Retirement Planning Simplified

UNIVERSITY OF HOUSTON
HUMAN RESOURCES
Agenda

- Mandatory Retirement Plans
- Social Security Benefits
- Define Supplemental Retirement
- Supplemental Retirement Offerings
- TDA vs Roth
- Plan Limits
- Avenues of Retirement Income
- Questions
Mandatory Retirement Plan

**Teacher Retirement System (TRS)**
- Mandatory for all benefits eligible, non-ORP employees

**Contribution rates:**
- Employee: 7.7% gross monthly salary
- Employer: 7.5% gross monthly salary
- Define plan upon retirement
- Vested after 5 years

**Optional Retirement Plan (ORP)**
- Available to all benefits-eligible faculty
- One-time irrevocable decision

**Contribution rates:**
- Employee: 6.65% gross monthly salary
- Employer: 6.6% gross monthly salary
- Vested after 1 year and 1 day
- 90 day election period
- Use one of UHS approved vendors

Texas Higher Education Coordinating Board: [https://www.highered.texas.gov/](https://www.highered.texas.gov/)
You can receive Social Security benefits based on your earnings record if you are age 62 or older, or disabled or blind and have enough work credits.

- At age 62, you get a lower monthly payment
- At your full retirement age, you get your full benefit
- You get an even higher monthly payment if you work past your full retirement

Social Security Benefits: https://www.ssa.gov/myaccount/
Andy Hardwick: Andy.Hardwick@ssa.gov
The Supplemental Retirement Plan offers you the opportunity to set aside money for your future. You have a choice of contributing to the Supplemental Retirement and Savings Plan in the following ways:

- **Before-Tax Contributions:** You pay no federal income tax on the before-tax money you put into the Supplemental retirement Plan.
- **After-Tax Roth Contributions:** You pay federal income tax on the money you put into the Supplemental Retirement and Savings Plan on an after-tax basis.
Supplemental Retirement Options offered at UH

It’s never too soon to plan for a financially secure retirement.

**403(b)**
- The 403(b) program is offered to all benefits eligible employees. Investments are handled by companies that have contracted with the University.

**457b**
- The 457b program is offered to all benefit eligible employees. Investments are managed by TexaSaver.

Before-Tax or After-Tax contributions can be made to each plan or a combination of both.
403(b) TDA and 457 Similarities and Differences

Key Similarities:
- Both plans allow you to make before-tax and after-tax contributions
- If you need to withdraw money while you’re still working for UH, both plans allow you to do so starting at age 59 ½
- Rollovers of existing retirement plan funds can be made into both plan

Key Differences:
- 10% early withdrawal penalty on TDA distributions before age 59 1/2
- Annual recordkeeping fees
- Special catch-up previsions
Reasons to consider a TDA vs Roth

Traditional Pre-tax may be a good option for you if:
- You would like to lower your taxable income
- You may need money before age 59 ½

Consider an After-tax Roth:
- Think you might be in a higher tax bracket during retirement
- Are looking for an investment for certain short-term goals such as college tuition or help with buying a home
- Would like to leave tax-free assets to your heirs
- May want to retrieve your original contributions before retirement
Contributions Limits

403(b)
- Minimum monthly contribution $25
- Maximum annual contribution $19,500
- Additional age 50 + “Catch-up” $6,500
- 15-year “Catch-up” $3,000 for five consecutive years

457b
- Minimum monthly contribution $25
- Maximum annual contribution $19,500
- Additional age 50 + “Catch-up” $6,500
- Special 457 “Catch-up” Provision $39,000 (only during the three years before retirement)
403(b) Consistent Retirement Program

Improvement and enhancements:

- Reduce the total number of investments at each company
- Simplify employee decision-making when allocating contributions
- The investment lineup will be the same at all four companies where possible
- Provide a tiered structure offering best in class investment options
## University of Houston System Menu

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Distributed Events:

403(b) TDA
- Typically Age 59 ½
- Retire at age 55 or order
- Loans (may be available)
- Termination
- Hardship Withdrawal

457(b):
- Loans
- Termination
- Hardship Withdrawal
- RMD 72

Required Minimum Distribution (RMD):
- If you reached age 70 ½ on or before December 31, 2019 you must take RMD beginning at age 70 1/2
- Age 72 unless you are still employed
Three avenues of retirement income:

- Teacher Retirement System (TRS) or Optional Retirement Plan (ORP)
- Social Security
- 403(b) TDA/Roth and or 457 TDA/Roth

The “three-legged stool”
Enrollment

To Start, Stop or Change Contributions:

403(b):  
Log into Retirement@Work through  
Access UH: https://shib.uh.edu/idp/Authn/UserPassword

457b:  
TexaSaver: https://texasaver.empower-retirement.com/participant/#/login?accu=TexasWR
Questions