

POLICY: RETIREMENT BENEFITS  
SECTION: PERSONNEL

POLICY #: 205  
EFFECTIVE: 11/14/2013  
HISTORY: 1997, 06/20/13

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### **PURPOSE**

This policy defines the retirement benefits for eligible (full-time and 30-hour benefited) CSU Fullerton Auxiliary Services Corporation (ASC) employees.

### **POLICY**

The ASC's retirement benefits policy is comprised of Retirement Plan, Medical Benefits and Sick Leave Accrual Pay. ASC reserves the right to modify or discontinue this policy at any time, with or without notice.

### **RETIREMENT PLAN**

The ASC currently provides a 403(b) retirement plan for eligible employees through TIAA-CREF (Teachers Insurance and Annuity Association-College Retirement Equities Fund). The full description of the plan is provided in the CSU Fullerton ASC, Defined Contribution Adoption Agreement and the Summary Plan Description. The ASC may modify this benefit plan from time to time as appropriate, to accommodate new benefits made available from TIAA-CREF. The ASC will notify all affected employees regarding any plan revisions.

An employee is required first to enroll and begin participating in the plan before the employer is required to making matching contributions. The ASC will contribute to an employee's plan based on the employee's own contribution:

<u>Employee's Contribution</u>	<u>ASC's "Matching" Contribution</u>
less than 2% of compensation	0% of participant compensation
2% or greater, but less than 5% of compensation	4% of participant compensation
5% or greater of compensation	8% of participant compensation

Contributions made to the plan by the employee may be made before or after taxes.

### **403(b) Plan Eligibility**

Full-time and 30-hour benefited ASC employees are eligible to participate. Eligible employees may participate immediately upon employment with a two-year "cliff" vesting period.

### **403(b) Plan Enrollment**

To participate in the plan, an eligible employee must complete an Enrollment Form for TIAA-CREF Group Retirement Annuity (GRA) and a Salary Reduction/Deduction Agreement Form.

An employee may also participate in the supplemental plan by completing an application for TIAA-CREF Group Supplemental Retirement Annuity (GSRA). The ASC does not contribute any funds on behalf of the employee to this plan.

Employees who wish to make changes to the plan regarding investment allocation and beneficiaries should call TIAA-CREF toll-free at 800-842-2777.

### **Receiving 403(b) Benefits**

Employees retiring from the ASC may be eligible to receive benefits from TIAA-CREF and/or CalPERS. Benefits received upon retirement will depend on vested service credits from TIAA-CREF and/or CalPERS. Benefits may start as early as age fifty (50) but must normally begin no later than April 1 of the calendar year following the year in which the employee will attain seventy and one-half (70 ½) years of age.

**Benefits under TIAA-CREF.** Normal retirement is the first of the month following the sixtieth (60<sup>th</sup>) birthday. Employees may receive early retirement benefits provided the employee (i) leaves employment at age fifty-five (55); (ii) begins a lifetime annuity income option; or (iii) becomes disabled. Employees may request a Retirement Benefit Package by calling TIAA-CREF headquarters toll-free at 800-842-2777.

**Benefits under CalPERS.** Employees hired before December 31, 1991 may be eligible to receive retirement benefits from CalPERS at age fifty (50) with five (5) years of CalPERS credited service. Under some exceptions, employees who are fifty (50) or older with less than five (5) years of service credit, may be entitled to some benefits. Employees are eligible to receive partial benefits and continue to work if the employee is at least fifty (50) years of age with twenty (20) years of service; or fifty (50) years of age with at least five (5) years of service credit and age plus service credits totaling sixty-five (65) years or more. Employees retiring from CalPERS must follow CalPERS guidelines.

Also under CalPERS, disability retirement may be available to an employee who has at least five (5) years of credited service; there is no minimum age requirement. Emergency retirement benefits are available to employees who are terminally ill. Employees considering retirement may have a benefits estimate prepared three years prior to retiring. Employees desiring retirement must complete and submit an application for retirement to CalPERS at least 90 days prior to the effective date.

### **MEDICAL BENEFITS**

To receive medical benefits, the employee must (i) be enrolled in a medical plan on the day of separation; (ii) sign an agreement containing a general release; and (iii) meet the employment age and years of service requirements regardless of the current employment classification.

#### **ASC Retirement Age & Years of Services Requirements:**

Age 60+ and 20 years of service.....	100% of the maximum employer contribution
Age 65+ and 15-19 years of service .....	75% of the maximum employer contribution
Age 65+ and 10-14 years of service .....	50% of the maximum employer contribution

Employees hired prior to December 31, 1991 may qualify to receive medical benefits under the CalPERS eligibility requirements. Under CalPERS, employees are eligible at age fifty (50) and with five (5) years of credited service. The effective start date of retirement is within 120 days of separation of employment from ASC.

### **Medical Coverage**

1. Medical coverage is provided for life except when (i) the retiree or dependents obtain coverage that was not approved by ASC; (ii) the ASC cancels health coverage for all employees; or (iii) the retiree fails to pay any co-payments as required by the plan selected.
2. The ASC contribution to the medical coverage will be determined by the ASC Board of Directors on an annual basis. The retiree and/or dependent must pay the difference in the premium of the selected plan for coverage and the amount contributed for premium for the medical plan by the ASC.
3. Employees who have retired and become eligible for Medicare must sign up for Part A and Part B of the Medicare benefit. If applicable, the retired employee's dependent must also sign up for Part A and Part B of the Medicare benefit.
4. Retiree dependents may retain eligibility upon the death of the covered retiree. Spousal/dependent coverage will terminate upon: (i) divorce from the retiree; (ii) remarriage after the death of the retiree; or (iii) becoming insured by other coverage. Employees are eligible for coverage for Consolidated Omnibus Budget Reconciliation Act (COBRA) as appropriate.
5. Spouse/dependents are eligible to receive retirement medical benefits upon the death of an employee who has met retirement eligibility. Spouse/dependent coverage will terminate upon (i) remarriage or (ii) becoming insured by other coverage. Spouse/dependents are eligible for coverage under COBRA as appropriate.

### **Starting Medical Benefits**

An employee who starts retirement benefits and is eligible for medical benefits should contact the Human Resources department to coordinate the change of benefits from "active employee" to "retiree." A copy of the retiree's Medicare card should be provided to Human Resources for submission to CalPERS or the insurance carrier for any adjustments to the premium.

The ASC's monthly contribution to a retiree's medical premium will be the same as an active employee and the retiree will be responsible for the amount of premium not paid by the ASC. Employees, who do not have retirement benefits with PERS, should send the payment directly to the ASC Human Resources.

### **SICK LEAVE ACCRUAL PAY**

To qualify for sick leave pay, the employee must be eligible to receive retirement benefits at separation. Employees will be paid an equivalent amount up to forty percent (40%) of their unused sick leave accrual, up to a maximum of \$20,000 at retirement. Spouse/dependents are eligible to receive this benefit upon the death of an employee who has met retirement eligibility.