

Retiring under ORP

This document provides general information for ORP participants who are considering retirement. For specific information about your individual situation, contact the Human Resources Office.

Retirement Funds

ORP funds are available for withdrawal when you terminate employment with all ORP employers. There are no minimum age or years of service requirements. (Participants who are at least age 70-1/2 are permitted to take pre-termination withdrawals.)

Once terminated, you may leave your ORP funds on account with your ORP employer's plan or you may withdraw them and pay taxes or roll them to another eligible plan such as an IRA. **(See Retiree Group Insurance information below regarding withdrawal of all ORP funds.)** The IRS has a 10% early withdrawal penalty that generally applies to withdrawals made before age 59-1/2 but there are several exceptions, including termination of employment after age 55. As a terminated participant, you will continue to work with your ORP company representative to manage your ORP funds, including arranging any withdrawals or rollovers.

Each ORP employer's plan may contain specific provisions regarding permissible withdrawal and investment options upon termination of employment/retirement, so you should contact your ORP employer for detailed information on their plan provisions. The individual ORP contract with the ORP company may also contain some provisions regarding withdrawals and post-retirement options. (In case of any conflict between the employer's ORP plan provisions and the contractual provisions, the plan provisions take precedence.)

There are no statewide ORP provisions regarding IRS required minimum distributions (RMDs). The IRS permits active (contributing) participants to delay taking RMDs from ORP accounts with their current ORP employer until they have terminated that period of employment, but you should contact your ORP employer for information about any local plan provisions regarding RMDs. All participants (both active and terminated/retired) who reach age 70-1/2 should contact any former ORP employers for information about RMDs.

An ORP retiree who returns to work with the same or another Texas public institution of higher education is no longer eligible to participate in ORP (*i.e.*, make contributions to an ORP account) even if employed in what would otherwise be considered a benefits-eligible position – it's **once retired, always retired**.

Retiree Group Insurance

An ORP participant establishes retiree status by enrolling in retiree group insurance as an ORP retiree.

NOTE: Retiree group insurance is not a guaranteed lifetime benefit. The Texas Legislature and administering governing boards may make future changes to eligibility, benefits, funding or other program provisions.

The following information is for TTUHSC participants who are covered by the ERS Group Benefits Program (GBP).

Essentially, the requirements to enroll in ERS retiree group insurance program as an ORP retiree are:

- At least 10 years of participation as a team member (not a dependent) in the group insurance program administered by ERS (Group Benefits Program (GBP))(or eligibility to participate) at one or more covered employers
- At least age 65 or, if less than 65, would have been eligible to retire under TRS (Teacher Retirement System) with the Rule of 80 (age plus years of service is at least 80) if you had stayed in TRS instead of electing ORP. Note: Service years at the University of Texas or Texas A&M may not be counted in this calculation.
- Eligible to take an annuity or periodic distribution of ORP funds, which means that you must have some ORP funds on account

This requirement has been interpreted by ERS to mean that ORP retirees must maintain some ORP funds on account for the duration of their enrollment in the group insurance program as an ORP retiree. No minimum amount of funds is required by ERS. If so, retirees would need to keep in mind any policy fees that are charged directly to the account.

Retiree Insurance Premiums

The State of Texas pays for at least part of most retirees' monthly health care rates (or premiums). This is called the state contribution. If the state doesn't pay 100% of the premium, the retiree pays the remainder out of his or her annuity. **The state's contribution is based on available funding provided by the Texas Legislature and depends on three things:**

- whether the retiree was a full-time or part-time team member at the time of retirement,
- whether the retiree had at least five years of employment at a State of Texas agency or higher education institution on September 1, 2014 and
- how many years the retiree worked for the State of Texas.

You need at least 10 years of service credit with an agency or institution that participates in the Texas Employees Group Benefits Program (GBP) to be eligible for GBP retiree insurance. The amount the state will contribute to your monthly health insurance premium depends on whether you had fewer than five years of eligible service at a GBP-participating agency or institution as of September 1, 2014. If you had five years by that date, you are "grandfathered" and the state will pay 100% of your health insurance premium (50% if you were a part-time team member in the last three months of your employment) when you become eligible.

If you had fewer than five years of service as of September 1, 2014, the state's health insurance premium contribution will be "tiered," based on the number of years you participated in the GBP:

- **100% with at least 20 years,**
- **75% with 15 years to 19 years, 11 months or**
- **50% with 10 years to 14 years, 11 months.**

Re-Employment for ORP Retiree

There are no statewide restrictions on the re-employment date or amount of time worked but local Institutional restrictions may apply.

An ORP retiree who returns to work with any Texas public institution of higher education is not eligible to make ORP contributions.

Once Retired, always retired!