
 - TIAA-CREF
- ▶ Vesting two years of service
- ▶ Distribution
 - In-service 59 ½
 - Termination

GVSU COT & MGS Retirement Plan B

▶ Distribution Options

- Lump Sum
- Rollover

▶ Designate a beneficiary

- Update when you enroll online
- If you do not complete the beneficiary information, the death benefit will be paid to your spouse if surviving and if not to your estate

GVSU COT & MGS Retirement Plan A

- ▶ Traditional Pension Plan – Monthly Benefit @ Retirement
- ▶ COT hired before February 2, 2006
- ▶ MGS hired before October 9, 2004
- ▶ Funded primarily by University contributions
 - Required participant pick-up contributions

GVSU COT & MGS Retirement Plan A

- ▶ Investments/Withdrawals
 - GVSU deposits contributions to a trust fund
 - Managed and controlled by Fifth Third Bank, the Trustee
 - Trustee pays monthly retirement benefits to eligible staff members

GVSU COT & MGS Retirement Plan A

▶ Vesting

- One year of vesting service is earned for each plan year in which you are continuously employed.
- You earn an hour of service for every hour for which you are paid, or are entitled to payment by GVSU. This includes regular time, sick time, vacation time and holidays.

▶ Benefit Service

- You will earn 1 year of benefit service for each plan year in which you are continuously employed

GVSU COT & MGS Retirement Plan A

▶ Distributable Events

- Normal retirement:

Age 65 and

Completion of 10 years of service

- Early Retirement:

Age 55 and,

Completion of 10 years of service

GVSU COT & MGS Retirement Plan A

▶ Normal Retirement

- Your normal retirement benefit is payable on the first day of each month after you satisfy the eligibility requirements and will continue for the balance of your life or ten (10) years, whichever period is longer.

GVSU COT & MGS Retirement Plan A

▶ Normal Retirement

- EXAMPLE: Let's assume you retire at age 65 with 30 years of benefit service, and your average annual compensation is \$33,000. Your normal retirement benefit will be determined as follows:

$$\$33,000 / 12 = \$2,750.00$$

$$\$2,750.00 \times .019 = \$52.25$$

$$\$52.25 \times 30 \text{ (years of service)} = \$1,567.50$$

GVSU COT & MGS Retirement Plan A

▶ Early Retirement Benefit

- Eligible - age 55 and completed ten (10) or more years of service
- Reduced monthly benefit prior to your normal retirement date
- Begin payments at any time
- The reduction in the monthly benefit is intended to reflect the fact that you probably will receive the early retirement benefit for a longer period of time
- Actuarially, the early retirement benefit and the normal retirement benefit are the same.

GVSU COT & MGS Retirement Plan A

- ▶ Benefit payment options
 - Life Benefit With Ten Years Certain
 - Single Life Annuity
 - Joint and 100% Survivor Annuity
 - Joint and 2/3 Survivor Annuity
 - Joint and 1/2 Survivor Annuity

GVSU COT & MGS Retirement Plan A

▶ Other Distributable Events

◦ Deferred Vested:

Any age and

Completion of 10 years of service

Payable after age 55

◦ Death Benefit:

The accrued present value of pension benefits are paid to the beneficiary of deceased participant.

- Designate a beneficiary
- Form provided by the University
- If you do not file the beneficiary form, the death benefit will be paid to your spouse if surviving and if not to your estate.

Remember Create A Plan

1. Where do you want to be?
2. How much time do you have to get there?
3. Where are you now?
4. What vehicles give you a chance to get there on time?

▶ Questions?