

# ALL YOU NEED TO KNOW ABOUT Phased Retirement, Supplemental Retirement Plans including Roth Option

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ROAD TO  
RETIREMENT

PLANNING YOUR RETIREMENT  
FROM INDIANA UNIVERSITY

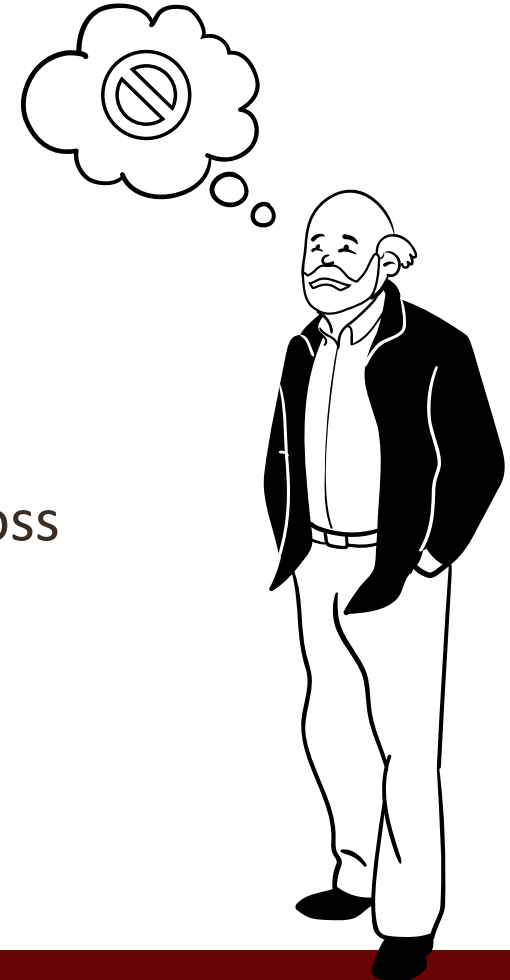


**SECTION I**

**PHASED RETIREMENT  
PROGRAM FOR FACULTY**

# What Keeps People from Retiring?

- Really **enjoy work**
- **Financial issues**—not enough retirement funds to live on; fear of outliving retirement funds
- Concerns of **boredom, unhappiness, wither away**
- **Painful and unhappy tasks**—e.g., health care
- Anxiety about **psychological adjustments**—loss of career identity; loss of friends and support network from work
- For some, **psychological issues outweigh the financial issues**



# Motivations to Retire

## Tired of working

- burnt out, no longer enjoy work

## Can no longer do work

- health issues
- psychological issues
- family obligations

## Field/technology changes

- may have passed you by

## Prefer to do other things

- travel
- write the great novel
- spoil the grandkids



# Solutions to the Retirement Dilemma

## Consider Phased Retirement

- Transition to retirement – reducing workload



# IU Phased Retirement Program

## Voluntary opportunity to “phase” into retirement while you:

- Continue to work while taking partial leave without pay
- Continue teaching and research efforts in part-time capacity
- Continue IU medical, dental, and other benefits\*
- IU Retirement Plan contributions are reduced to % of Phased Retirement Salary
- Reduce workload by 20–50% for 12–36 months
- Ability to withdraw from retirement funds while still working if needed to supplement income (IU Retirement Plan, TDA and any funds held at Fidelity in a 457(b)) \*\*

*\*Note benefits premiums are based on salary prior to Phased Retirement*

*\*\*TIAA Traditional Investment held in IU Retirement Plan may have restrictions*



# Phased Retirement Eligibility

## Faculty class:

- Tenure Track Faculty/Librarian
- Lecturer
- Clinical Faculty
- Professor of Practice
- On-Campus Health Center Physicians
- Teacher
- Dually employed IU and IU Health Physicians
- Research Scientist/Scholar
- Research Associate
- Academic Specialist

## Age/service:

| Age | Years of IU Service |
|-----|---------------------|
| 62  | 16                  |
| 63  | 14                  |
| 64  | 12                  |
| 65+ | 10                  |

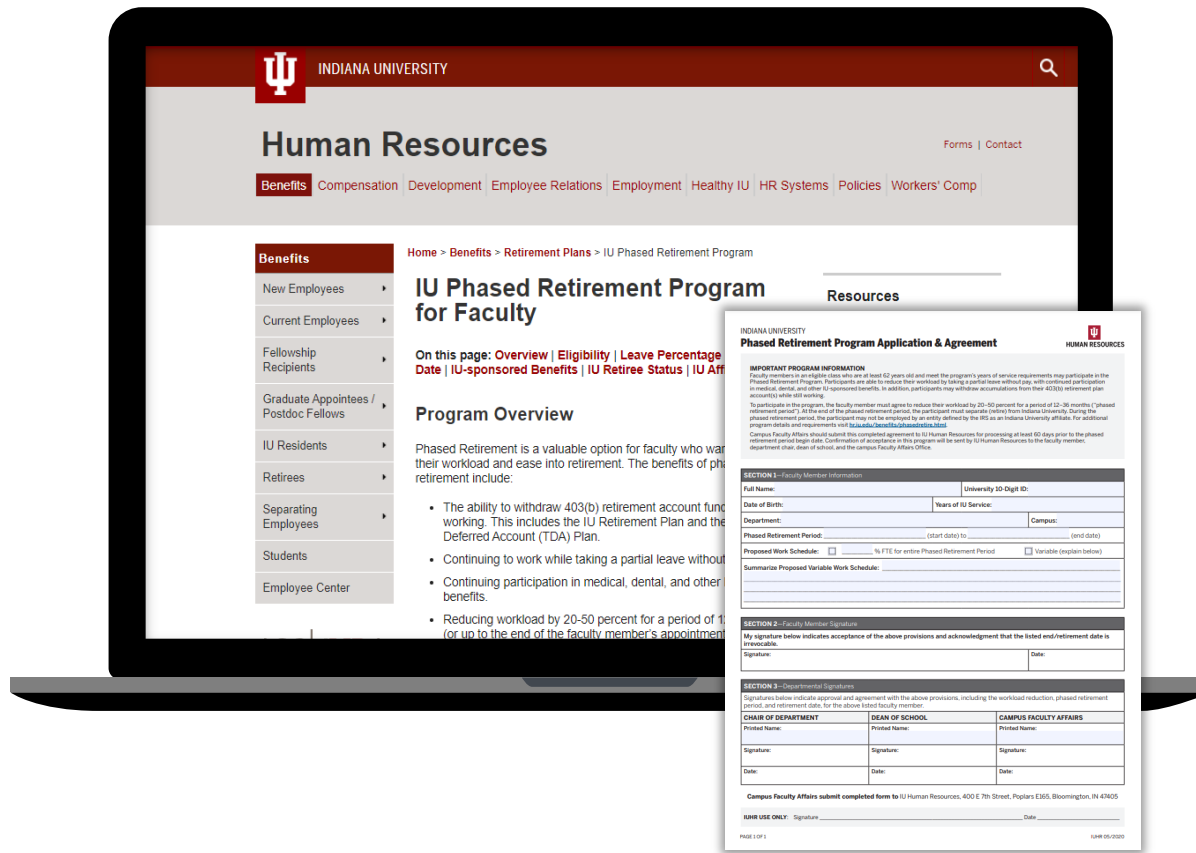
*Years of IU Service is prorated for ages that fall between the ages in the table above.*

# How Phased Retirement Works

- 1 Agreement created/mutually agreed upon by you, Dean of School, Campus Faculty Affairs, and IU Human Resources**
- 2 You agree to retire at the end of the Phased Retirement period (or earlier)**
- 3 Phased retirement time can be reduced but can't be increased.**



# Learn More



## IU Human Resources

### Phased Retirement Program Website [hr.iu.edu/benefits/phasedretire.html](http://hr.iu.edu/benefits/phasedretire.html)

- Application
- Frequently Asked Questions
- Checklist for Departments

## **SECTION II**

# **REAL LIFE STORY**

**Rachel Applegate – IU Professor Retired from Phased Retirement Program**

# Rachel Applegate

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**Planning:** *all plans must be mutually beneficial (you and your unit)*

## Colleagues and office (and dept.)

Build on **your** previous value

Your inevitable full retirement (transition!)

and **their** needs

You still have to WORK

You do not have to be  
WELL-BALANCED!

## Building blocks for work

- Teaching / consider curriculum cycles
- Research / consider current projects and grant deadlines
- Service and Administrative roles / consider *how you can best transition this*  
(Secret weapon: every single unit has *documentation needs that they are behind on!*)

## Building blocks for family

- What do they expect? Hope?
- Extended family? How cautious do you need to be?



# Rachel Applegate

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## My Decision

### Personal

- My significant other (sister) was retired 5 years and older than me
  - (This is a handy way of admitting YOU aren't that young either!)
- Felt that coming changes needed fresh enthusiasm; felt that some projects were finishing
  - “The Divorce” postponed the start of the phasing period for one year
- Finances were solid (due to listening to advice to save early)

## Strategy

- Worked out several alternative plans and presented them to my supervisor. She could choose or adapt but didn't need to create.





**SECTION III**

**RETIREMENT SAVINGS  
OPPORTUNITIES**

# Supplemental Retirement Plans at IU

**TDA**  
403(b)

**457(b)**

## Two plans for voluntary employee contributions:

- Start or stop contributions any time
- Pre-tax and Roth (after-tax) contributions
- Percent of earnings or flat-dollar
- Catch-up contributions starting at age 50
- In-service distributions after age 59 ½
- Rollovers allowed from IRA's or other plans
- Learn more at [hr.iu.edu/benefits/retirement.html](https://hr.iu.edu/benefits/retirement.html)

# Supplemental Retirement Plans at IU

|                               | IU Tax Deferred Account (TDA)  | IU 457(b) Plan  |
|-------------------------------|--|---|
| Roth Option                   | Yes  | Yes   |
| Rollovers                     | Yes  | Yes   |
| Default Election              | Yes. Auto enrolled at <b>5% pre-tax</b> contribution rate  | Waive   |
| IRS Annual Contribution Limit | <b>\$23,000</b> for 2024<br>Age 50+ catch-up contribution:<br><b>\$7,500</b> for 2023  | <b>\$23,000</b> for 2024<br>Age 50+ catch-up contribution:<br><b>\$7,500</b> for 2023; <u>OR</u> up to additional <b>\$23,000</b> for age 62, 63, 64 catch-up (special rules apply) |
| Withdrawals                   | <b>In-Service:</b> Withdraw funds at <b>age 59½</b> while still working.<br><b>After separation: 10% penalty</b> if withdrawn prior to age 59½ | <b>In-Service:</b> Withdraw funds at <b>age 59½</b> while still working.<br><b>After separation: NO penalty</b> if withdrawn prior to age 59½                                       |

# Using your HSA for Retirement Planning

## Tips to maximize your HSA:

- Increase contributions **to IRS maximum** each year
- Don't forget to add the **catch-up contribution** starting when you turn age 55
- Make contributions **via payroll deduction** to receive maximum tax breaks
- **Keep your money invested** until you need it
- Only use for **healthcare** to avoid penalties and taxes (can be used for premiums in retirement)
- Seek guidance once enrolled in Medicare Part A
  - Due to ineligibility for tax-free contributions!



# Let's Talk About Key Milestones

## Things to be aware of:

### Age 65

- Medicare Part A Enrollment – not necessary if you will continue to be covered under IU medical plan
- Enrollment makes you ineligible for tax-free HSA contributions (including IU contributions)

### Age 70

- Social Security Enrollment – benefit no longer grows
- Enrolling in SS will **automatically enroll you in Medicare Part A** – and it will be back-dated 6 months from application date
- Makes you ineligible for tax-free HSA contributions (including IU contributions)



# Beneficiaries

**Name HSA & retirement plan beneficiaries with the vendor, NOT through IU Employee Center:**

**WEX** [benefit-info.com/iu](https://benefit-info.com/iu)

- Health Savings Account (HSA)

**Fidelity** [netbenefits.com/indiana](https://netbenefits.com/indiana)

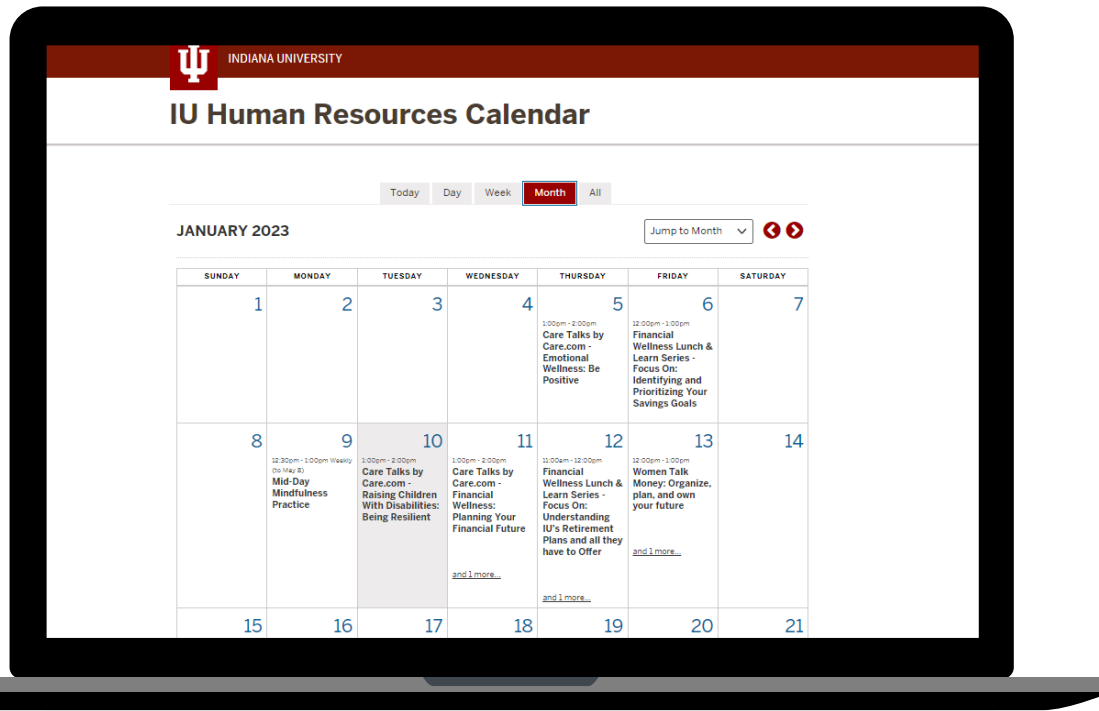
- Base retirement plan (except PERF)
- Each supplemental retirement plan

## **Common mistake to avoid:**

**Naming minors as beneficiaries.** There are strict laws regarding the payment of benefits to minors, so you should consult a legal advisor to determine the best way to accomplish this under state law.

# IUHR Events Calendar

**IUHR Events Calendar**  
[events.iu.edu/iuhumanrescal](https://events.iu.edu/iuhumanrescal)



Explore and register for upcoming HR-related events from:

- Benefits
- Healthy IU
- Training & Organization Development
- Vendors such as Fidelity and Care.com

# IU Human Resources

askHR

askhr@iu.edu | 812-856-1234  
hr.iu.edu



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Thank You!

Questions?



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