



# NORTHERN ARIZONA UNIVERSITY



## Retirement & Long Term Disability Summary

### Primary Retirement Plans

- Arizona State Retirement Systems (ASRS)
- Public Safety Personnel Retirement System (PSPRS)
- Optional Retirement Plan

### Supplemental Retirement Plans

- 403b Tax-Deferred Annuity Plan
- 457 Deferred Compensation Plan

## Contacts

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### Primary Retirement Plans

- **Arizona State Retirement System**  
Phoenix Area  
602.240.2000  
Outside Phoenix Area  
800.621.3778  
<https://www.azasrs.gov>
- **Public Safety Personnel Retirement System**  
602.255.5575  
<http://www.psprs.com/>
- **Optional Retirement Plan**  
**Fidelity**  
Chad McLain  
Planning and Guidance Consultant  
[chad.mclain@fmr.com](mailto:chad.mclain@fmr.com)  
480.322.9743  
<http://www.netbenefits.com/aus>  
  
**TIAA.CREF**  
Donn Fitch, Planning and  
Guidance Consultant  
[dfitch@tiaa.cref.org](mailto:dfitch@tiaa.cref.org)  
Cell (602).228.6171  
Office (480) 350.3209  
<http://www.tiaa.cref.org/>

### Long Term Disability

- **Sedgwick CMS**  
818. 591.9444  
800. 495.9301  
[https://www.azasrs.gov/content/long.term.d  
isability](https://www.azasrs.gov/content/long.term.disability)
- **The Hartford**  
Customer Service  
866.712.3443

### Supplemental Retirement Plans

- **Arizona University Systems Voluntary 403b Plan**  
  
**Fidelity**  
Chad McLain  
Planning and Guidance Consultant  
[chad.mclain@fmr.com](mailto:chad.mclain@fmr.com)  
480.322.9743  
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**TIAA.CREF**  
Donn Fitch, Planning and Guidance  
Consultant  
[dfitch@tiaa.cref.org](mailto:dfitch@tiaa.cref.org)  
480.350.3209  
<http://www.tiaa.cref.org/>
- **State of Arizona 457 (b) Deferred Compensation Plan**  
  
**Nationwide Retirement Solutions**  
Plan Number 0051039001  
Caleb Lennon, Retirement Specialist  
[lennonc@nationwide.com](mailto:lennonc@nationwide.com)  
602.568.7179

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## Understanding Your Retirement Plan Options

The Northern Arizona University (NAU) offers two types of retirement plans to help you build a retirement income.

- **Primary Retirement Plan** - All benefit eligible employees are required by state mandate to enroll in a primary retirement plan.
- **Supplemental Retirement Plans** - All employees can supplement their retirement savings by contributing to these plans. Learn more about your options.

### Primary Retirement Plans

Most employees who are employed at least 20 hours a week for at least 20 weeks in a fiscal year are required to participate in a primary retirement plan. Postdoctoral scholars and some international employees are not eligible for participation in the primary retirement plan.

#### Plans

The following plans are offered by the NAU.

Arizona State Retirement System (ASRS)	Public Safety Personnel Retirement System (PSPRS)	Optional Retirement Plan
<ul style="list-style-type: none"> <li>• Required for all classified employees</li> <li>• Option for faculty, appointed staff and service professionals as an alternative to ORP</li> </ul>	<ul style="list-style-type: none"> <li>• Required for public safety officers.</li> </ul>	<ul style="list-style-type: none"> <li>• Option for faculty appointed staff and service professional as an alternative to ASRS</li> </ul>



Go to <http://nau.edu/Human-Resources/Benefits/> for more information including plan

#### Eligibility

- **Classified Employees:** As new Classified Staff at NAU, you are required to participate in the Arizona State Retirement System (ASRS).
- **Faculty Members and Appointed Staff:** As a new faculty member, appointed staff, or service professional at NAU, you have the option to participate in the Arizona State Retirement System (ASRS) or an Optional Retirement Plan (ORP) through TIAA-CREF or Fidelity.
- **Public Safety Employees:** Police Officers and other eligible law enforcement employees are required to participate in the Public Safety Retirement System (PSPRS). For enrollment instructions, please contact the NAU Police Department at: 928-523-1186. *For more information please visit the PSPRS website at <http://www.psprs.com/>*

#### Exception

Postdoctoral scholars and some international employees are not eligible for participation in the primary retirement plan.

## Arizona State Retirement System (ASRS)

ASRS is a defined benefit plan qualified under Internal Revenue Code 401(a) that provides a monthly benefit at normal or early retirement.

### Effective Date

You will be enrolled and your contributions will begin effective:

- **New Members:** the first day of the pay period following **183 days** of continuous service.
- **Current Members:** at your date of hire if you have an active retirement account.
- **Forfeited Members:** at your date of hire if you forfeited your account less than two years ago.

### Contributions

Both you and NAU contribute to ASRS at the contribution percentages indicated below. Contributions cover the pension and long term disability benefit.

	2016 Fiscal Year July 1, 2015 - June 30, 2016
Retirement & Health Insurance	11.35%
Long Term Disability	0.12%
<b>Total</b>	<b>11.47%</b>

### Vesting

Vesting refers to the requirement of service before “owning” all funds in your account. In the case of pre-retirement separation from NAU employment you may withdraw or transfer vested contributions

Your Contributions	NAU Contributions
You are always 100% vested in your own contributions.	If you were hired: <ul style="list-style-type: none"> <li>• <b>prior to 07/01/2011</b>, you will become partially vested after five years of service and fully vested after 10 years of service</li> <li>• <b>on or after, 07/01/2011</b>, NAU's contributions do not vest unless you separate due to involuntary reductions in force or position elimination.</li> </ul>

### Normal Retirement

Normal retirement is the earliest you can retire with a full benefit. The requirements for normal retirement are based on your hire date:

Hired prior to July 1, 2011	Hired on or after July 1, 2011
<ul style="list-style-type: none"> <li>• Age 65</li> <li>• Age 62 and 10 years of service</li> <li>• 80 points (Age + Service)</li> </ul>	<ul style="list-style-type: none"> <li>• Age 65</li> <li>• Age 62 and 10 years of service</li> <li>• Age 60 and 25 years of service</li> <li>• Age 55 and 30 years of service</li> </ul>

### Early Retirement

In some cases you may retire early and with a reduced benefit as early as age 50 and 5 years of service.

### *If you leave before retirement*

If you participate in ASRS and are leaving the NAU but not retiring, you may be eligible to:

- request a refund or distribution of your employee contributions, your vested employer contributions if any, and interest earned on these amounts;
- roll over your retirement funds to an IRA or other qualified retirement plan; or
- leave your contributions on deposit for a future benefit.

Contact ASRS to discuss your options or to request a refund/ distribution. More information can be found at: <https://www.azasrs.gov/content/refund> .

### **Exception**

You may still be a retirement plan participant and not eligible to request a refund or distribution if you transfer to:

- a non-benefit-eligible position (graduate assistant or temporary employee) at NAU
- another ASRS employer
- an Arizona Department Of Administration state agency
- an Arizona University System employer including: Arizona Board of Regents, Arizona State University or University of Arizona.

## **Optional Retirement Plan (ORP)**

The ORP is a defined contribution plan offered to faculty, appointed staff and service professionals as an alternative to state-sponsored defined benefit plans like ASRS. Retirement benefits are based on the total accumulation of funds, including any investment gains or losses.

### *Effective Date*

If you elect the ORP within 30 days of eligibility, your contributions will begin on the first day of the pay period following your completed election, A completed election includes:

- electing the ORP as your primary retirement plan
- selecting an investment provider (TIAA CREF or Fidelity)
- making your investment elections

### *Contributions*

You contribute 7% of your gross salary through payroll deduction. NAU matches at 7%. NAU pays for long-term disability coverage beginning on your date of hire.

The following retirement plan limits apply to Optional Retirement Plan and contributions must stop once the employee reaches either of these fiscal year limits.

### **Maximum Compensation**

Employee and employer contributions can only be made on eligible compensation up to the annual IRS limits. Compensation limits may change each fiscal year.

Period	Limit for Enrolled Plan Participants	
	<i>Enrolled on June 30, 1996 or earlier</i>	<i>Enrolled after June 30, 1996</i>
July 1, 2014 – June 30, 20154	\$380,000	\$260,000

### **Contribution Amount**

The maximum contribution for an employee in a fiscal year cannot exceed the IRS limit. Contributions include both employee and employer contributions:

Period	Contribution Limit ( <i>Employer &amp; Employee</i> )
July 1, 2014 – June 30, 2015	\$53,000

## ***Vesting***

Vesting refers to the service requirement before “owning” all funds in your account. In the case of pre-retirement separation from NAU employment you may withdraw or transfer vested contribution upon separation from employment.

Your Contributions	NAU's Contributions
You are always 100% vested in your own contributions.	You are 100% vested in the NAU's contributions after five years of continuous service.  <i>Exception: For an academic year employee, you are 100% vested at the end of the fifth full academic year.</i>

## ***NAU Contributions***

NAU contributions are held in trust until vesting qualifications are met.

- Employer contributions (plus interest, calculated at the rate of interest earned by the university's general fund) are sent to your ORP provider in a lump sum as soon as possible, but no later than 30 days following the vesting date.
- Afterwards, the employer contribution is credited to the employee's ORP account each payday, at the same time as the employee contribution.

**If you leave NAU before you meet vesting qualifications, you relinquish the employer contributions.**

## ***Immediate vesting***

Immediate vesting may be available to qualifying new employees. For example, if a new employee already has an active retirement account (funds on deposit) through another institution of higher education, that employee can be immediately vested at NAU. *Contact Human Resources for more information.*

## ***Investing***

You select one of the plan's investment managers. Each investment manager offers a broad array of investment options from which you can choose. *Contact the investment manager's representative for more information of the funds and services offered or go to the investment manager website to learn more.*

Fidelity Investments	TIAA CREF
<p><i>Chad McLain</i>  <i>Planning and Guidance Consultant</i>            480-322-9743            chad.mclain@fmr.com  <a href="http://www.netbenefits.com/aus">http://www.netbenefits.com/aus</a></p>	<p>Donn Fitch            CFP Consultant, Individual Client Services            dfitch@tiaa-cref.org            866-548-3705, ext. 453209 or 480-350-3209  <a href="http://www.tiaa-cref.org/azus">http://www.tiaa-cref.org/azus</a></p>

## ***Benefits at retirement***

Your retirement benefit is based on the performance of the investments you select. The ultimate account balance is a result of the amount of contributions deposited to the ORP account and the performance of your chosen investments.

### *If you leave before retirement*

If you participate in the ORP and are leaving NAU but not retiring, you may be eligible to:

- request a refund or distribution of your employee contributions, your vested employer contributions if any, and interest earned on these amounts;
- roll over your retirement funds to an IRA or other qualified retirement plan; or
- leave your contributions on deposit for a future benefit.

*Contact your retirement plan investment manager to discuss your options or to request a refund/distribution.*

### **Exception**

You may still be a retirement plan participant and not eligible to request a refund or distribution if you transfer to:

- a non-benefit-eligible position (graduate assistant or temporary employee) at NAU
- an Arizona University System employer including: Arizona Board of Regents, Arizona State University or University of Arizona.

## Compare Primary Retirement Plans

	Arizona State Retirement (ASRS)	Optional Retirement Plan (ORP)
Plan Type	401(a) Define Benefit Plan	401(a) Define Contribution Plan
Investment Management	ASRS manages investments	Employee manages investments through Fidelity or TIAA CREF
Effective Date	<b>Active account:</b> Date of hire or eligibility <b>New members:</b> First day of the pay period after 183 days of continuous employment	First day of the pay period following your primary retirement election
Contribution Rate	<b>Employee:</b> 11.60% including the LTD <b>Employer:</b> 11.60% including the LTD  <i>Example: Employee make \$1,000 per pay period</i> <ul style="list-style-type: none"> <li>• Employee will contribute \$115.40</li> <li>• Employer will contribute \$115.40</li> </ul>	<b>Employee:</b> 7% <b>Employer Match:</b> 7% LTD paid by employer  <i>Example: Employee make \$1,000 per pay period</i> <ul style="list-style-type: none"> <li>• Employee will contribute \$70.00</li> <li>• Employer will contribute \$70.00</li> </ul>
Benefit	Based on ASRS benefit formula	Based on account value at retirement
Vesting of Employer Contribution	<b>Member prior to July 20, 2011:</b> Partial vesting after 5 years of ASRS service, full vesting after 10 years of service.  <b>Member on or after July 20 2011:</b> Withdrawal would not include employer contributions unless the termination is due to layoff or elimination of position.	<ul style="list-style-type: none"> <li>• Full vesting at 5 years of service.</li> <li>• Earlier vesting may be available</li> </ul>
Retiree Health Benefits	Available through ASRS & ADOA – premium subsidy may be available	Available through ASRS & ADOA – No premium subsidy available
Portability	Not very portable	Fairly portable



## Supplemental Retirement Plans

Supplemental plans allow you to save extra money for retirement. You pay no federal or state income taxes on the amount you contribute pre-tax. Income taxes are paid only when the money is distributed (usually after retirement). NAU does not match your contributions

### *Plans*

NAU offers two types of supplemental retirement plans:

- 403b Tax-Deferred Annuity Plan
- 457 Deferred Compensation Plan

### *Eligibility*

All NAU employees (full-time, part-time, hourly, or temporary) are eligible to participate in a 403(b) or 457 plan.

### *Contribution Limits*

You can contribute up to the IRS annual maximum each calendar year to each plan.

- Contributions to the 457 plan must be coordinated with any other 457 plans. For 2015 the contribution maximum is \$18,000 for both plan types.
- If you are age 50 or older you can contribute an additional \$6,000 each calendar year for an annual maximum of \$24,000.
- There may be a catch-up provision for additional contribution. To determine your eligibility for a catch-up provision you will need to contact your supplemental retirement plan vendor directly.

### *Hardship*

While you are an active employee, you are not allowed to access your account except for the reason of 'Hardship' as defined by the IRS.

### *Loans*

Typically you can borrow between \$1,000 and \$50,000 per plan. The amount you can borrow depends on your account balance available for loans.

### *If you leave before retirement*

If you participate in a supplemental retirement plan and are leaving NAU but not retiring, you may be eligible to:

- request a refund or distribution of your employee contributions, and interest earned on these amounts subject to taxes,
- roll over your retirement funds to an IRA or other qualified retirement plan; or
- leave your contributions on deposit for a future benefit.

*Contact your investment manager to discuss your options or to request a refund/ distribution.*

### **Exception**

You may still be a retirement plan participant and not eligible to request a refund or distribution if you transfer to:

- a non-benefit-eligible position (graduate assistant or temporary employee) at NAU.
- an Arizona University System employer including: Arizona Board of Regents, Arizona State University or University of Arizona.

## Arizona University System (AUS) Voluntary 403(b) Plan

Contributions to the Plan can be deducted on a pretax basis from your paycheck or on an after-tax basis [Roth 403(b)]. Northern Arizona University does not match your contributions.

### *Pre-tax contributions*

The contributions are deducted from your pay before income taxes are taken out. This means that you may actually lower the amount of current income taxes withheld each period. It could mean more money in your take-home pay versus money in a taxable account. Any earnings on your contributions are tax deferred until you withdraw them from your account.

### *Roth After-tax contributions*

You can make after-tax payroll contributions and withdraw those contributions tax free (subject to the terms of the Plan).

- Your earnings may also be withdrawn tax free if you have a qualified distribution.
- Generally, a Roth contribution may be beneficial if you expect your tax rate in retirement will be higher than it had been during the years you contributed.
- In the event of either retirement or termination, your earnings can be withdrawn tax free as long as it has been five tax years since your first Roth contribution and you are at least 59½ years old.

*You may want to consider consulting your tax expert to determine if the pretax or Roth after-tax option is right for you.*

### *Investment options*

You select one of the plan's investment managers. Each investment manager offers a broad array of investment options from which you can choose.

*Contact the investment manager's representative for more information of the funds and services offered or go to the investment manager website to learn more.*

Fidelity Investments	TIAA CREF
Chad McLain Planning and Guidance Consultant <a href="mailto:chad.mclain@fmr.com">chad.mclain@fmr.com</a> 480-322-9743 <a href="http://www.netbenefits.com/aus">http://www.netbenefits.com/aus</a>	Donn Fitch, CFP Consultant, Individual Client Services <a href="mailto:dfitch@tiaa-cref.org">dfitch@tiaa-cref.org</a> 866-548-3705, ext. 453209 or 480-350-3209 <a href="http://www.tiaa-cref.org/azus">http://www.tiaa-cref.org/azus</a>

### *Enrolling in the 403 (b) plan*

You may start, stop or change your contribution amount anytime through Fidelity netbenefits at <https://netbenefits.com/aus>. Learn how to enroll in the 403(b) plan or change your 403(b) enrollment.

## 457(b) State of Arizona Deferred Compensation

The 457(b) State of Arizona Deferred Compensation plan managed by Nationwide allows you to save extra money for retirement. The university does not match contributions to the 457(b) plan. You pay no federal or state income taxes on your contribution. Income taxes are paid only when the money is distributed (usually after retirement). There is no penalty for withdrawal of funds at any age.

### *Investment Options*

You invest your 457(b) contributions with Nationwide the 457(b) plan's investment manager. Nationwide offers a wide variety of funds with different investment strategies.

#### **Nationwide**

Caleb Lennon, Retirement Specialist  
888-224-1011 x1166 or 602-568-7179  
lennonc@nationwide.com  
Customer Service: (888) 224-1011

### *Enroll in the 457(b) plan*

Contact the Nationwide representative to enroll.

### *Stop or change contributions*

To stop or change contribution amounts:

1. Log in to **LOUIE**.
2. Click on “**Self Service.**”
3. Click on “Benefits.”
4. Click on “**Benefits Summary.**”
5. Click on the “**Active**” link to see a detailed page of your current deductions.
6. Click on “**Edit**” and adjust the dollar amount of your deduction.

## Compare Supplemental Retirement Plans

	403b Tax-Deferred Annuity Plan	457 Deferred Compensation Plan
Contribution	Pre-tax and Roth After –Tax	Pre-Tax
Investments	Your contributions can be invested with: <ul style="list-style-type: none"> <li>• Fidelity</li> <li>• TIAA CREF</li> </ul>	Your contributions are invested with Nationwide Retirement Solutions
Enrollment & Changes	You may start, stop or change your contribution amount at any time through Fidelity netbenefits at <a href="https://netbenefits.com/aus">https://netbenefits.com/aus</a>	You may start, stop or change your contribution amount at any time <ul style="list-style-type: none"> <li>• You enroll online with <a href="#">Nationwide</a>, or contact Caleb Lennon, Retirement Specialist at 888-224-1011 x1166 or <a href="mailto:lennonc@nationwide.com">lennonc@nationwide.com</a></li> <li>• Make changes in LOUIE Self Service</li> </ul>
Distributions	<ul style="list-style-type: none"> <li>• Once you leave NAU or retire you can request a distribution.</li> <li>• Distributions taken before you are ages 59½ that are not rolled over may be subject to taxes and penalties.</li> <li>• Contact your investment manager to request a distribution.</li> </ul>	<ul style="list-style-type: none"> <li>• Once you leave NAU or retire you can request a distribution.</li> <li>• There is no early withdrawal penalty; however, disbursements are subject to income tax withholding.</li> <li>• Contact Nationwide to request a distribution.</li> </ul>

## Preparing for Retirement

About four to eight weeks before your intended retirement date; it is a good idea to schedule a pre-retirement counseling session to prepare your formal retirement paperwork.

Academic Areas	Administrative Areas
Amy Ulibarri, Benefits Advisor 928-523-0002 <a href="mailto:amy.ulibarri@nau.edu">amy.ulibarri@nau.edu</a>	Lindsey Steinhoff, Benefits Advisor 928-523-6106 <a href="mailto:lindsey.Steinhoff@nau.edu">lindsey.Steinhoff@nau.edu</a>

Please visit <http://nau.edu/Human-Resources/Contact-Us/> to determine who your retirement advisor is for your department.

### ***Health Care***

If you receive a retirement income from one of the primary retirement plans you may enroll in medical, dental and vision through the Arizona Department of Administration (ADOA) Benefit Options program. Your options through ADOA include

- The NAU BlueCross BlueShield PPO plan
- State of Arizona medical , dental and vision plans

All retiring employees, including ASRS and ORP retirees have an additional health and dental plan options available to them through the ASRS. Detailed information can be found at [www.azasra.gov](http://www.azasra.gov).

In addition, ASRS retirees may be eligible to receive a health premium subsidy.

### ***Employee Assistance & Wellness***

Retirees covered under NAU's BlueCross BlueShield PPO plan are eligible for the wellness programs short-term counseling and referral services offered by Employee Assistance and Wellness.

### ***Life Insurance***

Retirees previously enrolled in Aetna life insurance can enroll in a \$15,000 group term life policy. Retirees prior to January 1, 2014 may have elected a \$10,000 policy. Premiums are paid annually. Retirees enrolled in Life insurance through The Hartford and Aetna can also elect to port or convert their coverage upon retirement.

### ***Other Arizona Board of Regents (ABOR) Benefits for Retirees***

To be eligible for these benefits, retirees must have completed at least five (5) years of continuous full-time employment in the Arizona University system immediately preceding retirement, must be receiving a retirement income from an Arizona University sponsored retirement program, be at least fifty (50) years of age, and must have not been terminated for cause.

Education Aid	Retirees and eligible dependent can take advantage of educational opportunities at any of the three Arizona State universities
IT Services	Eligible retirees may continue their NAU e-mail.
NAU Bookstore	Retirees receive a discount on most purchases at the NAU bookstore.
Recreation Center	Retirees may continue to receive discounted prices at Recreation and Aquatic Centers
Cline Library	Retirees retain employee privileges at NAU's Cline Library.
Parking Permit	Retirees may receive a free annual parking permit by joining the NAU Retirees Association (NAURA).

## Understanding Your Long Term Disability Options

Long-term disability insurance protects you from loss of income in the event you become disabled for more than six months as a result of illness or non-work related injury

All benefit-eligible employees are required to participate in a long-term disability plan. You are automatically enrolled into the long-term disability plan corresponding to your retirement plan.

- **Arizona State Retirement System (ASRS)** - If you are participating in the ASRS plan, you receive your long-term disability benefits from Sedgwick CMS.
- **Optional Retirement Plan:** If you are participating in the Optional Retirement Plan (ORP), the Public Safety Personnel Retirement System (PSPRS), or if you are a Post-Doctoral Scholar you are covered by The Hartford Insurance Company.

### Compare Long Term Disability Plans

	Sedgwick	The Hartford
Retirement Benefit	Arizona State Retirement System (ASRS)	Optional Retirement Plan, PSPRS, and Post-Doctoral Scholar
Benefit Amount	The basic monthly amount of the benefit is 66 2/3 percent of your monthly earnings as of the date you became disabled	The basic monthly amount of the benefit is 66 2/3 percent of your monthly earnings as of the date you became disabled.
Benefit Maximum	No maximum	\$10,000 per month during your disability
Benefit Offset	Your benefits may be subject to an offset based on Social Security payments, retirement benefits and other disability benefits.  <i>Note: For members whose disability date is on or after 08/01/15 the benefit payment will also be offset by any accrued leave including vacation and sick.</i>	Your benefits may be subject to an offset based on Social Security payments, retirement benefits and other income benefits.
Duration	Benefits can be paid until age 65 or until you are able to return to work after your disability as determined by Sedgwick, CMS.	LTD benefits can be paid until age 65 or until you are able to return to work after your disability as determined by The Hartford.
Taxes	A portion of the benefits are taxable income.	Benefits are taxable income.
Premium	Both you and the NAU pay the premium for this coverage	The NAU pays your premiums for this benefit.

### Applying for Long Term Disability Benefits

If you are facing a possible long-term disability, you should contact the Human Resource Benefits Team at 928-523-2223.

### When your coverage ends

You do not have the option of continuing your long term disability coverage. If you are currently receiving disability benefits they will continue while approved by the provider.