

Are you dreaming of retiring? Successful retirement involves planning ahead. Are you financially prepared? What about your benefits? What other issues do you need to consider?

Some of the issues to consider are:

1. Do you qualify for official retirement from the University of Nebraska? If you are age 55 and have 10 years of employment with the University, or are age 65 regardless of years of employment, you've met the requirements to be a retiree from the University. Also, in some instances a person who becomes disabled during their employment with the University and must separate due to that disability can be considered an early retiree. The two main advantages of retirement versus straight separation from the University are that (1) as a retiree you can continue your health and dental plans as long as you wish by paying the retiree rates, versus being limited to 18 months of COBRA and (2) an office/service employee (not managerial/professional or academic) will be paid $\frac{1}{4}$ of their sick leave in addition to unused vacation and floating holiday hours. This is due to the fact that the managerial/professional and academic employees have their sick leave balance returned to a total of 1040 hours each December 31st, while office and service employees have their sick leave based strictly on their accrual of hours.
2. Are you financially prepared to retire? Not sure? Both TIAA/CREF and Fidelity have retirement planning tools for your use at their websites. Both websites require that you have your user ID and password to log in. Web access to your accounts is very useful as it allows you to view current balances, change future allocations, transfer between most accounts (with the exception of TIAA, the annuity account – this is a separate process which, if you have \$2,000 or more in the account, will take a nine year period), etc. Sign in at www.tiaa-cref.org, register (if you don't already have your user ID and password), then log on. Under Manage My Portfolio, you will find a link to generate illustrations of income and their retirement planning tools. Sign in at www.fidelity.com/atwork, register (if you don't already have your user ID and password), then log on and look under Tools and Learning. These websites allow you to see illustrations of different income options for your retirement plan at your projected retirement age, as well as utilizing retirement goal evaluating tools that combine your retirement plan income and social security or other income sources to provide a broadened overview of expected retirement income. NOTE: Representatives from both TIAA/CREF and Fidelity are on campus each month for individual retirement counseling. Dates and times are placed in the UNMC Today announcements and on the HR website, as well as how to make an appointment.

3. Not sure how to access your monies and/or implications of accessing the accounts? Both Fidelity and TIAA/CREF have options for arranging a lifetime annuity, periodic payments, cash access or roll-overs if you are separated from UNMC. There are some implications not only related to taxes, but related to re-employment within the University of Nebraska system as well. Access to the basic 401(a) account is allowed for an active employee **only** if they have attained age 62 and are in a position that is .50 FTE or less and will not go above that FTE level for at least 12 months after access. Access to the 403(b) is allowed for an active employee who has attained age 59 ½ regardless of FTE. There is no access to the 457(b) accounts for active employees regardless of age or FTE. More information regarding these issues can be found by [clicking here](#).
4. What about Social security? If you go to www.socialsecurity.gov you can use the Retirement Estimator tool to estimate your social security income, as well as see the impact of taking early social security (age 62 is the minimum age) versus waiting until your full retirement age. You may sign up for social security on-line at that web address.
5. What about your benefits (health, dental, vision, life, long term care)?

You may continue your health and dental (not vision) insurance as long as you wish as a retiree. ([Click here for current retiree insurance rates.](#)) If you have not attained the age of 65 at the time of your retirement, you will also have the option of continuing your medical, dental and vision coverages under COBRA for up to 18 months. ([Click here for current COBRA rates.](#)) At the time of your retirement, the benefits office will send you information about the continuation of coverage. Retiree insurance premium payments will be made to UNMC through an automated bank deduction arrangement; COBRA premiums are paid manually with a check.

Your long term care premiums will be billed to your home by CNA as your long term care plan is completely portable and can be maintained after your separation.

You may keep a portion of the life insurance you currently have when you retire, and convert the rest to a private plan with Assurity Life. Complete information about your life insurance options as a retiree are available on the University of Nebraska Benefits Website (<http://www.nebraska.edu/benefits>). At that website, under Other Benefits Information, click on "Retiree Information", then on "Retirement Benefits Summary".

6. What about Medicare? Go to www.medicare.gov for current information about Medicare premiums and co-insurance rates, as well as FAQ's

related to Medicare. If you attain age 65 and are still working, and enroll in Medicare A (Hospital) coverage as well maintaining the University's Blue Cross Blue Shield coverage, our plan is primary and Medicare is a secondary coverage. Once you separate from the University, Medicare becomes your primary coverage and, if you maintain our Blue Cross Blue Shield medical coverage as a retiree, the University's plan is a **secondary plan**. It is not intended to be, nor does it work the same as, a true Medicare supplement plan. Those supplement plans are designed specifically to work with Medicare and can be purchased through many sources, i.e., AARP, Blue Cross Blue Shield, etc.

Many employees opt to enroll in Medicare A while still working, but delay enrollment in Part B (medical) or Part D (prescription) coverage because they are enrolled in our medical plan. At the time of retirement, there is a form the benefits office can complete for the Medicare office showing that you were enrolled in a group plan during the time you were eligible for those coverages, so no late enrollment penalty is incurred.

7. So what now? A part of successful retirement is also planning related to what you will do with your spare time. You may choose to volunteer, travel, pursue a hobby like photography, or take classes within the University system (as a retiree, you still have access to our employee scholarship program – for more information, please contact Tony Huerta at 559-4391). Also, retirees have access to UNMC's fitness center at special rates. (For more information about those rates, call the Center for Healthy Living at 559-5254.) Or perhaps you'll choose a completely different career. The important thing is, focus on your personal plans and what you need to enjoy retirement, not solely on the financial preparation for retirement.

If you have questions about retiring from UNMC, contact your UNMC Benefits Office at 559-4340.

**UNIVERSITY OF NEBRASKA
HEALTH/DENTAL INSURANCE
RETIREE PREMIUMS
2010**

<u>COVERAGE</u>	<u>BLUE CROSS LOW</u>	<u>BLUE CROSS BASIC</u>	<u>BLUE CROSS HIGH</u>	<u>BLUE CROSS DENTAL</u>
Non-Medicare				
(O) Retiree Only	\$ 992.00	\$1,168.00	\$1,242.00	(A) \$28.00
(P) Retiree & Spouse	\$2,126.00	\$2,504.00	\$2,660.00	(B) \$48.00
(Q) Retiree & Children	\$1,650.00	\$1,944.00	\$2,134.00	(C) \$50.00
(R) Retiree & Family	\$2,952.00	\$3,476.00	\$3,816.00	(D) \$80.00
Supplemented by Medicare				
(I) Retiree Only, on Medicare	\$ 408.00	\$ 482.00	\$ 508.00	(A) \$28.00
(J) Retiree & Spouse, One on Medicare	\$1,544.00	\$1,818.00	\$1,996.00	(B) \$48.00
(K) Retiree & Spouse, Both on Medicare	\$ 816.00	\$ 962.00	\$1,014.00	(B) \$48.00
(L) Retiree & Children, on Medicare	\$1,068.00	\$1,258.00	\$1,326.00	(C) \$50.00
(M) Retiree & Family, One on Medicare	\$2,370.00	\$2,790.00	\$2,944.00	(D) \$80.00
(N) Retiree & Family, Both on Medicare	\$1,894.00	\$2,230.00	\$2,354.00	(D) \$80.00

**UNIVERSITY OF NEBRASKA
HEALTH/DENTAL INSURANCE
COBRA PREMIUMS
2010**

<u>COVERAGE</u>	<u>BLUE CROSS LOW</u>	<u>BLUE CROSS BASIC</u>	<u>BLUE CROSS HIGH</u>	<u>BLUE CROSS DENTAL</u>	<u>EyeMed VISION</u>
(A) EMPLOYEE ONLY	\$387.60	\$ 450.84	\$ 501.84	\$28.56	\$ 6.74
(B) EMPLOYEE & SPOUSE	\$830.28	\$ 936.36	\$1,044.48	\$48.96	\$14.80
(C) EMPLOYEE & CHILDREN	\$644.64	\$ 728.28	\$ 826.20	\$51.00	\$14.80
(D) EMPLOYEE & FAMILY	\$1,150.56	\$1,299.48	\$1,450.44	\$81.60	\$18.56

**ACCESSIBILITY OF BASIC RETIREMENT PLAN ACCUMULATIONS
QUESTIONS & ANSWERS**

Q: What is accessibility and how does it affect me?

A: The University of Nebraska Basic 401(a) Retirement Plan allows separating and retiring faculty and staff lump sum access to TIAA-CREF and/or Fidelity Investments retirement plan accumulations, thereby providing additional settlement options. TIAA accumulations are distributed in annual disbursements over a period of nine years while CREF and Fidelity accumulations can be distributed in a lump sum payment.

Q: Who is eligible to access Basic 401(a) Retirement Plan accumulations?

A: A separating participant may have lump sum access to TIAA-CREF and/or Fidelity Investments accumulations following completion of a release form (TIAA accumulations will be accessible as provided by TIAA-CREF policy).

Q: How much of my retirement plan accumulation may I access?

A: You may access up to 100% of your TIAA-CREF and/or Fidelity Investments retirement plan accumulations. TIAA accumulations are distributed in annual disbursements over a period of nine years while CREF and Fidelity accumulations are distributed in a lump sum payment.

Q: Is accessing Basic 401(a) Retirement Plan accumulations a wise choice?

A: Access to Basic Retirement Plan accumulations may be desirable for some individuals, while others may not feel a lump sum distribution is in their best interest due to the higher risks (possible higher taxation, potential loss of investments, etc.) or the additional complexity involved.

Q: What circumstances would be appropriate to commence a lump sum distribution of Basic 401(a) Retirement Plan accumulations?

A: There are several situations when it would be appropriate to commence a lump sum distribution. Several of these situations include:

- 1) You have sufficient lifetime income from other sources. If, for example, your spouse's retirement plan is sufficient for both of you, and will continue to meet your needs if something happens to your spouse, you might decide to use your accumulation for other purposes.
- 2) You are an expert money manager with the knowledge and time to handle the details of your own investments, thus allowing you greater control over your retirement plan accumulations; or, you simply wish to utilize alternative investments and expertise.

- 3) You want to establish yourself in another business or career, thereby using your retirement plan accumulation as venture capital for a new career.
- 4) There are times when, realistically, a long-term annuity simply does not make sense, specifically when you are seriously ill.

Q: Are there any potential disadvantages to commencing a lump sum distribution of Basic 401(a) Retirement Plan accumulations upon separation or retirement?

A: There are several potential disadvantages to commencing a lump sum distribution, some of which are illustrated below:

- 1) Individuals who access their Basic Retirement Plan accumulation should be aware of potential adverse tax consequences associated with lump sum distributions. Cash withdrawals may substantially increase your tax liability in the year of the withdrawal. You will owe taxes on employer contributions, your own pre-tax contributions, and all earnings. Also, if you are under age 59½ when you commence the withdrawal, you may be subject to an “early penalty” tax equal to 10% of the amount you withdraw. In addition, you will be subject to a required 20% withholding if the funds are not rolled over directly to another tax sheltered investment. Your personal situation, your age and work status, and taxation could seriously reduce the value of your cash withdrawal.
- 2) Unwise or risky investments may dissipate your future retirement income, leaving you without sufficient financial resources for retirement.
- 3) Even if you are not planning to retire in the near future, some day you will eventually retire. If you withdraw your retirement accumulation, even for a good reason, you may not have enough to live on when the time for retirement arrives.

Q: Before a decision is made to access Basic 401(a) Retirement Plan accumulations, is it advisable to consult with someone who has knowledge and expertise in the areas of finance and taxation?

A: Due to the complexity and importance of any decision regarding retirement plan accumulations, it is recommended that financial and/or legal guidance be obtained from a professional prior to formally requesting a lump sum distribution of your Basic Retirement Plan accumulations.

Q: Why must I complete the University’s Acknowledgment and Release Form prior to accessing my Basic 401(a) Retirement Plan accumulations?

A: Any individual requesting a lump sum distribution of Basic 401(a) Retirement Plan accumulations will be required to sign the Basic Retirement Plan Accumulations Acknowledgment and Release Form acknowledging that the University of Nebraska is not responsible for any negative tax consequences, or loss of future retirement income.