

VI. RETIREMENT PROGRAMS

Social Security

All The Unions' employees, except students enrolled in classes and nonresident aliens with F-1 or J-1 visas are covered by the Federal Social Security program, which provides retirement, disability and death benefits. The participation of individuals who are eligible is mandatory, and a payroll deduction is made for the employee's contribution on a pay period basis. The Unions are required to provide a matching amount.

Full-time employees of the Unions are viewed as being employed primarily to earn a living and are covered under the Federal Insurers Contributions Act (referred to as FICA). Full-time employees may take classes at the University of Kansas but such classes are considered by the Unions as being incidental to the full-time employment relationship that exists.

Students who attend classes at the University of Kansas and who also work for the Unions as an incident to pursuing a course of study are considered as part-time employees and are exempt from the FICA tax providing they meet certain requirements. Students enrolled in classes at schools other than KU are not exempt from the tax. When students work for the Unions during periods when they are not enrolled in classes at KU, all earnings are subject to Social Security tax withholding. KU students designated as "foreign" or "international" who hold valid visas are not subject to Social Security tax withholding but may only work limited hours in accordance with their visas restrictions.

All part-time employees who are not KU students are subject to normal Social Security tax withholding taxes.

Additional information and all claims processing must be conducted through a Social Security Administration Office. The office in Lawrence is located at 1440 Wakarusa Drive, (832-2254). Office hours are from 9:00 a.m. to 4:00 p.m.

Basic Retirement Plan

The Unions established a funded retirement plan for all eligible full-time employees on January 1, 1962, with the Teachers Insurance and Annuity Association (TIAA) and the College Retirement Equities Fund (CREF). A pay period deduction from each covered employee's gross income is made and the Unions contribute a percentage of the employee's gross earnings in the name of the employee to be invested in one or both of the above companies in the proportion designated by the employee. A status of the account is provided each quarter by TIAA-CREF to the employee reflecting the current value of the annuity, total premiums received for the period, and other information.

Employees eligible for the Unions' funded retirement plan who wish to select alternate investment providers (other than TIAA-CREF) already authorized to service the University of Kansas must contact their selected fund sponsor for detailed information. This process must be handled through the Unions' Human Resources Office.

There is a great deal of flexibility relative to how employees may utilize TIAA-CREF to plan for retirement in addition to the above-described "regular" plan. These include (1) contributing extra amounts of money over and above that taken out for the "regular" tax deferred annuity, and (2)

purchasing a Supplemental Retirement Annuity (SRA). Further information is available in the Human Resources Office. The Unions' Retirement Plan is listed in its entirety in Appendix 11.

Supplemental Tax Deferred Annuities

All full-time employees are eligible to participate in a voluntary tax deferred annuity program. The basic purpose is to defer taxes on current earnings by electing to receive these earnings, plus interest, at a later time, such as retirement, when employees may be in different tax rate brackets. These tax-deferred annuities are sold by most major insurance companies, and employees may make their own selection from those companies, which may be authorized to do business with the Unions. Please contact the Human Resources Office for further information. Full-time employees may participate in these annuities even if they are not enrolled in the basic Unions' retirement plan.

The maximum contribution to this program is determined by federal law and takes into consideration all contributions to retirement programs being made by the employee. The Human Resources Office can assist an employee in calculating the maximum percentage, which can be deferred into a voluntary tax deferred annuity program.

Retired Employee Benefits

A. Any full-time employee who retires with accumulated sick leave will be paid for sick leave at the time of retirement according to the following schedule of service:

<u>Years of Service</u>	<u>Accumulated Sick Leave</u>	<u>Days Paid For</u>
8 years or more	100 days or more	30 days
15 years or more	125-150 days or more	45 days
25 years or more	150 days or more	60 days

The compensation will be paid and included in the final paycheck and will be subject to normal withholding. For this purpose, retirement is defined as "resigning to leave the work force--not to seek employment" and would require an employee to be at least 55 years of age.

B. Full-time employees who are covered under the Unions Health Insurance Plan when they retire are eligible for continuation of health insurance coverage under the same plan with some variation in coverage depending upon whether an employee is 65 years of age or older. All premiums will be paid by the retired employee and will be due by the first of the month for the month's coverage. The Human Resources Office will issue monthly billing coupons to retired employees to assist in the remittance of premiums.

C. Any individual contemplating retirement or interested in planning for retirement at a later date is invited to contact the Human Resources Office to receive additional information about benefits after retirement and how to obtain an illustration of monthly retirement income that can be expected from the Unions' retirement plan.