ORP AND TSA PROGRAM
RULES AND REGULATIONS

1. Purpose

These rules and regulations are provided to ensure greater uniformity of the administration of retirement programs available to Collin College employees through the Optional Retirement Program (ORP) and the Tax Deferred Account (TDA) Program.

2. Administrative Responsibility

The Employee Benefits Office, with input from the Personnel Task Force, is responsible for establishing the rules and regulations for administration of the District's retirement and annuity programs within the terms, conditions, and regulations of the appropriate State laws, regulations and acts; and the rules and regulations of the Collin College Board of Trustees.

3. ORP Eligibility Standards

Eligible employees of Collin College may participate in an Optional Retirement Program in lieu of active membership in the Teacher Retirement System of Texas (TRS). The following employees are eligible for participation in the Optional Retirement Program:

3.1 All full-time faculty appointed for at least 4 ½ months.

3.2 Certain full-time administrative, research, or professional personnel appointed for at least 4 ½ months who are in positions that are exempt and paid at an equivalent pay rate of full-time teaching faculty are deemed to be “Faculty members” for the purposes of the Optional Retirement Program. These positions are generally department heads with budget responsibilities and positions for which a national search was conducted.

3.3 An employee who meets the qualifications of Items 3.1 or 3.2 is eligible for participation if it is intended that he/she is to remain employed for 4 ½ months or longer from the date of the initial period of appointment as an eligible employee, even though the actual initial period of employment is for less than 4 ½ months. An example would be a full-time faculty member who is initially appointed for the three months of the summer, but who is expected to be re-appointed and to continue employment for at least another 1 ½ months or longer in the new fiscal year.

3.4 An individual who is presently employed with Collin College and who, after at least one year's participation in ORP, later reduces (changes status) to no less than 50% time in a regular salaried position must continue to participate in the ORP.

3.5 An individual who, after at least one year's participation in ORP at another Texas state-supported institution of higher education, transfers to or accepts employment with Collin College in a regular salaried position that is no less than 50%, must continue participation in the Optional Retirement Program effective on the date of employment at CCCCD. Such prior participation must have been in effect at the time of the employee's separation from said institution and must result in continuous ORP participation.

3.6 An individual who, after at least one year's participation in ORP, transfers to or accepts employment with Collin College in a non-faculty position covered by the Teacher Retirement System, must remain in an Optional Retirement Program, provided there was no interruption by a period of employment in the Texas Public School.

4. TSA Eligibility Standards

Employees who are eligible for participation in the Teacher Retirement System or the Optional Retirement Program are eligible to purchase a Tax Deferred Account as authorized by Senate Bill No. 279, 61st Legislature, Regular Session, 1969, and pursuant to the provisions of Sections 403(b) and 415 of the Internal Revenue Code of 1954, as amended.

5. ORP Irrevocability

5.1 Participation in the Optional Retirement Program is in lieu of active membership in the Teacher Retirement System of Texas. New Collin College employees who are eligible for ORP have a 90-day one-time option from the date of their first appointment at Collin College in which to elect an ORP program, provided they have not previously exercised a 90-day option to enter or reject the Optional Retirement Program in the State of Texas. At the end of this 90-day period, the retirement program the individual is enrolled in is irrevocable. Each eligible employee must be in either TRS or an ORP program.

5.2 New employees who have previously exercised this ORP option elsewhere in the State of Texas and selected TRS no longer have the ORP option available to them and must be continued under the TRS retirement program they have chosen elsewhere.

5.3 For employees whose classification changes, and because of this classification change they have become eligible for the ORP program at Collin College, this same ORP option period applies from the effective date of the new classification, provided they have not previously exercised a 90-day option to enter or reject the Optional Retirement Program in the State of Texas.

6. Effective Date and Enrollment Procedures for ORP Participation

The eligible employee is responsible for electing participation in the Optional Retirement Program in lieu of the Teacher Retirement System and for having the ORP contract completed and delivered to the HR/Benefits Office at the Central Park Campus before the first of the month in which it is to be effective. A Salary Reduction Form and other appropriate forms must be completed by the participant and presented with the annuity contract.

7. Effective Date and Enrollment Procedures for TSA Participation

7.1 The effective date of a tax deferred account does not necessarily coincide with the effective date of an employee's participation in ORP. A salary reduction agreement must be completed by the participant prior to the first of the month in which the TDA is to commence and submitted to the HR/Benefits Office at the Central Park Campus.

7.2 New employees eligible for ORP who have not decided whether to participate in ORP in lieu of TRS within the 90-day waiting period cannot enroll in the TDA until they have indicated their decision regarding TRS or ORP.

7.3 Employees covered by either TRS or ORP may elect to start participation in the TSA program on a reduction basis with respect to future earnings effective the first day of any pay period, provided all forms are completed and submitted to the HR/Benefits Office at the Central Park Campus prior to the first of the month that their TDA is to commence.

8. Contributions to ORP Contracts

The percentages on both the employee's contribution and the State matching contribution to the Optional Retirement Program are a matter of State law as determined by the Texas Legislature.

9. Tax Sheltered ORP Contributions (Tax-Deferring Agreement)

9.1 The State-matching contributions to ORP, as with TRS, are automatically tax deferred.

9.2 Tax deferment of contributions made under ORP will not normally jeopardize the "maximum allowable contribution" established by Sections 403(b) and 415 of the Internal Revenue Code. However, should the ORP participant desire to participate in a supplemental Tax Deferred Account Program in addition to ORP, the total contributions deferred under these programs must not exceed the "maximum allowable contribution" applicable to each employee.

10. Maximum Exclusion Allowance Calculation

Calculation of the maximum allowable contribution (MAC) is the sole responsibility of the employee and the soliciting agent or company. Any agent submitting a tax-deferred salary reduction agreement for an eligible Collin College employee is required to use the proper forms and procedures for calculation of the maximum allowable contribution (MAC) and to present a copy of the MAC calculation (at no additional cost or fee to the participant or to Collin College) with the participant's application and salary reduction agreement. Collin College will not approve reduction agreements for any amount that exceeds the maximum amount computed using proper forms and instructions.

11. Change In ORP Carriers

A Salary Reduction Form and other appropriate forms for carrier change must be initiated by the employee. The forms must be completed prior to the first day of the month in which the change is to be effective and submitted to the HR/Benefits Office at the Central Park Campus.

12. Withdrawal Options When Changing Carriers

A participant may generally exercise these options when changing carriers:

12.1 Take a paid-up annuity with the old carrier at the time of transfer.

12.2 Make a 1039 capital transfer of funds from one authorized ORP carrier to another. Capital transfers must be handled through the Benefits Office to insure that constructive receipt of existing funds does not take place and to avoid tax liabilities for the ORP participant. A Party to Transfer and Vesting Confirmation form must be completed to make a capital 1039 transfer from one carrier to another and submitted to the HR/Benefits Office at the Central Park Campus.

12.3 Leave the amount contributed to the old carrier with that carrier until some later date and transfer the funds to the new carrier later, using the procedures noted in 12.2 above. The usual reason for such action is to be able to accept additional scheduled dividend or interest payments from the old carrier before transferring to the new.

13. Withdrawal of Teacher Retirement System Contributions

13.1 An eligible employee who elects to participate in ORP is allowed to withdraw only his contributions to the TRS (plus any accrued interest). Money refunded to TRS participants is in no way restricted as to its use by the employee; however, such refund may not be transferred to the Optional Retirement Program.

13.2 To affect a withdrawal of TRS deposits, a Notice of Election to Participate in the Optional Retirement Program and an Application for Refund must be completed and submitted with the ORP application.

14. Withdrawal of ORP Benefits/Termination of ORP Participation

14.1 Participation in the ORP shall terminate and the benefits of such annuities will be available only if the participant:

a. dies;
b. terminates employment due to total disability;
c. accepts retirement;
d. terminates employment in the Texas public institution of higher education. (Note: Change from one institution to another shall not constitute termination of employment.)

14.2 For an individual who has a vested contract (achieved after one year plus one day of participation), the entire benefits provided by the contract are the sole non-forfeitable possession of the individual. In the event the individual has not met the vesting requirements, the carrier is required by law to return the full Collin College (State) contribution to Collin College, with the balance of the annuity value returnable to the individual.

14.3 Upon termination of employment with Collin College, where further employment with a state - supported institution of higher education is not contemplated, individuals may elect to surrender their ORP accounts. Such action must be coordinated by the Benefits Office.

14.4 Upon signing an ORP or TDA agreement, Companies must provide participants with a complete written disclosure of withdrawal options and associated rules that are available to participants upon retirement or termination.

15. ORP/TSA Company Eligibility

Organizations seeking to be authorized to write ORP and/or TDA contracts for employees of Collin College must meet and certify compliance with specified conditions established by the college. Companies that wish to conduct such business with employees of Collin College must submit a written proposal to the Manager of Benefits for review and recommendation. The over-riding criteria for admitting new companies shall be that their products offer substantially different and unique benefits to employees that are not presently available. Final approval rests with the President, with recommendations from the designated HR representative. New companies will be considered for approval only once per fiscal year (in late spring).

16. ORP/TSA Operation and Solicitation Rules and Regulations

16.1 Each ORP/TDA company must abide by the following rules and regulations limiting solicitation on campus designed to prevent interference with an employee's assigned duties and responsibilities.

16.2 Each company must provide to the Collin College Manager of Benefits the names, addresses, and qualifications of no more than two (2) licensed agents who will solicit and service their Optional Retirement Plan and Tax Sheltered programs. The right to disapprove an individual agent is reserved by Collin College.

16.3 Eligible employees may not be called upon at home or in their office without a prior appointment. Employees may be contacted initially by phone or mail. Mass telephone campaigning or campus bulk mailing is prohibited.

16.4 Providing of gifts and monetary rewards directly or indirectly by representatives of approved companies for information on newly hired employees is prohibited.

16.5 Representatives from approved companies shall be permitted to make sales presentations to eligible employees on the college’s premises but only at the employee's or administration's request, as guests of the employee and administration.

16.6 No group meetings with college employees are to be arranged or announced without prior approval of the Manager of Benefits and Employee Relations. In the event such meetings are approved, other companies will be given the opportunity to be represented at the meetings.

16.7 Representatives are not to give out incorrect or misleading information, i.e. inferring that an employee must change carriers, false interest rates, surrender charges, etc., of competitive companies, etc.

16.8 Collin College shall reserve the right to restrict solicitation privileges of representatives from approved companies based on violations of these solicitation regulations established herein.

16.9 Each ORP/TDA company must follow IRS regulations regarding accounting for loans and early distributions, and must provide documentation on a timely basis upon request by the District.

17. <u>Auditing Procedures</u>

Effective for the reporting period beginning January 1, 2009, companies who enroll Optional Retirement Program participants and receive contributions must submit, at least annually, a report to each participant containing:

17.1 For fixed annuity accounts:

a. Name and address of the participant;
b. Identifying number;
c. Total payments received this reporting period;
d. Expense charges this reporting period;
e. Net payments this reporting period; and
f. Total value of account at the end of this reporting period;
g. Interest rate or rates paid on this account from the previous reporting period to the end of the current reporting period and, where multi-level rates of interest were paid on the account, a breakdown showing the amount in the participant's account at each interest level, the amount of interest earned at each interest level, and the rates of interest;
h. Net cash surrender value of account at the end of this reporting period reflecting all potential charges against the account if it were surrendered for cash as of the last day of day of this reporting period; and
i. All transfers made during this reporting period of the participant's money from one type of account to another and charges made for that transfer.

17.2 For variable annuity or mutual fund accounts:

a. Name and address of the participant;
b. Identifying number;
c. Total payments received this reporting period;
d. Expense charges this reporting period;
e. Net payments this reporting period;
f. Units purchased this reporting period;
g. Total units in account at the end of this reporting period;
h. Unit value of account at the end of this reporting period; and
i. Total value of the account at the end of this reporting period;
j. Net cash surrender value of the account at the end of this reporting period reflecting all potential charges against the account if it were surrendered for cash as of the last day of this reporting period; and
k. All transfers made during this reporting period of the participant's money from one type of account to another and charges made for that transfer.

Optional Retirement Program payments shall be forwarded to the carriers within three (3) business days of the legal availability of funds, in accordance with ORP statutes. Where possible, the State share of the payment should be forwarded with the employee share to which it applies. Where that is not possible, the employee share should be forwarded upon withholding and the State share forwarded upon receipt.