



SEBAC ARP Grievance (SAG) Award

INFORMATION SESSION

Office of State Comptroller:

www.osc.ct.gov | (860) 702-3480
Retirement Health Insurance Unit:
(860) 702-3533

Internal Revenue Service:

www.irs.gov | 800-829-1040

Prudential:

www.CTDCP.com | 844-505-7283

TIAA:

www.tiaa.org | 800-842-2776

The Retirement Services Division does not employ registered financial advisors. Therefore, the information session will not provide financial advice but, will provide information on timelines for the SAG award and a comparison of the key features of the various retirement plans.

SAG Award Eligibility Requirements

This award allows for a one-time irrevocable opportunity to transfer from the Alternate Retirement Program (ARP) to the State Employees Retirement System (SERS) Tier II/Tier IIA or Hybrid Plan.

ARP to SERS Eligibility

- Employees of Higher Education Institutions
- Actively employed and participants of ARP on September 22, 2010

ARP to Hybrid Eligibility

- Employees of Higher Education Institutions
- Actively employed and participants of the ARP on any day between January 1, 2009 to July 1, 2012. (If hired after July 1, 2011 Tier III rules apply).

SAG Transfer Decisions

The irrevocable transfer opportunity opens from September 14, 2018 to December 14, 2018. Eligible ARP members to make one of the following elections based on their eligibility:

1. Continue being a member of ARP.

OR
2. Transfer from ARP into SERS Tier II/ IIA or ARP into Hybrid Plan effective January 18, 2019.

AND
3. Decide if purchasing past ARP Service for additional credit (when applicable).



SAG Award Timeline

- **April to June 2018:** Informational SAG award sessions held by Office of State Comptroller's Retirement Services Division at various higher education locations.
- **June 1, 2018:** Years of service produced by schools for Retirement Services Division.
- **August 2018 to September 2018:** Retirement Division will send ARP members estimated purchase invoices for review.
- **September 14, 2018 to December 14, 2018:** The 90 day window opens for members to make an election to either stay in ARP or transfer into the SERS or Hybrid plans.
- **January 18, 2019:** For those ARP members transferring into SERS or Hybrid, contributions will switch from ARP to SERS or Hybrid.
- **Post January 18, 2019:** Past service purchases to be completed.

The Retirement Plans

Alternate Retirement Program (ARP) is a defined contribution plan. It is based on employee/employer contributions and investment performance of the account. The plan is employee-directed via a menu of mutual funds. Benefit form is flexible and can be paid by lump sum, periodic, or monthly payments.

State Employees Retirement System (SERS) Tier II or Tier IIA is a defined benefit plan. It is based on a formula that takes into account years of service, age, and average salary. The plan is professionally managed. Benefit form is in the form of a lifetime monthly benefit.

State Employees Retirement System (SERS) Hybrid Plan is a defined benefit plan. Designed similar to Tier II /IIA. However, the benefit form can be taken in one of two options; a lifetime monthly benefit or a one-time lump sum “cash out” option.

(*Please refer to retirement plan comparison chart)

Impact Of SEBAC 2011

For employees retiring effective 7/1/2022 the rules for normal retirement age will change.

The SEBAC 2011 agreement included a provision for an irrevocable option to allow members to grandfather their normal retirement age by paying full actuarial cost for this benefit.

If you make the election to transfer from the ARP plan to the SERS or Hybrid plans, you will be given an opportunity to grandfather the current normal retirement age.

Past ARP Service Purchase

- Employees who elect to purchase past ARP service for additional credit into the SERS or Hybrid plans are required to pay full actuarial cost.
- This purchase will provide additional service into the employees new retirement plan.
- Members can choose to purchase no service, some service, or all their past service based on available ARP and State Retirement Qualified Funds.
- Order of funds that can be used to purchase service:
 1. Unencumbered ARP Funds at Prudential and TIAA
 2. State Retirement Qualified Funds 403(b) and 457
 3. Encumbered Funds at TIAA*

*Encumbered funds discount chart available at www.osc.ct.gov

Additional Purchase Opportunities

You may request to purchase certain types of services for additional retirement credit. After submission of request, you will either be sent an invoice to complete the purchase or a letter explaining why you do not qualify. Purchase opportunities include:

1. Grandfather Normal Retirement Age
2. Prior Service to Another State
3. Service to a Connecticut Municipality and Member of CT Municipal Employees Retirement System (CMERS)
4. Prior Military Service (Must Apply Within One Year of Transfer)

| Retirements Before 7/1/22 | Retirements on or after 7/1/22 |
|---|---|
| <ul style="list-style-type: none">• Age 60 with 25 Years of Service• Age 62 with 10 Years of Service | <ul style="list-style-type: none">• Age 63 with 25 Years of Service• Age 65 with 10 Years of Service |

Roles and Responsibilities

Your Agency

- Calculate Service
- Answer Questions

Office of the State Comptroller

- Calculate High 12 Month Earnings
- Create a Tool to Estimate Purchase Cost of ARP Service
- Send Official Estimate and Final Invoice to Purchase Past ARP Service

Employee

- Between 09/14/18 to 12/14/18 decide if staying in ARP or transferring from ARP into SERS or Hybrid
- Resolve any service or salary issues with your union and agency before September 1, 2018
- Inform Agency of Decision and Complete Forms
- Coordinate with Prudential and/or TIAA to Transfer Funds



RETIREMENT PLAN COMPARISON FOR THE SAG AWARD

| PLAN | Alternate Retirement Program | Hybrid Plan (Transfers) | SERS Tier II (Transfers) | SERS Tier IIA (Transfers) |
|---------------------------------|--|--|---|---|
| Type of Plan | Defined Contribution | Defined Benefit with a Cash Out Option | Defined Benefit | Defined Benefit |
| Employee Contribution (Pre-Tax) | 5% of Compensation | <p>For Members Whose Original Date of Hire is prior to 7/1/97:</p> <p>5% of Compensation to Hybrid</p> <p><i>*Between 01/18/19 and 06/30/19</i> 5% = 4.5% to the Hybrid plan, Plus 0.5% into the ARP</p> <hr/> <p>For Members Whose Original Date of Hire is on or after 7/1/97:</p> <p>7% of Compensation</p> <p><i>*Between 01/18/19 and 06/30/19 Contribution is 6.5% of Compensation</i></p> | <p>2% of Compensation</p> <p><i>*Between 1/18/19 and 06/30/19 Employee Contribution is 1.5% of Compensation</i></p> | <p>4% of Compensation</p> <p><i>*Between 1/18/19 and 06/30/19 Employee Contribution is 3.5% of Compensation</i></p> |
| Employer Contribution | <p>7% of Compensation</p> <p><i>*Between 01/18/19 and 06/30/19 Contribution is 7.25% of Compensation</i></p> | <p>Actuarially Determined for Monthly Benefit - No State Contributions Individually Assigned</p> <p>OR</p> <p>5% for Cash Out Option</p> | <p>Actuarially Determined- No State Contributions Individually Assigned</p> | <p>Actuarially Determined- No State Contributions Individually Assigned</p> |
| Pre- Retirement Death Benefit | Account balance payable to named beneficiary | <p>Spousal benefit if at the time of death employee meets pre-retirement death benefit criteria</p> <p>OR</p> <p>Refund of contributions, interest, & past service purchased money</p> | <p>Spousal benefit if at the time of death employee meets pre-retirement death benefit criteria</p> <p>OR</p> <p>Refund of contributions, interest, & past service purchased money</p> | <p>Spousal benefit if at the time of death employee meets pre-retirement death benefit criteria</p> <p>OR</p> <p>Refund of contributions, interest, & past service purchased money</p> |

| PLAN | Alternate Retirement Program | Hybrid Plan (Transfers) | SERS Tier II (Transfers) | SERS Tier IIA (Transfers) |
|-------------------------------|---|---|--|--|
| Post-Retirement Death Benefit | Account balance payable to named beneficiary | Any remaining contributions and interest that have not been exhausted through employee pension and/or survivor option | Any remaining contributions and interest that have not been exhausted through employee pension and/or survivor option but only a portion (approx. 5/13) of remaining contributions and interest from service purchase | Any remaining contributions and interest that have not been exhausted through employee pension and/or survivor option but only a portion (approx. 5/13) of remaining contributions and interest from service purchase |
| Investment Method | Employee-directed, Menu of Mutual Funds | Professionally Managed | Professionally Managed | Professionally Managed |
| Vesting Requirements | None | Age 55 with 10 Years of Vested Service OR Age 65 with 5 Years of Actual State Service | Age 55 with 10 Years of Vested Service OR Age 65 with 5 Years of Actual State Service | Age 55 with 10 Years of Vested Service OR Age 65 with 5 Years of Actual State Service |
| Earliest Benefit Eligibility | Age 55 | Age 55 w/ 10 Yrs. of Vesting Service | Age 55 w/ 10 Yrs. of Vesting Service | Age 55 w/ 10 Yrs. of Vesting Service |
| Normal Retirement Age | Age 65 | Retirements Before 7/1/22: Age 60 with 25 Years of Service OR Age 62 with 10 Years of Service <i>*Option to Grandfather Age</i> | Retirements Before 7/1/22: Age 60 with 25 Years of Service OR Age 62 with 10 Years of Service <i>*Option to Grandfather Age</i> | Retirements Before 7/1/22: Age 60 with 25 Years of Service OR Age 62 with 10 Years of Service <i>*Option to Grandfather Age</i> |
| Disability Retirement | No Disability Retirement | At any time for service-related disability. For non-service related disability need 10 years vesting service | At any time for service-related disability. For non-service related disability need 10 years vesting service | At any time for service-related disability. For non-service related disability need 10 years vesting service |
| Benefit Form | Flexible (Lump Sum, Periodic, or Monthly Payment) | Monthly Benefit OR One-time Lump Sum "Cash out" | Monthly Benefit | Monthly Benefit |
| Cost of Living Adjustments | None | Yes, If elect monthly benefit | Yes | Yes |