Human
Resources

OSU Retirement Program

For Employees Hired on or After July 1, 2004

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About Choice … About Security … About You

OSU offers eligible employees a valuable opportunity to build future financial security—a retirement benefit designed to meet the diverse and changing needs of our faculty and staff. Under the OSU Retirement Program, you can choose between two plan options: The *Oklahoma Teachers' Retirement System (OTRS)* or the *OSU Alternate Retirement Plan (ARP).*

This guide describes and compares your two retirement plan options; it presents some factors you might consider as you make your election; and it outlines the process through which you elect a plan.

As you review this information, *it is important to understand you are making an irrevocable retirement plan election*—meaning you will not have the opportunity to switch from plan to plan in the future. So, please take some time to read through this guide. If you have questions, call OSU Benefits at (405) 744-5449. Also, be sure to attend your Benefits Enrollment Session, which will explain the many aspects of OSU's retirement program and provides you an opportunity to ask questions in a face-to-face forum. Information is also available on our website, *http://hr.okstate.edu*.

Compare Your Plan Options

Each plan has its own features and benefits that may provide the right "fit" with your situation—your age, your career path, your financial goals, your tolerance for risk. These plan features are described and compared in the following pages.

A Summary of the Plans

The Oklahoma Teachers' Retirement System Plan (OTRS)		The OSU Alternate Retirement Plan (ARP)
The OTRS is a defined benefit plan which provides the opportunity for a lifetime income benefit at retirement—based on a formula that includes an employee's years of service and OTRS total compensation level. OTRS member benefits are funded by contributions made to the system by OTRS members, participating employers (including OSU), and state appropriations. The Oklahoma state legislature governs this plan, and from time-to-time can change the plan's benefits, such as the formula used to calculate your benefit upon retirement, the contributions required by participating members and employers to fund the plan, or to provide cost of living adjustments to retirees drawing benefits from the plan. While the plan may change from time-to-time, it is important to understand that changes are normally made on a "going forward" basis—meaning once you vest in a plan benefit, it is yours; it is unlikely to be decreased or taken away.	**OR**	*The ARP is a defined contribution plan which focuses on the cash value available to a participant at retirement—based on contributions made to an employee's account and the gains and losses of his/her personal investment decisions.* To fund this benefit, OSU contributes to a TIAA-CREF account on your behalf and you have the opportunity to invest the contributions in a variety of plan investment options. Your account balance will fluctuate with the performance of your selected investment options**.** OSU designed and manages this plan, and from time-to-time may make changes to the features and benefits offered. If you elect the ARP, you may view plan details and enroll at the OSU/TIAA-CREF micro-site located at *www.tiaa-cref.org/okstate*.

Eligibility

You are eligible to make a plan election if you meet the following criteria:

- You are a continuous regular employee with an appointment of at least six months, *and*
- Your hire date is on or after July 1, 2004.

Also, to be eligible to receive OSU's contributions to OTRS or the ARP, you must work at least 75% time.

(Note: Faculty with the title, "Adjunct," "Visiting," "Intern," "Post Doctoral Fellow," and "Resident" are not eligible for OSU-paid retirement plan contributions.)

OSU Retirement Plan Contributions and OTRS Employer Fees

Each year OSU contributes to TIAA-CREF or OTRS to fund your retirement benefits. It is important to understand that OSU's contributions are NOT a reduction in your pay; instead, OSU makes plan contributions on your behalf. Also, in accordance with Oklahoma state legislation, in most cases OSU contributes employer fees to OTRS regardless of the plan you elect. These fees are never credited to individual OTRS member accounts; instead, the fees are used to fund current and future benefits provided to OTRS members.

So, depending on the plan you elect, here is what OSU contributes:

OTRS	OSU ARP
OTRS member contribution: OSU contributes an amount equal to 7% of your annual OTRS total compensation* to OTRS on your behalf, which is credited to your OTRS account. **OTRS employer fee:** In addition, OSU pays OTRS a fee in an amount equal to 8.55% of your annual OTRS total compensation*. This fee is not credited to your OTRS account.	**ARP participant contribution:** OSU contributes an amount equal to 11.5% of your annual base salary to the ARP on your behalf. **OTRS employer fee**: In addition, OSU may pay OTRS a fee in an amount equal to 2.5% of your annual OTRS total compensation*.

*Annual OTRS total compensation is your base salary plus the annual amount paid by OSU toward the cost of your health, life and retirement benefits.

OSU makes contributions to OTRS or the ARP on a monthly basis.

Vesting

You "vest" in—or gain the right to—specific plan benefits or the cash value of OSU's contributions under each plan based on your years of service. The vesting rules are different under each plan:

OTRS	OSU ARP
You are immediately vested in **OSU's member contributions to OTRS**. You vest in the **OTRS lifetime retirement income benefit** after five years of creditable OTRS membership.	You vest in **OSU's contributions to your ARP account** after two years of continuous regular service with OSU.

Investment Choices

Depending on the plan you elect, you may have the opportunity to manage the investment of OSU's contributions to your account. This is a key difference between the plans:

OTRS	OSU ARP
You do not have the opportunity to invest OSU's contributions to your account; instead, OTRS' investment advisors invest the plan's overall assets in a range of investments on the plan's behalf. You do not share personally in the possible fluctuations of the plan's investment returns. However, investment returns are used to administer the plan and to fund member benefits paid through the plan.	You choose to invest OSU's contributions in a mix of the plan's investment instruments, which offer a wide range of risk and return alternatives. Your individual account balance will fluctuate with the performance (gains and losses) of your investments. You may change your investment allocations and you may transfer funds among most investment options. Be sure to read through TIAA-CREF's plan materials before making investment elections under this plan.

Retirement Plan Benefits

Because OTRS and the ARP are different types of plans, it makes sense that the retirement benefits provided under the plans are different as well. As you make your retirement plan decision, it is important to understand these differences, which are illustrated on the next page.

Retirement Benefit Eligibility

You are eligible to receive benefits under each plan as follows:

OTRS	OSU ARP
Eligibility for OTRS lifetime retirement income benefit: • You may be eligible for your full OTRS lifetime income benefit when you are at least age 60 and your age plus years of OTRS creditable service equals 90 **OR** at age 65 with five years of OTRS creditable service. • If vested, you may be eligible for a reduced lifetime income benefit ("early retirement") between ages 60 and 64. • If you joined OTRS prior to November 1, 2011, you may be eligible to retire earlier. **Eligibility to receive the cash value of your OTRS account:** The cash value of your account may be available to you after at least four months from your separation from OSU.	**Eligibility to receive the cash value of your ARP account:** Other than the plan's vesting requirement, you do not need to meet specific age or years of service criteria to be eligible to receive the cash value of your account. Instead, if vested, your account balance is available to you upon separation with OSU.

Calculating Your Retirement Benefits

The calculation and payment of plan benefits at retirement is another key difference between the plans. Here is what you can expect:

OTRS	OSU ARP
Your OTRS lifetime retirement income benefit is NOT based on the contributions made to OTRS on your behalf. Instead, the following calculation is used to determine your maximum annual benefit: **The years of OTRS creditable service times the "final average of OTRS total compensation" times two percent.** "Final average of OTRS total compensation" is the average of your five highest consecutive years of OTRS total compensation during your OTRS service. Upon retirement, you may choose one of several OTRS lifetime income benefit payment options. Alternatively, upon separation with OSU you may elect payment of the cash value of your OTRS account, which includes OSU's contributions and accumulated OTRS interest.	Your benefit payable is based on the actual cash value of your ARP account when you separate from OSU. This includes OSU's contributions and the gains or losses of your personal investment selections over time. You may receive payment of your account balance through one of several TIAA-CREF payment options, including lifetime retirement annuities and periodic withdrawals.
You are not required to withdraw funds or close your account when separating employment with OSU.	

Review the employee scenarios beginning on page 7 to compare the projected cash value versus the lifetime income benefit that may be available under each plan (based on the assumptions listed on page 6).

Other Plan Benefits

In addition to thinking about the money that may be available to you at retirement, you may also be concerned about other factors—things like health care costs, and what would happen if you die. Both plans offer some "peace of mind" in these areas:

OTRS	OSU ARP
Health care benefit Upon retirement you may be eligible to receive a health insurance premium offset of $100 to $105 per month if you stay with the OSU Insurance plan and have at least 10 years of creditable service with OTRS. **Death and survivor benefits** • Active member: Your beneficiaries are eligible to receive $18,000 *plus* the cash value of your OTRS account; in some cases, a sole beneficiary may elect payment of OTRS lifetime retirement income benefit in lieu of cash value and the $18,000 benefit. • Retired member: Your beneficiaries are eligible to receive $5,000 *plus* the survivor benefit elected when you retire. **Cost of living adjustments** The state legislature may approve cost of living adjustments to OTRS retirees' monthly income benefit—in effect increasing the benefit payable.	**Health care benefit** Monies from your account can be used in any way, including for payment of health care premiums. **Death and survivor benefits** The cash value of your account is payable to your beneficiaries in the event of your death.

If You Leave OSU

You are not allowed to make plan withdrawals under either plan during your employment with OSU, with a limited exception of the ARP when you are OSU retirement eligible. However, if you leave OSU, you have several options, depending on the plan you elect:

OTRS	OSU ARP
You may make one of four choices: • Request payment of the full cash value of your OTRS account. This will include OSU contributions plus a portion of the interest you have accumulated. (The following page describes how interest is credited to your account under OTRS.) • Rollover the full cash value of your OTRS account into an eligible Individual Retirement Account (IRA). • Leave OSU's contributions in your OTRS account and continue to earn interest until you withdraw the monies at a later date. • If vested and at retirement age, begin drawing your lifetime retirement income benefit.	If you are vested in OSU's contributions, you have many choices, including: • Select one of the lifetime annuity options. • Request payment of all or part of the cash value of your ARP account. • Rollover all or part of the cash value of your ARP account into another eligible retirement plan or Individual Retirement Account (IRA). • Leave your ARP account open and continue to invest the balance at no cost to you. ***You will forfeit OSU's plan contributions if you separate from OSU prior to meeting the plan's vesting requirements.***

Important Note

Under both plans, standard federal income tax withholding and possible penalties may apply to any account withdrawal or benefit payment. Standard federal income tax withholding is usually about 20%, and early withdrawal penalties may be 10% or more.

Consider Your Personal Situation

We have discussed the “nuts and bolts” of each plan. Now, we want to translate how these technical details can be applied in “real life.” We have designed several hypothetical situations to introduce some factors you might consider when making your plan election. These include:

- The time you plan to work with OSU or an OTRS employer
- The time you have until reaching retirement age
- Your preference for accumulating a “cash value” versus a “secure” lifetime retirement income benefit
- The importance of health, death and survivor benefits
- The importance of portability
- Your desire to manage your own plan investments

The following employee scenarios illustrate how each plan’s benefits and features can fit with an employee’s objectives and preferences when it comes to retirement. They show the projected cash value of an employee’s account balance as time passes, illustrate how vesting works, and project what the employee might see upon separation with OSU at retirement age or before. As you review this information, think about how your personal needs and objectives may be similar to the “employee scenario” situations.

Projected balances are before applicable income tax withholding. As you review this information, you should carefully consider how each plan’s features and benefits fit with your own objectives and needs for retirement.

Note: We used the following assumptions to project the cash value and lifetime monthly income benefits at retirement under employee scenarios one through five:

- Base salary increase: 3% per year
- OTR total compensation of base salary plus OSU contributions toward cost of health, life and retirement benefits may vary due to employee elections.
- OTRS account interest accumulation: 8% compounded annually and prorated on the following schedule:
    - 1-15 years of service: 50% of total accrued interest
    - 16-20 years of service: 60% of total accrued interest
    - 21-25 years of service: 75% of total accrued interest
    - 26+ years of service: 90% of total accrued interest
- ARP account investment return: 7% compounded annually

These projections are for illustration purposes only. They are not a guarantee of future benefits or investment performance. Actual returns may vary substantially.

Employee Scenario #1

Employee #1 joins OSU at age 50, with a base salary of $40,000. Because he is nearing retirement age, he is interested in accumulating a secure income for retirement. In addition, he is very concerned about his potential health care expenses at retirement age. What factors should he consider when making his plan decision?

After 1 Year	After 2 Years	After 5 Years	After 10 Years	At Age 65	Lifetime Monthly Income Payable at Retirement
OTRS Cash Value: $3,295 **OR** ARP Cash Value: $0 Under the ARP, OSU is contributing to the employee's account. However, because the employee is not yet vested, his available account balance is $0.	OTRS Cash Value: $6,813 **OR** ARP Cash Value: 9,660 After two years of service, the employee is vested in OSU's contributions to his ARP account balance.	OTRS Cash Value: $18,877 **OR** ARP Cash Value: $27,977 After five years of service, the employee is vested in his OTRS retirement benefit and thus eligible for a lifetime monthly retirement income of **$415** at retirement age. Retirement income under the ARP would be $313	OTRS Cash Value: $45,288 **OR** ARP Cash Value: $71,672 Under OTRS, the employee is eligible for a lifetime monthly retirement income of **$950** at retirement age. Retirement income under the ARP would be $571.	OTRS Cash Value: $82,610 **OR** ARP Cash Value: $138,122 Under both plans, the employee may elect a lump sum payment of his account balance upon separation with OSU.	OTRS: $1,636 **OR** ARP: $785 Alternatively, the employee may elect a lifetime monthly retirement income payment through the plans (one of several payment options). Under OTRS, the employee may also be eligible for $100-$105 per month toward his State health insurance premiums.

Given this employee's objectives—a predictable income benefit and assistance with addressing the rising costs of healthcare—OTRS may be the best plan choice, assuming he intends to become vested by working five years or longer. While the cash value of his OTRS account may be less than what he might see under the ARP, his **lifetime monthly income payable at retirement** under OTRS may be substantially higher. Also, under OTRS with ten years of service, he may be eligible to receive a **health benefit** providing an additional $100-$105 per month to pay his health insurance premiums.

Employee Scenario #2

Employee #2 joins OSU at age 40 with a base salary of $80,000. At this point, she plans to work with OSU for five years, and then possibly take employment with another university. She likes to have control of her money and takes some risk when it comes to managing her investments. In addition, since she does not plan to spend her entire career with OSU, she wants to participate in a retirement plan that may be portable to other employers as her career path evolves. What factors should she consider when making her plan decision?

After 1 Year	After 2 Years	After 5 Years	After 10 Years	After 20 Years	At Age 65	Lifetime Monthly Income at Retirement
OTRS Cash Value: $6,326 **OR** ARP Cash Value: $0 Under the ARP, OSU is contributing to the employee's account. However, because the employee is not yet vested, her available account balance is $0.	OTRS Cash Value: $13,087 **OR** ARP Cash Value: $19,320 After two years of service, the employee is vested in OSU's contributions to her ARP account.	OTRS Cash Value: $36,319 **OR** ARP Cash Value: $55,954 After five years of service, the employee is vested in her OTRS retirement benefit and eligible for a lifetime monthly retirement income of **$798** at retirement age. Retirement income under the ARP would be $1,230	OTRS Cash Value: $87,341 **OR** ARP Cash Value: $143,344 Under OTRS, the employee is eligible for a lifetime monthly retirement income of **$1,838**at retirement age. Retirement income under the ARP would be $2,247	OTRS Cash Value: $282,188 **OR** ARP Cash Value: $665,682 Under OTRS, the employee is eligible for a lifetime monthly retirement income of **$4,901** at retirement age. Retirement income under the ARP would be $3,782	OTRS Cash Value: $503,053 **OR** ARP Cash Value: $766,741 Under both plans, the employee may elect a lump sum payment of her account balance upon separation with OSU.	OTRS: $5,711 **OR** ARP: $4,356 Alternatively, the employee may elect a lifetime monthly annuity payment through the plans (one of several payment options). Under OTRS, the employee may also be eligible for $100-$105 per month toward her State health insurance premiums.

<u>If She Leaves OSU After 5 Years of Service and Leaves Her Plan Account Open</u>

<u>Under OTRS</u>: OSU's contributions stop, but she continues to earn interest. The cash value of her account at retirement age would be **$145,187,** or her lifetime monthly income benefit is frozen at **$798**.

<u>Under the ARP</u>: OSU's contributions stop, but she can continue to invest her account balance. The cash value of her account at retirement age would be **$216,524,** or her lifetime monthly income benefit could continue to grow to **$1,230.**

The ARP may be the best plan for this employee for several reasons. First, she is able to **manage the investment** of OSU's contributions to her account, a plan feature that fits with one of her preferences. Also, because she intends to leave OSU during her career, she's focused on the **cash value** that will be available for rollover into a future employer's retirement plan—and the ARP could deliver the higher cash value upon separation with OSU.

She also should consider the benefit she would have under either plan if, upon separation with OSU after five years of service, she decides to **leave her account balance open** and continues to invest her balance (ARP) or accrue interest (OTRS). (Review the small box to the right above.) In this example, the cash value of her account *and* her possible lifetime monthly income benefit may be substantially higher under the ARP. Thus, given this employee's preferences and possible career path, the ARP may be the right plan for her.

Now, let us suppose she decides to continue her employment with OSU or another OTRS employer beyond five years and possibly into retirement age. While she may continue to focus on the cash value delivered to her under the ARP, she might also want to consider the potential value of the OTRS **lifetime income benefit at retirement**. If she retires under OTRS, her lifetime monthly income benefit may be **$5,711**. Compare this to the income benefit delivered under the ARP at retirement age, and it might be worth her while to consider OTRS if there is a chance she may retire through the OTRS system.

Employee Scenario #3

Employee #3 joins OSU at age 30, with a base salary of $18,000. Until now, she has not thought much about retirement. She is also unsure where her career will take her. She may work with OSU until retirement age; alternatively, she may leave Oklahoma altogether within the next five years. Given her circumstances, she is most interested in the cash that might be available to her at any given point of time, and at the same time would like to see what she would have at retirement age. What factors should she consider when making her plan decision?

After 1 Year	After 2 Years	After 5 Years	After 10 Years	After 20 Years	At Age 65	Lifetime Monthly Income at Retirement
OTRS Cash Value: $1,628 **OR** ARP Cash Value: $0 Under the ARP, OSU is contributing to the employee's account. However, because the employee is not yet vested, her available account balance is $0.	OTRS Cash Value: $3,362 **OR** ARP Cash Value: $4,347 After two years of service, the employee is vested in OSU's contributions to her ARP account.	OTRS Cash Value: $9,284 **OR** ARP Cash Value: $12,590 After five years of service, the employee is vested in her OTRS retirement benefit and eligible for a lifetime monthly retirement income of **$204** at retirement age**.** Retirement income under the ARP would be $545	OTRS Cash Value: $22.159 **OR** ARP Cash Value: $32,252 Under OTRS, the employee is eligible for a lifetime monthly retirement income of **$462** at retirement age. Retirement income under the ARP would be $995	OTRS Cash Value: $70,754 **OR** ARP Cash Value: $106,790 Under OTRS, the employee is eligible for a lifetime monthly retirement income of **$1,200** at retirement age. Retirement income under the ARP would be $1,674	OTRS Cash Value: $343,542 **OR** ARP Cash Value: $406,896 Under both plans, the employee may elect a lump sum payment of her account balance upon separation with OSU.	OTRS: $3,138 **OR** ARP: $2,312 Alternatively, the employee may elect a lifetime monthly annuity payment through the plans (one of several payment options). Under OTRS, the employee may also be eligible for $100-$105 per month toward her State health insurance premiums.

If She Leaves OSU After 5 Years of Service and Leaves Her Plan Account Open

Under OTRS: OSU's contributions stop, but she continues to earn interest. The cash value of her account at retirement age would be **$91,484,** or her lifetime monthly income benefit is frozen at **$204**.

Under the ARP: OSU's contributions stop, but she can continue to invest her account balance. The cash value of her account would be **$95,835,** or her lifetime monthly

This employee needs to consider several factors in making the right plan decision. If she believes she will have a long career with OTRS or another OTRS employer, she may want to consider OTRS. At first glance, she may appear to be better off under the ARP—this reflects the fact that OSU is contributing 11.5% to ARP accounts versus 7% to OTRS accounts. However, to compare the value delivered under both plans at retirement, she needs to look at the value of the **lifetime monthly income** available to her at retirement age--the benefit payable through the OTRS formula may be higher than the comparable lifetime monthly retirement income benefit payable through the ARP.

She also needs to consider the **plan's vesting rules** and the **options available to her upon separation with OSU**. If she is considering leaving OSU in less than two years, OTRS may be the better plan for her because under that plan she vests immediately in OSU's contributions. Thus, she will be eligible to receive the cash value of her OTRS account upon separation with

OSU. On the other hand, if she plans to work with OSU for two to five years, the ARP may be the better plan, providing her with access to a higher cash value upon separation—for payment or rollover into an eligible retirement plan or IRA.

She also should consider the benefit she would have under either plan if, upon separation with OSU after five years of service, she decides to **leave her account balance open** and continues to invest her balance (ARP) or accrue interest (OTRS). (Review the small box to the right above.) In this example, she may be better off under the ARP plan.

Finally, she should consider the **cash value** that can be delivered to her in both the short- and long-term. If this is the case, the ARP may the right plan because after two years of service with OSU, she may have access to a higher cash value upon separation with OSU—at retirement or before.

Employee Scenario #4

Employee #4 joins OSU at age 30 with a base salary of $50,000. This employee is also unsure where her career will take her. She believes she will leave OSU after five years, and she is most interested in the cash value that she might accumulate in that time. She would also like to see what she might have at retirement age under both plans, if she does decide to stay at OSU. What factors should she consider when making her plan decision?

After 1 Year	**After 2 Years**	**After 5 Years**	**After 10 Years**	**After 20 Years**	**At Age 65**	**Lifetime Monthly Income at Retirement**
OTRS Cash Value: $4,053 **OR** ARP Cash Value: $0 Under the ARP, OSU is contributing to the employee's account. However, because the employee is not yet vested, her available account balance is $0.	OTRS Cash Value: $8,382 **OR** ARP Cash Value: $9,660 After two years of service, the employee is vested in OSU's contributions to her ARP account.	OTRS Cash Value: $23,238 **OR** ARP Cash Value: $34,971 After five years of service, the employee is vested in her OTRS retirement benefit and eligible for a lifetime monthly retirement income of **$510** at retirement age. Retirement income under the ARP would be $1,512	OTRS Cash Value: $55,801 **OR** ARP Cash Value: $89,590 Under OTRS, the employee is eligible for a lifetime monthly retirement income of **$1,172** at retirement age. Retirement income under the ARP would be $2,763	OTRS Cash Value: $179,885 **OR** ARP Cash Value: $296,639 Under OTRS, the employee is eligible for a lifetime monthly retirement income of **$3,110** at retirement age. Retirement income under the ARP would be $4,650	OTRS Cash Value: $879,801 **OR** ARP Cash Value: $1,130,266 Under both plans, the employee may elect a lump sum payment of her account balance upon separation with OSU.	OTRS: $8,325 **OR** ARP: $6,422 Alternatively, the employee may elect a lifetime monthly annuity payment through the plans (one of several payment options). Under OTRS, the employee may also be eligible for $100-$105 per month toward her State health insurance premiums.

<u>If She Leaves OSU After 5 Years of Service and Leaves Her Plan Account Open</u>

<u>Under OTRS</u>: OSU's contributions stop, but she continues to earn interest. The cash value of her account at retirement age would be **$228,932,** or her lifetime monthly income benefit is frozen at **$510**.

<u>Under the ARP</u>: OSU's contributions stop, but she can continue to invest her account balance. The cash value of her account at retirement age would be **$266,209,** or her lifetime monthly income benefit could continue to grow to **$1,512.**

The ARP may be the best plan for this employee for several reasons. At this point, because she intends to leave OSU after five years, she is focused on the **cash value** that will be available to her for rollover into a future employer's retirement plan. The ARP may deliver the higher cash value upon separation with OSU.

Alternatively, she may choose to **leave her account balance open** and continue to invest her balance (ARP) or accrue interest (OTRS). In this case, she needs to consider the possible cash value or retirement income benefit she could see if OSU's contributions and her service credit stops at five years of service. (Review the small box to the right above.) In this example, the cash value of her account *and* her possible lifetime monthly income benefit may be substantially higher under the ARP. Thus, given this employee's preferences and possible career path, the ARP may be the right plan for her.

Now, let us suppose she decides to continue her employment with OSU or another OTRS employer beyond five years and possibly into retirement age. While she may continue to focus on the cash value delivered to her under the ARP, she might also want to consider the potential value of the OTRS **lifetime income benefit at retirement**. If she retires under OTRS, her lifetime monthly income benefit may be **$8,325**. Compare this to the income benefit delivered under the ARP at retirement age, and it might be worth her while to consider OTRS if there is a probability she may retire through the OTRS system.

Employee Scenario #5

Employee #5 joins OSU at age 40 with a base salary of $40,000. He has two young children and his wife works part-time for a private sector employer. He intends to work with OSU for the balance of his career. Also, because his wife's employer does not have a retirement plan and they have no personal savings, he is not a risk-taker. He recognizes that they will rely heavily on both his employer's benefit plan and Social Security upon retirement. He is open to any ideas about saving for retirement—just wants to do the best he possibly can for his family. What factors should he consider when making his plan decision?

After 1 Year	After 2 Years	After 5 Years	After 10 Years	After 20 Years	At Age 65	Lifetime Monthly Income at Retirement
OTRS Cash Value: $3,295 **OR** ARP Cash Value: $0 Under the ARP, OSU is contributing to the employee's account. However, because the employee is not yet vested, his available account balance is $0.	OTRS Cash Value: $6,813 **OR** ARP Cash Value: $9,660 After two years of service, the employee is vested in OSU's contributions to his ARP account balance.	OTRS Cash Value: $18,877 **OR** ARP Cash Value: $27,977 After five years of service, the employee is vested in his OTRS retirement benefit and thus eligible for a lifetime monthly retirement income of **$415** at retirement age Retirement income under the ARP would be $615	OTRS Cash Value: $45,288 **OR** ARP Cash Value: $71,672 Under OTRS, the employee is eligible for a lifetime monthly retirement income of **$950** at retirement age. Retirement income under the ARP would be $1,124	OTRS Cash Value: $145,785 **OR** ARP Cash Value: $237,311 Under OTRS, the employee is eligible for a lifetime monthly annuity of **$2,514** at retirement age. Retirement income under the ARP would be $1,891	OTRS Cash Value: $259,595 **OR** ARP Cash Value: $383,370 Under both plans, the employee may elect a lump sum payment of his account balance upon separation with OSU.	OTRS: $3,607 **OR** ARP: $2,178 Alternatively, the employee may elect a lifetime monthly annuity payment through the plans (one of several payment options). Under OTRS, the employee is eligible to receive $100-$105 per month toward his State health insurance premiums.

Given this employee's situation, OTRS may be the right plan. His most important objective is to secure a predictable income for himself and his wife at retirement. With that in mind, he should focus on the **lifetime monthly retirement income** that may be available to him—which may be higher under OTRS than the ARP. In addition, he may want to consider that under OTRS he may be eligible for a **health benefit** of $100-$105 per month toward his health insurance premiums. Also, OTRS offers **death and survivor benefits**—payable as a cash value or monthly income to his wife in the event of his death before or after he retires. (See page 5 for more information regarding death and survivor benefits.)

Make Your Plan Election

It is critical to understand that action (or inaction) on your part is considered an ***irrevocable*** election to participate in OTRS or the ARP. You will not have an opportunity to switch plans, even if changes are made to one or both plans in the future. Also, if you leave OSU and are re-employed with us later, the election you make when first eligible to participate will remain effect.

You must complete and return two forms to OSU Benefits:

- The first is the form titled, "**Acknowledgement of Receipt of OSU Retirement Program Information.**" This form asks you to confirm you have received and reviewed information regarding the retirement program, and to acknowledge that you understand you need to elect either OTRS or the ARP plan. You must complete and return this form at your Benefits Enrollment session.
- The second is your plan election form. To make your plan election, complete the form titled, "**Election Agreement to Participate in Oklahoma Teachers' Retirement System or the Alternate Retirement Plan for Oklahoma State University.**" You must complete and return your Election Agreement form to OSU Benefits within 90 days of your benefits eligibility date (in most cases your hire date).

Both forms are included in your Benefits Packet and are available at your Benefits Enrollment Session.

Upon receipt of your election agreement, OSU Benefits will provide you with instructions on completing the enrollment process with OTRS or TIAA-CREF.

OSU contributions to OTRS or the ARP on your behalf will be retroactive to your benefits eligibility date. There is no waiting period.

Important Note

OSU Benefits must receive your completed and signed Election Agreement form within 90 days of your benefits eligibility. If you do not make a plan election, you will default to the OTRS plan.

Other OSU Employee Savings Opportunities

Regardless of the plan you elect, eligible employees can also choose to participate in OSU's voluntary pre-tax savings plans. These plans can help you set aside more money toward your retirement. Your voluntary contributions to the 457(b) Deferred Compensation Plan, 403(b) Supplemental Tax Deferred Annuity, and/or Roth 403(b) after-tax plan are deducted from your regular paychecks and invested through each plan's investment sponsors as you choose.

Because your personal savings can play a critical role in meeting your financial objectives for retirement, we encourage all eligible employees to consider participation in these savings opportunities. Information regarding these programs is available through the Human Resources web site at *http://hr.okstate.edu/sites/default/files/docfiles/403band457bInfoCompared.pdf*.

For More Information

Choosing between OTRS and the ARP is an important decision and we encourage you to take advantage of the many tools and resources available to you:

- This program guide.
- A Benefits Enrollment Session. Coordinate scheduling with your hiring official or contact OSU Benefits at (405) 744-5449 to reserve space at a session. Your spouse is also welcome to attend.
- OTRS-provided resources.
- TIAA-CREF-provided resources.

If you have questions, do not hesitate to call OSU Benefits.

Plan Contact Information

Who	Address	Phone/Fax	Web
OSU Human Resources/OSU Benefits	106 Whitehurst Stillwater, OK 74078-1034	Ph: (405) 744-5449 Fax: (405) 744-8345	*www.okstate.edu/osu_per*
TIAA-CREF	790 Third Avenue New York, NY 10017	1-800-842-2776	*www.tiaa-cref.org*
Oklahoma Teachers' Retirement System	2500 N. Lincoln Blvd. 5^{th} Floor Oklahoma City, OK 73152-9152	1-877-738-6365	*www.ok.gov/trs/*

Important Information Regarding the OSU Retirement Program

This document summarizes OSU's retirement plan options. Formal plan documents and appropriate state and federal laws govern the actual plan. In the event of need for further clarification, actual laws or the plan documents should be consulted as the authoritative source. The plan documents are available for review at OSU Human Resources, 106 Whitehurst, Stillwater, Oklahoma.

Oklahoma State University reserves the right to modify, revoke, suspend, terminate, or change any or all provisions of the plans, in whole or part, at any time, with or without notice. The language that appears in this document is not intended to create, nor is it to be construed to constitute, a contract between Oklahoma State University and any or all of its employees.