

RETIREMENT INFORMATION

The information given below is general in nature and may or may not apply to all employees. As each of us have an individual situation, you are strongly encouraged to contact the Employee Benefits Office regarding your retirement eligibility. This information is subject to change at any time and is not intended to override any UK Policies, Procedures or Regulations. Also, this reference is provided for informational purposes only and not intended to provide financial or tax advice. The Retirement Office may be contacted directly by calling Employee Benefits @ (859) 257-9519 and selecting option 3; or you may contact us by electronic mail at the following address: benefits@email.uky.edu.

Definition of Retirement: To be considered as an official retiree by the University, the terminating employee must:

- 1) be at least age 65 (normal retirement age), or
- 2) have a combination of age and service equaling 75 (early retirement) with a minimum of 15 years of continuous regular full time service or its equivalent. A written 3-month notification is required.

The definition of retirement can be found under Administrative Regulation 3:1. Further information regarding the health plan credit in retirement can be found under HR Policy and Procedure 94: Health Plan Credit.

Income Options: For estimates of annuity benefit amounts under TIAA-CREF, please call 1-800-842-2776 or schedule an appointment with the local TIAA-CREF office at 224-6900. Payout option information under the Fidelity Investments is available by calling their toll-free number 1-800-343-0860 or schedule an appointment with Chris Perry (Workplace Planning and Guidance Consultant) at 800-642-7131. **Keep in mind that UK does not provide investment advice or advise whether an employee is financially able to retire.**

Processing: About 4 months prior to your projected retirement date, you should make an appointment with a Retirement Officer by calling the Employee Benefits Office. It is recommended that you give a written notice to your department at least 3 months ahead of your retirement date. If you will be an Early Retiree (under 65), the 3 month notice is a requirement. Faculty should give at least one Semester's notice unless their duties and College allow otherwise.

INSURANCE INFORMATION

Health Insurance: Retirees hired before January 1, 2006, with 15 or more years of continuous regular full-time service or its equivalent, are eligible to remain in a UK health plan with the University contribution continuing.

Retirees who are under age 65 at retirement have their health plan premium determined based on whether they were eligible to retire as of July 1, 2007 or after July 1, 2007.

- **Retirees who are 65 or over with more than 5 years** continuous but less than 15 years of continuous service may remain in a UK health care plan at their own expense (without the health credit).
- **Retirees with less than 5 years of continuous service are not eligible to remain in a UK health plan.**
- **Cost of coverage for eligible dependents in all cases is paid by the retiree.**
- **Retirees are permitted to DEFER their health benefit from the University at either the time of retirement or at a later date during retirement (before or after age 65).** This deferral is a one-time deferral. Retirees who elect to defer their retiree health benefit will be permitted to reactivate their retiree health benefit provided they have had credible health insurance in the 12 months prior.

Once reactivated, the retiree may not defer their health plan again. Retirees may elect to cover eligible dependents when they reactivate the retiree health benefit, even if the dependents were not on the plan previously. In addition, a spouse may be added to a retiree plan after a retiree has retired, provided the spouse has had comparable health plan coverage for 12 months immediately before being covered on the University's plan and there has not been a break in coverage of more than 63 days from the time the prior plan ends and the University coverage begins.

Enrollment in **Medicare Parts A + B** at the time of eligibility (Initial Enrollment period is 3 months before and 3 months after turning 65). If retiring during the Initial Enrollment period, Medicare is specific as to when Part B will become effective and the Initial Enrollment period takes priority. If retiring outside the Initial Enrollment period, this is called Special Enrollment. Verification of being covered under your employer plan, is provided by a Retirement Officer, via the Medicare Part B application, during the Retirement Meeting. Retiree Benefits paperwork (enrolling in the supplemental Carveout Plan) should be submitted the month before the actual retirement date. Enrollment in Part A & B is required for continued participation in University health plans. Retirees must contact and/or submit Part B application to the SSA Office to enroll in Medicare. If you are 65 or older and you return to work at UK as a retiree, please contact the Benefits Office. Note: as long as you are still working and are covered under a UK Health Plan, you do not have to enroll in Medicare Part B upon turning age 65.

Dental and Vision Insurance: A retiree on a **UK Dental** plan must choose one of the UK Retiree Dental Plans or a Delta Dental or opt for no Dental coverage. You must be enrolled in the chosen plan upon the time of retirement in order to continue the plan. Otherwise, enrollment in dental and/or vision can be made during a future Open Enrollment.

Retiree Benefit Premiums: You must enroll in monthly automatic bank draft for your cost of the health, dental and vision insurance premiums.

Basic and Optional Life Insurance: Basic and Optional Life insurance ceases upon retirement. However, retirees may port their Optional Life Insurance by contacting Sun Life Financial at (800) 247-6875. Basic Life and/or Optional Life may be converted by contacting Sun Life Financial. Retirees who were employed prior to 8-1-65 who were enrolled in the Prudential Plan through the University at that time may be eligible to retain a \$5,000 life insurance policy at no cost to the retiree. Continuation of these options must be requested within 30 days of retirement.

Long Term Total Disability: Coverage ceases upon retirement.

Voluntary Benefits: If you have the Universal Life Insurance, Long-Term Care Insurance, Short-Term Disability, or Cancer/Specified Disease Insurance, you may retain this coverage beyond your retirement date. For details on payment options, contact the MPM Financial Group at (toll-free) 1-888-388-1676. If you have the Auto, Home or Pet Insurance and want to retain this coverage beyond your retirement date, you may contact MetLife at 1-800-438-6388.

PAY INFORMATION

Payment for Temporary Disability (Sick) Leave (TDL) - APPLIES TO STAFF ONLY (HR P&P 87):

A. Policy for employees hired prior to July 1, 1995: At retirement, staff employees with an accumulation of at least 66 days (8 hour employees having 528 hours or more, 7.5 hour employees with 495 hours or more, etc.) may receive full pay for up to 22 days of TDL accrual. Any days (up to 22) converted for full payment may not be utilized for age and/or service requirements. Pay for days in excess of 22 will be based on the employer retirement plan contribution percentage (10%) calculated on the final salary rate. These days may be used for retirement age and/or service requirements as well.

B. Policy for employees hired on or after July 1, 1995: At retirement, staff employees with an accumulation of at least 66 days may use these days towards retirement age and/or service requirements.

Payment for Vacation Leave (HR P&P 81): Employees who earn vacation leave are paid for unused leave, not to exceed the annual vacation leave allowance. Terminal Vacation Payout is entered by the department and should be entered on the final paycheck. Employees eligible for the matching 403B plan will see 5% of this payout deducted and matched by the university at 10%. **Faculty who retire at any time other than the fiscal year end (June 30), will be paid prorated terminal vacation on their remaining balance based on retirement date if eligible (refer to AR 3:6).**

Final Paycheck: Your final paycheck will contain payment of final salary; terminal vacation pay and applicable temporary disability leave pay. Vacation and sick pay do not extend the retirement date. If you wish to tax shelter any of your payout the appropriate paperwork must be completed prior to the pay period deadline that you are retiring in. **Your department is responsible for entering final payout(s) per policy.**

Employee Self Service (ESS) Access: Once you retire you will no longer have access to SAP or ESS, meaning no access to review past or present paystubs. To access this information it is suggested that you print that information prior to your retirement date or, email from your UK email account your request to Payroll.

Taxes: The University of Kentucky is only providing general information and does not intend to give financial or tax advice. You are always encouraged to seek the advice of your own tax or financial professional.

Money contributed to retirement plans on a tax-deferred basis is subject to federal income tax when received as a retirement benefit. If you make a lump sum withdrawal, this money is subject to 20% withholding and, if prior to age 59 ½, it may also be subject to an additional 10% early withdrawal penalty. If you retire during the year you turn 55, or later, this penalty may not apply. However, if you retire prior to the year you turn 55, you may be subject to the 10% penalty on withdrawals prior to age 59 ½. Please check with the IRS regarding your tax liability.

UK retirees and former employees may exclude certain distributions from their retirement accounts from Kentucky state income tax if the retirement funds remain in the UK retirement accounts held with UK retirement carriers (Fidelity, TIAA-CREF). Retirement funds must stay in and be distributed directly from the “retirement accounts” (403(b), 401(a) or 457(b)) to receive the potential tax exclusion provided on Kentucky Pension Income Exclusion “Schedule P”, which is for public pensions. Funds transferred to an IRA account and then subsequently distributed are not eligible for the exclusions provided under Schedule P.

Schedule P provides tax filers with public pensions the ability to exclude a percentage of the current year retirement income based on years of service before and after January 1, 1998 (see the instructions on Schedule P for more detail). In addition to this exclusion, all retirees who keep retirement funds within the aforementioned retirement accounts are eligible to receive the overall exclusion (\$41,110 for 2012) which is indexed for inflation each year.

MISCELLANEOUS

Parking Permits: Retirees are eligible for an “E” permit. Please contact the **Parking Office (257-5757)** for information. If you have a RESERVED KY CLINIC PARKING PERMIT call 323-8085.

Contact Lori Mobley at 257-2529 to cancel your United Way contribution. Contact the Development Office at 257-3914 to cancel your UK Gift contribution (i.e., Library). Retirees may want to purchase a permanent **UK ID Card** if they have a minimum of 5 years of service. The cost is \$5.00. For more information or to get a UK ID Card, visit the Wildcat ID Office, 105 Bowman’s Den Rm. or contact Jan Montoya at 218-1910. This card allows you access to the Library, Johnson Center and Employee Discount Program. A list of vendors offering a discount to UK employees and retirees can be found at www.uky.edu/HR/edp.

UK Retirees may be able to keep a UK **email** account in retirement, which may or may not be the same as the email account held as an employee. Contact IT at 218-4357 or email helpdesk@uky.edu.

Financial Counseling: Todd Macaulay provides free financial counseling to UK employees. Individualized counseling sessions are available to help balance income and expenses. For more information, contact Todd Macaulay at 859-218-1589.

Association of Emeriti Faculty, Inc: For information, contact Sue Fosson at 859-873-7582 or sandafosson@windstream.net

