

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

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ROAD TO
RETIREMENT

PLANNING YOUR RETIREMENT
FROM INDIANA UNIVERSITY

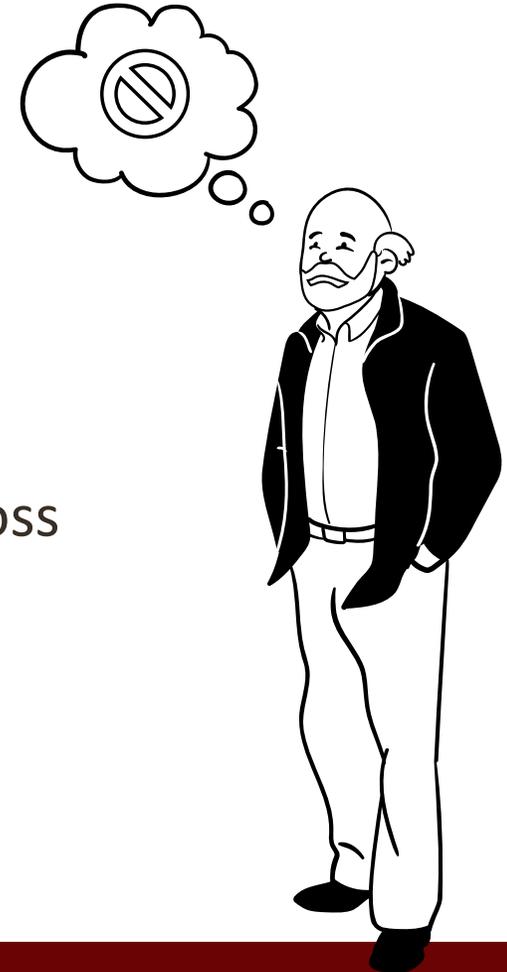


SECTION I

**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:

Age	Years of IU Service
62	16
63	14
64	12
65+	10

Years of IU Service is prorated for ages that fall between the ages in the table above.

How Phased Retirement Works

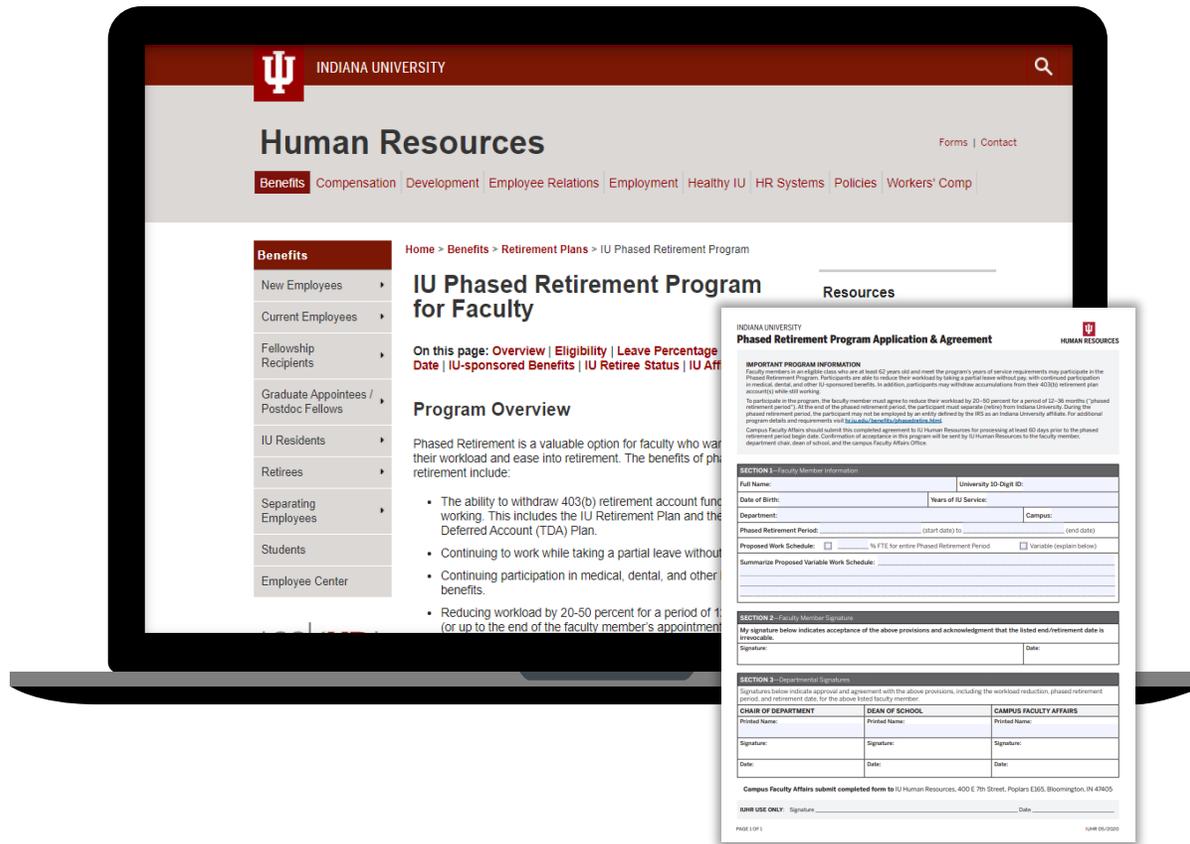
1 Agreement created/mutually agreed upon by you, Dean of School, Campus Faculty Affairs, and IU Human Resources

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)

Learn More



IU Human Resources

Phased Retirement Program Website hr.iu.edu/benefits/phasedretire.html

- Application
- Frequently Asked Questions
- Checklist for Departments

SECTION II

REAL LIFE STORY

**JOHN HASSELL – IU PROFESSOR CURRENTLY IN PHASED
RETIREMENT PROGRAM**

John Hassell

 jhassell@iu.edu

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

 jhassell@iu.edu

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

TDA
403(b)

457(b)

Two plans for voluntary employee contributions:

- 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

Supplemental Retirement Plans at IU

	IU Tax Deferred Account (TDA)	IU 457(b) Plan
Roth Option	Yes	Yes
Rollovers	Yes	Yes
Default Election	Yes. Auto enrolled at 5% pre-tax contribution rate	Waive
IRS Annual Contribution Limit	\$23,000 for 2024 Age 50+ catch-up contribution: \$7,500 for 2023	\$23,000 for 2024 Age 50+ catch-up contribution: \$7,500 for 2023; <u>OR</u> 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: 10% penalty if withdrawn prior to age 59½	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

- Health Savings Account (HSA)

Fidelity netbenefits.com/indiana

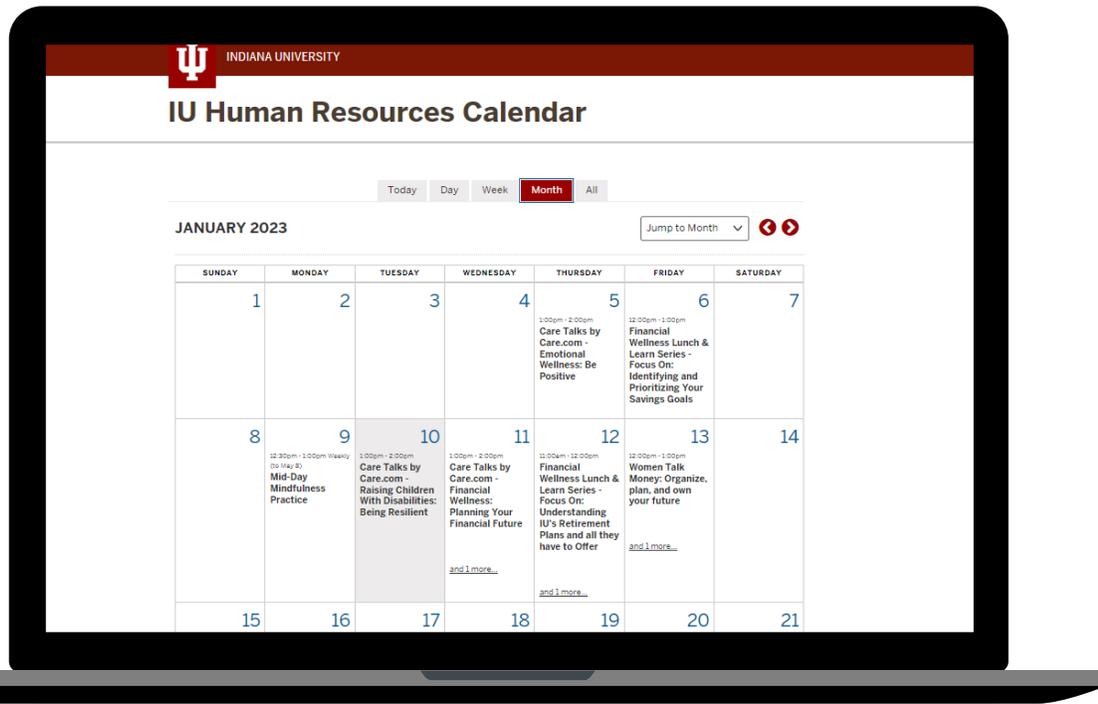
- Base retirement plan (except PERF)
- Each supplemental retirement plan

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

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

IU Human Resources

askHR

askhr@iu.edu | 812-856-1234
hr.iu.edu



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Thank You!

Questions?



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