

Changes impacting TIER VI PLAN participants in the SUNY Optional Retirement Program (ORP) including the New State Voluntary Defined Contribution program (NYS VDC Program) are shown below.

## **Employee Contribution Rate:**

The current contribution rates for Tier VI employees participating in the SUNY ORP including those enrolled in the NYS VDC Program will be based upon their earnings in the second calendar year preceding the current calendar year,\* as follows:

- Wages of \$45,000 or less.....3%
- Wages between \$45,000.01 and \$55,000.....3.5%
- Wages between \$55,000.01 and \$75,000.....4.5%
- Wages between \$75,000.01 and \$100,000.....5.75%
- Wages of \$100,000.01 or more .....6%

*NOTE: For part-time employees, contributions are calculated based on the full-time equivalent salary rather than the employees actual part-time salary.*

## **Employer Contribution Rate & Look Back:**

- The current employer contribution rate is 8% of gross salary.
- For the SUNY ORP participants ONLY: The employer contribution rate is 8% of gross salary for the first seven years of active membership service, and 10% thereafter.
- Under the legislation, the annualized calendar year salary for purposes of contributions calculations will be based on the salary looking back two years.
- The salary look back commences two consecutive plan years from the effective date of Tier VI.
- For the SUNY ORP\* the effective date of the look back is January 1, 2015.
- **IMPORTANT:** While participants in the NYS VDC Program are participating in the SUNY ORP, the effective date for the look back is January 1, 2016.
- This date follows two consecutive years from the date on which the SUNY ORP was expanded to include eligible employees from any public employer within NYS, including NYC, public authorities, and local municipalities.

# TIER VI Plan *(continued)*

## **Tier VI SUNY ORP Plan Entrant**

Employee plan entry date April 1, 2012:

- April 1, 2012 through April 1, 2013: Contributions calculated using employee current annualized calendar year salary and based on Tier IV rates.
- Effective April 1, 2013, contributions calculated using the annualized calendar year salary on the Plan Entry Date and the table above.
- Effective January 1, 2015, contributions will be calculated using the annualized calendar year salary as of January 1, 2015 and the table above.

## **Tier VI NYS VDC Plan Entrant, employee plan entry date July 1, 2013**

Employee plan entry date July 1, 2013:

- July 1, 2013 through July 1, 2015, contributions calculated using the annualized calendar year salary on the Plan Entry Date and the table above.
- Effective July 1, 2015, contributions will be calculated using the annualized calendar year salary as of July 1, 2015 and the table above.

# Escrow Account Management

## Under The State University of New York Retirement Plan

During the first 366 days, Employer and Employee contributions should be held in escrow until the participant is vested (366 calendar days of service) .

- Plan Administrators or their payroll provider will need to calculate the interest earned while contribution monies are held in the escrow account using a simple per annum formula as shown below.
- The recordkeeping of the employer and employee contributions is maintained by the agency and it is necessary to comply with plan reporting. This includes amounts reportable on the employee's W-2.

### Example: Employee Contributions :

<b>Total Amount of Employee Contributions In a 366-day Period</b>	<b>X</b>	<b>Interest Rate set by Law*</b>	<b>=</b>	<b>Annum = 1</b>
<i>Example: \$1,500</i>	<i>X</i>	<i>4%</i>	<i>=</i>	<i>\$60</i>

### Example: Employer Contributions:

<b>Total Amount of Employer Contributions In a 366-day Period</b>	<b>X</b>	<b>Interest Rate set by Law*</b>	<b>=</b>	<b>Annum = 1</b>
<i>Example: \$4,000</i>	<i>X</i>	<i>4%</i>	<i>=</i>	<i>\$160</i>

\*Note: The interest rate used in the calculation above is set by New York State law, Article 8B of the NY Education Law 392(4) which states 4% simple. Subject to change.



# Census & Remittance Data Clarification

## For The SUNY Multi-Vendor Coordinator (MVC) System

### **Per-pay Compensation**

Per-pay Compensation is used to calculate an employee's contribution under the SUNY ORP. Based on the employee's tier, the calculation will be based on the value shown in this field on the Census & Remittance File submitted for your location.

On your payroll Census & Remittance File, all data provided in the Per-pay Compensation Field should be considered "Includible" compensation. If data is provided in the "Bonus" field of your payroll file, then SUNY MVC's system will derive "Pensionable" compensation.

- **Pensionable** compensation is the amount that determines the Employer (Source F) and Employee (Source I) contribution.
- **Includible** or per-pay compensation should be used to derive the employee Voluntary TDA Plan contribution.  
Health Benefit Waiver – This waiver should not be included in the employee's per-pay compensation or bonus.

Please reference SUNY's Salary Summary guide for more information:

[https://www.tiaa-cref.org/public/pdf/VDC\\_Salary\\_Summary\\_Guide\\_FINAL.pdf](https://www.tiaa-cref.org/public/pdf/VDC_Salary_Summary_Guide_FINAL.pdf)

### **Employee Status Tracking**

As Payroll Administrator, it is imperative that status changes are provided on your Census & Remittance file. This allows SUNY MVC to appropriately account for *Breaks in Service* which is critical in tracking and calculating the SUNY ORP contributions. The following types of changes must be updated on your SUNY MVC file:

- Newly eligible employees
- Employee salary deferral changes to the SUNY Voluntary TDA Plan
- Employee status changes (separation of employment, rehired, plan eligible)
- Compensation updates
- Adjustment processing



# Census & Remittance Data Clarification

## For The SUNY Multi-Vendor Coordinator (MVC) System

### **Employees with prior SUNY ORP Membership (prior contract ownership OR employment changes from one SUNY campus to another)**

There are two instances where employees may be immediately vested in the SUNY ORP:

1. Employees indicating prior contract ownership in an employer-sponsored retirement plan can be immediately vested in the ORP if the plan structure follows that of the ORP. This is subject to your plan rules.
2. Employees entering prior ORP history during the Retirement Plan Election process MUST have this prior Plan Membership logged as their Plan Entry Date on their Census Remittance File.

In both of these instances, the Census Remittance File must be updated to include this prior contract ownership. Submission of prior contract ownership must be provided on your SUNY MVC Census & Remittance File in order to prevent Escrowing contributions. The HR Subarea section is where Employee Tiers I-VI under the ORP is provided. The Tier provided in this section must align with the employee's original ORP membership (Plan Entry Date). In this section, it is also imperative that a value of "Y" be coded and passed in the 8th Byte of the field when an employee is already vested due to prior contracts. Please refer to your file specifications for further details on the HR Subarea field; however, below is a summary of this section.

- **Byte 8** of HR Subarea field – is designated only for employees that have met their Wait Period with existing contracts. This will prevent an employee from being escrowed in the SUNY MVC system.
- **Byte 9** of the HR Subarea field – is designated only for employees that have Escrow balances that have been withdrawn or paid back to the ORP. This allows the system to maintain Escrow balances when an employee has not vested and transfers from one campus to another.

### **Employees Vesting in the SUNY ORP**

*Pay Period Check Date versus Pay Period End Date.*

Employee escrow balances are vested based on the institution's Pay Date – OR – Check Date. This means that rollup occurs at the end of the Escrow period (366 days) based on the institution's pay date **not** pay period end date. Irrespective of the pay cycle, SUNY MVC will always roll-up the employee's Escrow balance based on the participant's vested date as long as it is attained prior to the next scheduled pay date.



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