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

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MARCH 08, 2024
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
• 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))
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:**

<table>
<thead>
<tr>
<th>Age</th>
<th>Years of IU Service</th>
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<tbody>
<tr>
<td>62</td>
<td>16</td>
</tr>
<tr>
<td>63</td>
<td>14</td>
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<tr>
<td>64</td>
<td>12</td>
</tr>
<tr>
<td>65+</td>
<td>10</td>
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</table>

*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 take partial leave without pay and:
   • Designate phased retirement period of 12-36 months
   • Reduce workload by 20–50% (comp prorated)
   • Continue IU-sponsored benefits (medical, dental, etc.)—employee premiums based on prior annual base salary
   • Continue to receive retirement contributions from IU, prorated based on actual wages paid
   • Withdraw IU retirement funds while still working

3. You agree to retire at the end of the Phased Retirement period (or earlier)
Phased Retirement Program Website
hr.iu.edu/benefits/phasedretire.html

- Application
- Frequently Asked Questions
- Checklist for Departments
REAL LIFE STORY

JOHN HASSELL – IU PROFESSOR CURRENTLY IN PHASED RETIREMENT PROGRAM
Support:
**Colleagues and Dept:** The Dean and colleagues were very supportive.

Other Considerations:
**Colleagues and Dept:**
- What did I have to give up?
  - important to outline all your activities and rationalize the % decrease in effort
- Adjusting the timeline
- Family

Recommendation to others:
- Your plan (have alternative plan). Logic; important to outline all your activities and rationalize the % decrease in effort
- But consider what the dept needs most also, certainly puts one in the best bargaining position.
John Hassell

Decision:
Personal
  • I felt it was time.

The Process:
Who did you talk to?
  • Colleagues
  • Dean

Strategy:
  • Your plan (have alternative plan).
  • Consider department needs

NOTE: Understanding the teaching load is important. Will teaching be in one semester, two semesters? Is summer teaching included/required?
SECTION III

RETIREMENT SAVINGS OPPORTUNITIES
Supplemental Retirement Plans at IU

Two plans for voluntary employee contributions:

- TDA 403(b)
  - 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

- 457(b)
# Supplemental Retirement Plans at IU

## IU Tax Deferred Account (TDA)

<table>
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<tr>
<th>Feature</th>
<th>Description</th>
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<tbody>
<tr>
<td>Roth Option</td>
<td>Yes</td>
</tr>
<tr>
<td>Rollovers</td>
<td>Yes</td>
</tr>
<tr>
<td>Default Election</td>
<td>Yes. Auto enrolled at <strong>5% pre-tax</strong> contribution rate</td>
</tr>
</tbody>
</table>
| IRS Annual Contribution Limit    | **$23,000** for 2024  
**Age 50+ catch-up contribution:**  
**$7,500** for 2023 |
| Withdrawals                      | **In-Service:** Withdraw funds at **age 59½** while still working.  
**After separation:** **10% penalty** if withdrawn prior to age 59½ |

## IU 457(b) Plan

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| IRS Annual Contribution Limit    | **$23,000** for 2024  
**Age 50+ catch-up contribution:**  
**$7,500** for 2023; OR up to additional **$23,000** for age 62, 63, 64 catch-up (special rules apply) |
| Withdrawals                      | **In-Service:** Withdraw funds at **age 59½** while still working.  
**After separation:** **NO penalty** 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:

Nyhart [iu.nyhart.com](http://iu.nyhart.com)
- Health Savings Account (HSA)

Fidelity [netbenefits.com/indiana](http://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

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
Thank You!

Questions?