



Legacy Optional Retirement Program (ORP) Information For Higher Education Employees hired prior to July 1, 2014

RetireReadyTN is the state's retirement program, combining the strengths of a defined benefit plan provided by the Tennessee Consolidated Retirement System (TCRS); deferred compensation plans offered by Empower Retirement, TIAA, and Voya; and retirement readiness education. We strive to empower public employees to take actionable steps toward preparing for the future.

Faculty and staff hired prior to July 1, 2014 that are exempt from the Fair Labor Standards Act must choose between membership in TCRS and the Legacy Optional Retirement Program (ORP) upon their first day of employment. Further information regarding membership in TCRS can be found in the guide: *Legacy Retirement Plan Information for General State & Higher Education Employees hired before July 1, 2014*.



About the Legacy ORP

- The ORP is a 401(a) deferred compensation plan. The amount a member has available in retirement is based on contributions plus any accumulated earnings to the member's account.
- The Legacy ORP requires fixed employer contribution amounts that are set in State law. Legacy ORP members may also voluntarily participate in the State of Tennessee 401(k) plan.¹ Contributions to the 401(k) are eligible for a dollar-to-dollar match up to \$50 each month.
- ORP members may select their investment options for both the ORP and the 401(k) plan based on their individual goals, risk tolerance, and timeline.
- Members are immediately vested in all member and employer contributions to the ORP and the 401(k). Upon terminating employment or retiring, an employee may leave account balances in the ORP and 401(k) plans, rollover over to another plan, or begin taking distributions.²
- ORP members may elect to transfer membership to TCRS upon attainment of 5 years of creditable service. TCRS will send notification of eligibility to transfer to all members the year they are eligible to transfer. The decision to transfer from the ORP to TCRS is irrevocable.

Contributions to the Legacy ORP

Your retirement is funded by contributions from both the State of Tennessee and you, the member. Employer contributions to the ORP are deducted pre-tax. Employee contributions to the 401(k) plan may be made on a pre-tax or after-tax (Roth) basis.³

¹ The IRS limits the maximum amount of compensation that may be recognized for retirement purposes. Annual limits are published at irs.gov.

² If the member withdraws money from the ORP or 401(k) account balance prior to age 59 ½, they may be subject to an early distribution tax.

³ Employer 401(k) contributions are pre-tax only.

Contributions to the Legacy ORP continued

Employer contributions are equal to 10 percent of earnable compensation up to the Social Security wage base and 11 percent of earnable compensation above the Social Security wage base up to the IRS limits.¹

ORP Service Providers

An ORP member may direct employer and member contributions to investment options provided by one or more of the record-keeping companies. There are currently two companies under contract with the state to provide services for the ORP: TIAA and Voya. The State of Tennessee 401(k) Plan is provided through a partnership with Empower Retirement. Investment options offered by each vendor and other information can be found at RetireReadyTN.gov or by calling the numbers below:

ORP:

- TIAA (800) 842-2252
- Voya (866) 776-6704, Ext. 2

State of Tennessee 401(k):

- Empower Retirement (800) 922-7772



Retirement Readiness Education

In addition to retirement plans, RetireReadyTN offers retirement readiness education and retirement counseling to all members. Members can meet with a retirement plan advisor for assistance with retirement planning or to discuss other financial planning needs. These services are provided to members at no additional fee. For more information about retirement readiness education with each vendor and to schedule a meeting with a plan advisor, please contact the vendors directly or visit RetireReadyTN.gov > For Higher Education Employees.

Designate a Beneficiary

One of the most important decisions a member can make is to designate a beneficiary(s). Designations for your ORP and 401(k) accounts are made separately. Situations such as marriage, divorce, remarriage, or death do not automatically change a designated beneficiary(s). Members should update ORP and 401(k) beneficiaries by visiting the appropriate plan sponsor's website.

Additional Resources

Visit www.RetireReadyTN.gov   @RetireReadyTN

For more plan information, please refer to the Higher Education Decision Guide.

The information in this document is general in nature and may be subject to change without notice. In the event of a conflict between this guide and plan documents, the plan documents will take precedence. Additionally, the value of an ORP or 401(k) account will fluctuate and it is possible for the value to be less than what was contributed. The risks associated with investing are numerous, and as with any investment, it is possible to lose money. The state of Tennessee and its employees are not authorized to provide legal, financial or tax advice. For legal and tax advice concerning your situation you should consult your personal legal, tax or other advisers.

¹ The IRS limits the maximum amount of compensation that may be recognized for retirement purposes. Annual limits are published at irs.gov.