

Cumulative Revision as of 3-26-13

Question	Answer
1. What will the open and close dates be on the window to choose the Hybrid Plan?	The official open date was established as July 1, 2012. Close date remains 90 days after the IRS rules on the SAG Award.
2. Do we know more about the transfer application process?	Eligible employees and retirees should have received a letter from the Retirement and Benefits Services Division advising them of the process. In general, the answers are at http://www.osc.ct.gov/rbsd/arptransfer/index.html
3. Do I have to purchase past service in order to transfer. And if so, do I need to buy all of it?	No. You may purchase none of your past service, or as much of as you wish to buy.
4. In what order are my funds used to pay for whatever service I decide to buy?	First you use non-encumbered ARP funds (anything not in the TIAA Traditional Annuity account). Next, you use other state retirement qualified funds (403(b), 457 funds). Finally, you use any encumbered (TIAA Traditional Annuity) funds you need. These go last because their value is discounted. (See question 13)
5. I retired in September 2011. If I transfer to the Hybrid Plan, will my pension payments be retroactive to when I retired?	There is no provision in the plan for retroactive pension benefits. However, your purchase cost will be lower as a result of the passing of time. The Tier II Breakpoint is set based upon the year you actually retire (in this case, 2011).
6. If I have more in my ARP account than I need to transfer, and some of it is still in TIAA-CREF, do I need to transfer the unused TIAA-CREF part to ING?	No.
7. If our forms are signed and submitted on a given date, will that be a lock-in date for the value of funds available and buy-in cost?	The fund value and costs are locked in on the date the forms are submitted, except that the costs may vary if the earnings figures are changed. If the actual costs are 5% or more over what was estimated the employee has the right to revoke the transfer.
8. How soon after we submit the forms will we actually be transferred to the SERS Hybrid Plan?	That will vary. Priority is being given to processing applications for those already retired or whose retirement is pending. However the effective date of the transfer will be the date the application is submitted.

Question	Answer
<p>9. If I join the Hybrid Plan and decide on the lump sum cash-out option when I retire, will the lump sum include what I rolled over from ARP and other accounts to pay for the back service credits?</p>	<p>Yes. The lump sum will include whatever you use to purchase service, plus 4% interest on those moneys. It will also include all your ongoing contributions, a 5% employer match, and 4% interest on your contributions and the employer match.</p>
<p>10. We have heard rumors that there needed to be a change to the “Tier II Hybrid Plan”. Is that true, and what has happened?</p>	<p>On March 30, 2012, the parties were informed by counsel that the IRS had modified its previous position concerning switching to a new retirement plan (like the Hybrid), and has determined that it’s permissible only if the mandatory participant’s contribution rate isn’t lowered as a result. The “Tier II Hybrid” Contribution Rate was scheduled to be 3%, and that is not allowed because their mandatory rate under ARP is higher (5%). Therefore, the parties have agreed that the Tier II Hybrid Contribution Rate will be 5%, <i>but of that, only the expected 3% will go into the State Employee Retirement Fund, and the remaining 2% will go into the participant’s ARP account under all the normal rules covering participant’s ARP contributions.</i> This way, “Tier II Hybrid” members get the benefit of their Tier II status without running afoul of the IRS.</p>
<p>11. Isn’t this unfair?</p>	<p>The parties did not anticipate that the IRS would change its position. This agreement comes as close as possible to replicating the original intent of the “Tier II Hybrid” Plan.</p>
<p>12. What is the latest on the inquiry to the Social Security Administration on non-social security covered ARP participants and their ability to purchase past service credit in SERS by joining the Hybrid?</p>	<p>The Comptroller has determined that there is no possibility that retroactive coverage in the Social Security system (and its resultant retroactive tax liability) will be required. So non-Social security covered ARP participants will be eligible to purchase service with everyone else. Those non-social-security-covered ARP participants who join the Hybrid Plan will become social security covered on a prospective basis only.</p>
<p>13. When will we know how much the TIAA Traditional funds will be discounted?</p>	<p>That Chart is available now at the Comptroller’s website: http://www.osc.ct.gov/rbsd/arptransfer/chart.htm</p>

Question	Answer
<p>14. I've heard that if I am over age 55 and go directly into retirement, I can pay a 2.5% penalty and get all of my encumbered funds out immediately (so I won't have to use this discount chart). Is this true.</p>	<p>It is what we were originally told, but it's only partially true, since we were provided only one of the two possible TIAA contract forms. It turns out some state employees have a contract that contains this escape clause, and some don't. The Comptroller's office has asked TIAA-CREF to offer this escape clause to everyone, but they've refused. The Comptroller has told us he has directed his staff to investigate legal action against TIAA-CREF to see if this problem can be remedied. We have also been advised, and are further investigating the claim, that some employees may have a contract that limits the escape clause to money withdrawn with 120 days of the "qualifying event" (usually over age 55 retirement), and that limits the withdrawal to increments of \$10,000.</p>
<p>15. If I transfer now to the Hybrid Plan and then the IRS Private Letter Ruling allows the SAG Award to be implemented, will I be able to then transfer to the appropriate SERS tier? In a previous Q&A, you wrote that it would depend on the IRS. Does that mean that another lengthy Private Letter Ruling would be requested?</p>	<p>One reason that the window to transfer to the Hybrid Plan is being kept open until after the IRS rules on the SAG award is to allow people the option to avoid this problem. For those who chose not to wait, whether they can move from the Hybrid to normal SERS will depend on the IRS ruling. We will do what we can to get the IRS to rule on this simultaneously with their ruling on the overall permissibility of the award.</p>
<p>16. I'm one of the non-social security ARP participants. I have questions concerning the Windfall Elimination Provision and the Government Pension Offset. Can the Union answer those?</p>	<p>No, you will need to speak directly with the Social Security Administration about how those complex rules will affect you. The Comptroller is working with Senator Blumenthal's office to attempt to streamline the process of getting answers from the Social Security Administration for those who need them.</p>
<p>17. I retired before the SAG Award was announced but have since come back to teach courses part time. Will I be able to buy into the Hybrid Plan?</p>	<p>If you are currently a covered employee under the ARP plan you will be treated like any other ARP plan participant. If you are a reemployed retiree who is exempt from the pension system, then you will be treated like other retirees who are not eligible to buy into the Hybrid Plan.</p>

Question	Answer
<p>18. I am one of those employees who were covered by the SAG award but retired before the effective date of the Hybrid, and I've been waiting for the IRS to rule on the SAG. May I instead transfer to the Hybrid?</p>	<p>Any retiree in this group who wishes to forgo waiting for the SAG award and instead move to the Hybrid plan will be permitted to do so. That should cover any retiree who retired after 12/31/2008. Should you make such a choice, you would be waiving your right to participate in the SAG award once the IRS rules. Since the real only downside of the Hybrid as compared to SERS is the additional 3% contribution while working, there is no reason for already retired employees to wait.</p>
<p>19. Am I permitted to use additional funds beyond my current retirement accounts to buy credit for years served, if my retirement accounts are not sufficient to fully cover the time already served?</p>	<p>You may use your ARP account and other state retirement accounts only (403b and 457 accounts). However, other pre-tax funds which have been rolled into these accounts may be used as well.</p>
<p>20. Is this true even if my ARP and state-derived retirement funds are insufficient to buy all my years of service?</p>	<p>Yes. No matter what, you may use your ARP account and other state retirement accounts only.</p>
<p>21. For people whose state service has not been continuous there are rules about which tier is applicable to their status for switching. How can one verify (preferably in writing) which is the applicable tier, as the variation in benefits across the tiers may affect one's retirement strategy?</p>	<p>Contact your agency HR Department for this determination.</p>
<p>22. Faculty get full service credit for sabbaticals but only half pay. This means there is less money available to buy past service credit. Can we use our personal funds to cover that gap?</p>	<p>No. No matter what, you may use your ARP account and other state-derived retirement accounts only.</p>

Question	Answer
<p>23. I have TIAA-CREF Encumbered Funds. The present value discount seems very steep? I heard that people should be able to get their funds out for only a 2.5% charge.</p>	<p>The present value discount chart was prepared by the plan’s actuaries, and takes into account the different earning likelihood between the SERS Fund and the TIAA Traditional Funds. It is not something either party controls or can litigate or bargain over. The ability to get all TIAA funds released for a 2.5% cost is limited by TIAA contract to employees over <i>age 55</i> who are going <i>directly</i> into retirement. Employees who meet that definition and are therefore able to get their funds released from TIAA-CREF can of course use those funds to purchase past service without any discount beyond the 2.5% fee collected by TIAA-CREF.</p>
<p>24. If I want to transfer from the ARP to the Hybrid Plan and am an active employee who works part-time, may I do that?</p>	<p>Yes if you are an active ARP participant.</p>
<p>25. My career has lots of variations in my service, sometimes full-time, sometimes part-time. Won’t I be overpaying for my purchase by using my highest year of earnings?</p>	<p>No. The SERS plan does have complex rules to compute the pensions of people with uneven service which are designed to give full credit for the time worked, but to “even out the salary” based on what percentage of service you career averages out as (i.e. half time, 75% time, etc.). But since the Hybrid purchase calculator uses only your highest year of earnings to compute your purchase costs, all the past years for which you buy service will be counted as though they were full-time (or whatever percent of full-time you worked during that highest purchase year).</p>

Question	Answer
<p>26. If I had previous SERS time before I became an ARP participant, and now I move from ARP to the Hybrid, what happens to my previous SERS time?</p>	<p>The parties have clarified that prior SERS time may be bridged with Hybrid time if it meets the normal plan bridging rules. However, these issues are complex, and we have uncovered a number of individual variations which effect ARP participants who have previous SERS service. If you are in that category and are contemplating transferring to the Hybrid, you should let your union representative know and your case will be individually reviewed to see if transfers are possible, and how it may be handled in your best interest. Campus human resource employees are being asked to forward these cases for individual review.</p>
<p>27. I understand that employees currently in the SERS plan must make an election to prior to July 1, 2013 to make additional contributions under Attachment F of the SEBAC 2011 agreement in order to maintain the current normal retirement ages beyond June 1, 2022. Is this true?</p>	<p>It is true that many Tier II, Tier IIA, and Hybrid covered employees in those Tiers must make that election. The current normal retirement ages are automatically maintained for employees who are eligible for normal retirement by June 1 of 2022 regardless of whether they work beyond that date.</p>
<p>28. How would this work for me if I'm currently in the ARP and I don't join the Hybrid (or perhaps the SERS plan if the SAG award is approved) until some time after July 1, 2013?</p>	<p>If you would be eligible for normal retirement by June 1, 2022 you don't need to do anything. But if not, an employee who transfers to the Hybrid or to SERS (if the SAG award were approved) after July 1, 2013 who wants to maintain the current retirement age beyond 2022 would have 30 days after the transfer to elect to make the additional contributions. Retroactive additional contributions would be due for any Hybrid or SERS time between July 1, 2013 and the purchase date.</p>