

Sam Houston State University
A Member of The Texas State University System

Finance & Operations Human Resources Policy HR-10
Retirement Benefit Programs

- SUBJECT:** Retirement Benefits for eligible Sam Houston State University (SHSU) Employees.
- PURPOSE:** To provide information on retirement benefit options available for eligible employees.
- POLICY:** SHSU shares information, facilitates enrollment, and processes required documentation for retirement benefits administered through the other state agencies, governmental bodies, or under the regulations of the Texas Higher Education Coordinating Board (THECB).
- CONTENTS:**
1. Definitions
 2. Retirement Program Eligibility
 3. Procedures for Retirement
 4. Retiree Insurance Eligibility
 5. Additional Retiree Benefits
 6. Faculty Early Retirement Program
 7. Employment after Retirement

1. Definitions

- a. Benefit-eligible employee. A SHSU benefit-eligible employee is one working twenty (20) hours per week (or .50 FTE) or more for a period of at least four and one-half (4 ½) months a year.
- b. Employee Retirement System (ERS). ERS is a separate agency of the state of Texas administering several employee benefits including Texa\$aver and medical insurance benefits for employees, retirees, and eligible family members through Group Benefits Plan (GBP). Eligibility for ERS/GBP retiree insurance for both TRS and ORP enrolled retirees is based on age, years of qualifying service, and the last agency of employment. Independent school districts, the University of Texas, and Texas A&M do not participate in ERS/GBP insurance. Therefore, ERS does not consider service at those institutions when determining retiree insurance eligibility. To remain eligible for retiree insurance, ORP retirees must maintain an ORP account from which eligible payments are drawn. Withdrawing, rolling over all funds to another account or otherwise closing the ORP account makes an ORP retiree ineligible for retiree insurance through ERS/GBP.

Ongoing medical insurance for retirees is subject to the rules and interpretations of ERS as well as continued funding from the Texas Legislature.

- c. Optional Retirement Program (ORP). ORP is a tax-deferred defined contribution plan under Internal Revenue Code 403(b). A participant may select from a variety of investments offered by several companies through annuity contracts and mutual funds.

Both the participating employee and the employer make contributions to ORP based on legislatively determined salary percentages. Upon separation from Texas public higher education, ORP participants with more than one (1) year and a day of participation retain control over all investments (both employee and employer contributions). An employee electing ORP who separates from ORP-covered employment prior to meeting the vesting requirement forfeits employer contributions. ORP is administered in accordance with the Texas Higher Education Coordinating Board (THECB) regulations.

- d. Supplemental Retirement Program (SRP). SHSU offers a voluntary, tax sheltered 403(b) SRP. Participating employees may contribute pre-tax dollars through payroll deduction into a SRP in addition to TRS or ORP contributions. The participant may select from investments offered by several companies approved for participation in the SRP. No employer contributions are made to the SRP and the Internal Revenue Code sets federal limits on the annual amount of employee tax-deferred contributions. An employee salary reduction agreement authorizes SHSU to send pre-tax salary amounts to a SRP with an approved vendor.
- e. Teacher Retirement System (TRS). TRS is both an agency of the State of Texas and a public pension plan offering a tax-deferred defined benefit. Both employee and the employer make contributions in amounts determined by the Texas legislature. Retirement benefits are calculated by TRS based on a legislatively determined formula with the highest salary and number of years of qualifying service and the age of the retiring individual. Upon separation from Texas public education, TRS members who do not desire a retirement benefit may withdraw employee contributions. Employer contributions made on behalf of the member are not available for withdrawal at any time.
- f. Texa\$aver 457. Texa\$aver is a voluntary 457 retirement plan administered by the Texas Employee Retirement System (ERS). Employees may contribute a portion of their salary toward retirement savings and pay taxes on contributions and earnings at the time of withdrawal. Employees may select from investments offered by several companies approved for participation with Texa\$aver. No employer contributions are made to the 457 plan and the Internal Revenue Code sets federal limits on the annual amount of employee tax-deferred contributions. An after-tax Roth option is also available.
- g. Years of Service Credit. Qualifying years of service are uniquely defined and verified by each retirement benefit system or provider. Years of service generally include all prior work experience where an employee contributed and elected participation in retirement or health insurance programs.

2. Retirement Program Eligibility

- a. All benefit-eligible employees, as required in 589 Texas Government Code, Section 815.402, must participate in a retirement program and are automatically enrolled in TRS on the first day of employment. Students employed in positions which require student status as a condition of employment are not benefit-eligible and do not participate in retirement.

- b. Full-time faculty (1.0 FTE), librarians, certain professionals and administrators have 90 calendar days from the first day of initial employment, to make a one-time irrevocable decision to elect enrollment in the ORP in lieu of TRS. After 90 days of employment, an employee becomes ineligible for ORP and will maintain enrollment in TRS. Eligibility to participate in ORP is subject to rules adopted by the Texas Higher Education Coordinating Board.

3. Procedures for Retirement

- a. At least three (3) months prior to anticipated retirement, the employee should contact the SHSU Human Resources (HR) Benefits Unit to schedule a retirement appointment to complete necessary paperwork and insurance enrollment forms. See Retiree Medical Insurance Eligibility below for more information. The employee should notify their supervisor of the intent to retire, submit a written letter of resignation, and provide HR with a copy of the resignation letter. Delays in submitting completed forms will result in delays in retirement payments.
- b. TRS
 - a. At least six (6) months prior to the date of expected retirement TRS-enrolled employees should contact TRS and submit a [Request for Estimate of Retirement Benefits](#) form (TRS-18). Members must complete the TRS Service Retirement Packet, including the [Application of Service Retirement](#) form (TRS-30) and submit to TRS before the effective retirement date (which is always the last day of the month). *If the form is received after the retirement date, payments may be delayed.
 - b. Retirement eligibility and payments for TRS enrolled employees are determined by that agency after it verifies the employee's age, years of service, salary, date of retirement, and applicable membership tier.
 - c. In general, employees are eligible to retire when they meet:
 - 1. The TRS rule of 80 (age plus years of service with TRS contributions equals 80) with a minimum of five (5) years of service; and
 - 2. Specific eligibility criteria for the employees TRS tier; or
 - 3. Age 65 with five (5) years of service.
 - d. Employees should create an account with the TRS employee portal and confirm eligibility and payments directly with the agency.
 - e. SHSU HR submits retirement documents to Payroll for processing during the month of retirement. Payroll submits paperwork to TRS approximately fifteen (15) days after the end of the month of retirement. Retirees should expect that they may not receive their first retirement annuity payment check for up to sixty (60) days after their final day of work.
- c. ORP
 - a. Retirement benefits are based on the accumulated amount of funds in the participant's ORP account (no age/service formulas).
 - b. Employees enrolled in the ORP become eligible to take funds out of the plan;
 - 1. Upon termination of employment with all Texas public institutions of higher education; and/or
 - 2. Age 70 ½ for participants that are still employed.

- c. Please note important information below regarding the need to maintain a balance in an OPR account to maintain eligibility for retiree medical insurance.
- d. Leave Accrual Payments
 - a. At the time of retirement, any vacation leave and any overtime comp balance left on the books, will be paid out on the next available payroll after employee's last day.
 - b. Example: Employee retires on December 31st, any vacation and/or overtime comp balances will be paid on January 15th or the first workday after (if the 15th falls on a weekend/holiday).

4. Retiree Medical Insurance Eligibility

- a. Medical benefits for retirees are administered by other State of Texas government agencies. Continued retiree medical coverage is subject to the rules and interpretations of the agency administering the insurance as well as continued legislative funding. Employees should verify their eligibility with those agencies in advance of retirement.
- b. ERS.
 - a. Retirees may be eligible for ERS/GBP benefits for retirees if the employee's:
 - 1. Age plus years of service credit at a GBP participating employer equals or exceeds 80 (Rule of 80);
 - 2. Employee has at least ten (10) years of eligible service credit with an agency that participates in the GBP; and
 - 3. Employees last place of public employment was with an agency or eligible higher education institution that participates in GBP.
 - b. ORP accounts must remain active with a balance to maintain ERS/GBP eligibility. If a retiree withdraws or rolls over all funds to another account, then the retiree will not be eligible for retiree insurance through GBP.
 - c. **Please note:** Independent school districts, the University of Texas and Texas A&M and some community colleges do not participate in the GBP. Therefore, ERS does not count an employee's service at non-participating institutions in determining their Rule of 80 eligibility.
- c. TRS-Care. If the retiree meets the TRS Rule of 80 but is not eligible for GBP administered by ERS, then they may be eligible for TRS-Care. The retiree should submit the TRS-Care Enrollment Application (TRS 700A or 700M) before the effective retirement date for coverage to take effect the first of the month after the retirement date, if determined eligible.

5. Additional Retiree Benefits

SHSU retirees will receive the following benefits upon retirement:

- a. SHSU email account
- b. Limited S drive access

- c. Discounted parking pass
- d. Library access
- e. Recreation Center Access
- f. Retiree Bearkat One Card (upon request)

6. Faculty Early Retirement Program

Faculty members may be eligible to retire early under the Early Retirement Program for University Faculty. Early retirement for faculty members and emeritus status are detailed in SHSU [Academic Policy 840901](#).

7. Employment After Retirement

- a. SHSU requires a minimum break in service of at least thirty (30) calendar days before a TRS retiree may return to work for the University after retiring.
- b. A TRS retiree should work closely with a TRS retirement counselor to verify employment eligibility before returning to work in any role.
- c. Once retired, always retired. A TRS or ORP retiree returning to work is no longer eligible to be an active member in a retirement program and will not receive employer retirement contributions.

Relevant Resources and Links:

[TRS: Teacher Retirement System of Texas](#)

[TRS-Care Eligibility and Enrollment](#)

[Overview of TRS and ORP](#)

[Health Benefits for Retirees \(ERS\)](#)

[Contacting TRS About a Question, Comment, Concern, or Complaint \(texas.gov\)](#)

(800) 223-8778 Monday-Friday, 7:00am-6:00pm

[Contact ERS | ERS \(texas.gov\)](#)

(877) 275-4377 Monday-Friday, 8:00am-5:00pm

Reviewed by: Rhonda Beassie, Associate VP for People and Procurement Operations, 02/2023