

# RETIREMENT PLAN COMPARISON

<b>Tennessee Consolidated Retirement System (TCRS)</b>	<b>Optional Retirement Program (ORP)</b>
<p><b><u>Contribution</u></b>  <b>No contributions are paid by the member.</b> The University pays both the employee and employer costs for funding the benefits. 15.01% of gross salary contributed monthly.</p>	<p><b><u>Contribution</u></b>  <b>No contributions are paid by the member.</b> The University pays 10% of gross salary covered by Social Security and 11% of salary in excess of the Social Security Wage Base (117,000 for 2014).</p>
<p><b><u>Vesting</u></b>  Higher education employees participating in TCRS are vested after 5 years of service.</p>	<p><b><u>Vesting</u></b>  Contributions are 100% vested from the date of first contribution.</p>
<p><b><u>Portability</u></b>  TCRS is portable within the State of Tennessee governmental agencies.</p>	<p><b><u>Portability</u></b>  Each member's contract is portable. Additional monies cannot be contributed, however, may be tied together with new contracts such as an IRA.</p>
<p><b><u>Fixed Retirement Income</u></b>  TCRS is a defined benefit plan. Income is computed using a formula and is not based on the value of an accumulation. The income is fixed except for legislative changes in the formula and for cost-of-living increases.</p> <p><b><u>Formula Benefits</u></b>  A formula using average salary and creditable service is used to compute all retirement allowances.</p>	<p><b><u>Variable Retirement Income</u></b>  ORP is a defined contribution plan. The amount of income payable at retirement is based on the value of the accumulation and on the person's age. The ORP offers both fixed and variable annuities. The fixed annuities have a smaller variance in retirement income. Variance annuities carry greater risk and growth potential for retirement income.</p>
<p><b><u>Retirement Age</u></b>  Members can retire with reduced benefit at age <b>55 OR 25</b> years of service; full benefit at age <b>60 OR 30</b> years of service.</p>	<p><b><u>Retirement Age</u></b>  Members can annuitize any time after termination or retirement. The amount drawn each year will be taxable income.</p>
<p><b><u>Refund</u></b>  No refunds are provided to members who joined after July 1, 1981.</p>	<p><b><u>Refund</u></b>  Members are eligible to select a single life annuity, a joint and survivor annuity, periodic payments for their life expectancy, or a minimum distribution payout beginning at age 70 1/2, subject to the offerings of the product provider the member selects. Members whose accounts total less than \$15,000 in 2014 may file a Lifetime Distribution Exception form to qualify for a lump sum payment.</p>
<p><b><u>Disability</u></b>  After 5 years creditable service, the member is eligible for disability retirement computed with the formula. Accidental disability retirement is available if the person is disabled on the job.</p>	<p><b><u>Disability</u></b>  There is no provision for disability retirement. However, the employee may request an annuity settlement and receive whatever amount is payable as an annuity at that age.</p>
<p><b><u>Cost-of-Living Increases</u></b>  Retirees may receive cost-of-living increases after being retired a minimum of 12 months. Increases are based on the Consumer Price Index (CPI) and may not exceed 3%.</p>	<p><b><u>Cost-of-Living Increases</u></b>  There are no automatic cost-of-living increases. Instead, there may be variances in annuity income based on market conditions.</p>
<p><b><u>Death Benefits Before Retirement</u></b>  If the member has at least 10 years creditable service and dies, there is a 100% joint and survivor annuity automatically payable to a spouse if spouse was named as beneficiary. If a member is eligible for retirement, TCRS will provide a survivor annuity to any beneficiary.</p>	<p><b><u>Death Benefits Before Retirement</u></b>  The value of the total accumulation is payable to the named beneficiary or estate. If the value of the accumulation is sufficiently large, the beneficiary may have other options, including annuity payments.</p>
<p><b><u>Transfer Between TCRS and ORP</u></b>  Employees who are eligible to participate in the ORP but who elected to participate in TCRS may make a one time election to transfer membership from TCRS to the ORP. Members are advised to obtain a TCRS benefit estimate before making a decision to transfer.</p>	<p><b><u>Member Companies</u></b>  The ORP is comprised of three companies: VALIC, ING, and TIAA-CREF. You can choose to have contributions invested in one, two or all three of these companies.</p>
	<p><b><u>Transfers Between TCRS and ORP</u></b>  Beginning in 2005, ORP members who reach five years of service will have a one-time transfer option. Notification is sent to employee when eligible.</p>
<p><b><u>Transfers Outside Tennessee's Plans</u></b>  Employees who joined TCRS after July 1, 1981 may not transfer their TCRS account to another employer's plan or to an Individual Retirement Account (IRA).</p>	<p><b><u>Transfers Outside Tennessee's Plans</u></b>  Some employees who participate in the ORP may be eligible to transfer a portion of their Tennessee ORP account balance to another employer's plan or to an Individual Retirement Account (IRA) if they qualify.</p>