



**INDIANA UNIVERSITY**  
**UNIVERSITY HUMAN RESOURCE SERVICES**

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**PARTICIPANT RIGHTS &  
RESPONSIBILITIES UPON  
TRANSFER OR TERMINATION**

*Full-time Academic and Staff Employees*

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JANUARY 2012



## **FOREWORD**

Indiana University provides a variety of benefit plans to its employees, including Group Life, Long-Term Disability and Personal Accident Insurances; medical and dental coverages; Tuition Benefit; and retirement plans. This booklet describes participant rights and responsibilities associated with termination of coverage for each of these benefit plans.

Upon termination from the university or transfer to an ineligible employment class or position, active participation in group insurance, medical and dental care, and Tuition Benefit plans ceases; and participation status changes for retirement plans (i.e., no additional contributions or benefit accruals). However, participants in these plans have certain rights and privileges. This booklet provides an overview of each benefit plan, the opportunities available after participation ceases, and contacts and follow-up actions that are required to take advantage of any residual value that these benefit plans may provide. Follow-up is the responsibility of each employee after coverage ceases.

Material in this booklet is for informational purposes only and is not intended to serve as a legal interpretation of benefits.

Indiana University reserves the right to amend or terminate all or any part of its benefit program. The information in this booklet describes termination rights and responsibilities for plans as of January 1, 2012.

Benefit plan customer service contacts are listed in each plan description. Participants may also direct questions to a campus Human Resources office. The University Human Resource Services Web site is an additional resource for customer service phone numbers.

**[www.hr.iu.edu](http://www.hr.iu.edu)**



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## Section I. Insurance Plans

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### GROUP LIFE INSURANCE COVERAGES

#### Group Life Insurance Plans Summary

**Basic Life Insurance.** Indiana University provides Basic Life Insurance to eligible employees. The amount of coverage is two times the employee's budgeted base annual salary up to a maximum of \$50,000 (1.3 times base annual salary at the age of 65). Dependent coverage is \$3,000 for an eligible spouse and \$1,000 for each eligible child. Indiana University pays the cost of this coverage.

**Basic AD&D Insurance.** The university provides Basic AD&D Insurance to eligible employees in an amount equal to the employee's Basic Life benefit.

**Supplemental Life Insurance.** Employees who are eligible for Basic Life Insurance may purchase Supplemental Life Insurance. This insurance is generally equal to 1, 2, 3, or 4 times the employee's budgeted base annual salary. The cost of Supplemental Life Insurance is deducted from the employee's paycheck.

At age 70, Supplemental Life Insurance amounts and maximums are reduced by 35%.

#### Eligibility

All full-time Academic and Staff employees are provided Basic Life Insurance. A dependent is a legal spouse, registered domestic partner, unmarried child through age 20, or age 24 if the child continues to be the employee's or employee's spouse's Federal income tax dependent.

#### Discontinuation of Participation

Participation by the employee in both Basic and Supplemental Life Insurance ends on the date that the employee:

- terminates from the university; or
- ceases to be a member of the eligible class for coverage; or
- ceases to make any required contributions.

A dependent's coverage terminates:

- when a dependent becomes eligible for employee coverage; or
- when an individual ceases to meet the definition of a dependent; or
- when the employee's coverage terminates.

#### Rights and Privileges After Participation Ends

Employees with IU Basic Life and their covered dependents and employees enrolled in Supplemental Life Insurance are allowed to apply for conversion or portability of their life insurance to an individual plan when employee coverage ends or reduces. No proof of insurability is required. In addition, those who terminate with IU Retiree status have a Retiree Life Insurance benefit through the university. This benefit is described in Section VI.

Employees must apply for conversion or portability and pay the required premium within 31 days after the group life insurance ends or reduces at age 70.

## *Insurance Plans — Continued*

- Conversion – IU group coverage can be converted to an individual whole life policy that has a fixed premium and accumulates a cash value.
- Portability – IU group coverage can be transitioned to an individual term life plan. This type of plan is less expensive initially, but the premiums increase with age.

The employee must make application for an individual policy and pay the first premium for that policy within 31 days after the date the employee's life insurance coverage ends under the IU-sponsored Group Life Insurance Policy.

***The insurance underwriter makes every effort to provide a conversion offer to employees upon discontinuation of IU-sponsored Group Life Insurance coverage; however, it is the employee's responsibility to convert the policy in a timely manner, whether or not a conversion offer is extended at the time of termination.***

If the employee dies during the 31 days allowed for conversion, the underwriter will pay the amount of Life Insurance that could have been converted.

NOTE: The combined amounts of insurance purchased under the conversion and portability provisions may not exceed the amount for which you or your Dependents were insured on the day before your employment terminates. You may also wish to contact an independent insurance agent to discuss other alternatives.

To be eligible to purchase insurance under the portability provision, you must meet the following requirements:

1. You must have been continuously insured under your employer's Group Life Insurance plan for at least 12 consecutive months on the date your employment terminates.
2. You must be able to perform with reasonable continuity the material duties of at least one gainful occupation for which you are reasonably fitted by education, training and experience on the date your employment terminates.
3. You must be under age 65 on the date your employment terminates.
4. If you do not buy Life Insurance for yourself, you may not purchase any other insurance coverage.

### **Participant Responsibilities**

Summary of actions the participant must take *to convert or buy portable Group Life Insurance*:

- At the time your group life insurance ends, contact the policy underwriter, The Standard, to obtain details of your conversion and portability options.
- Respond to the insurance offer and application you receive from the policy underwriter by submitting the application to the address listed on the application. If an offer is not received from the policy underwriter, contact University Human Resource Services at 812-855-2007. In either case, the form must be submitted to the policy underwriter within 31 days after the date on which group coverage terminates.
- Send the initial premium with the application form within 31 days after the date that group coverage terminates.
- Pay subsequent premium payments on time.
- Notify the policy underwriter of beneficiary changes.
- Notify the policy underwriter of address and name changes.

## **Customer Service**

To obtain additional requirements and eligibility information on conversion and portability of Group Life Insurance, contact the policy underwriter in the Continued Benefits department of Standard Insurance at 1-800-378-4668, extension 6785 or University Human Resource Services at 812-855-2007.

## **LONG-TERM DISABILITY (LTD) COVERAGE**

### **Long-Term Disability Plan Summary**

Indiana University provides the opportunity for employees to purchase optional Long-Term Disability Insurance. The benefit pays a regular income when an employee is totally disabled and cannot work. The plan includes an optional Retirement Protection Benefit that provides for contributions to a Retirement Annuity while the employee is disabled. The employee may choose between benefits that start after 90 days or 180 days of total disability. Premiums are based on age, salary, and the coverage option selected.

### **Eligibility**

All full-time Academic and Staff employees are eligible to purchase Long-Term Disability Insurance.

### **Discontinuation of Participation**

Participation by the employee in Long-Term Disability Insurance ends on the date that the employee:

- terminates from the university; or
- ceases to be a member of the eligible class for coverage; or
- ceases to make any required contributions.

### **Rights and Privileges after Participation Ends**

If coverage ceases, it will not affect benefits for a disability existing on or before that date.

### **Conversion of Long-Term Disability Insurance**

When Disability Insurance ceases under the group policy due to termination of employment with the university or transfer to an ineligible class, coverage may be converted to an individual policy without providing proof of good health. A conversion policy only includes the monthly income benefit. Conversion coverage is only available if the following conditions have been met:

1. The employee must have been insured under the group policy for at least 12 continuous months. These months must directly precede the date the employee's insurance ceases.
2. The employee's insurance must not be ceasing because of retirement.
3. The employee must not be disabled under this policy.
4. The employee must apply for insurance under the conversion policy and pay the first premium within 31 days after group coverage ends.
5. The employee cannot be eligible for coverage under another employer's Group Total Disability Benefits policy within 31 days of the termination of insurance under the IU-sponsored LTD policy.

### **Participant Responsibilities**

Summary of actions the participant must take *to convert to an individual policy*:

- Return the conversion offer application to the address listed on the letter received from the policy underwriter. If a conversion offer is not received from the policy underwriter, contact University Human Resource Services at 1-812-855-2007. In either case, the form must be submitted to the policy underwriter within 31 days after the date on which group coverage terminates.
- Complete the conversion application within 31 days of the date that group coverage terminates or from the date on which conversion application materials are received. The University Human Resource Services office will complete the employer portion of the application upon your request.
- Pay subsequent premium payments on time.
- Notify the policy underwriter of beneficiary changes.
- Notify the policy underwriter of address and name changes.

### **Customer Service**

To obtain information on converting Long-Term Disability Insurance to an individual policy, contact University Human Resource Services at 1-812-855-2007.

## **PERSONAL ACCIDENT INSURANCE COVERAGE**

### **Personal Accident Insurance Plan Summary**

Indiana University provides the opportunity for employees to purchase optional Personal Accident Insurance from \$30,000 to \$500,000 of coverage. The plan covers employees and their eligible dependents. Premiums are based on the level of coverage selected and are deducted from the employee's salary on a pre-tax basis.

### **Eligibility**

All full-time Academic and Staff employees may purchase Personal Accident Insurance for themselves and their eligible dependents. A dependent is a legal spouse, registered domestic partner, unmarried child through age 20, or age 24 if the child continues to be the employee's or employee's spouse's Federal income tax dependent. No one may be covered more than once under the plan. Those covered as an employee cannot also be covered as a spouse or dependent child. Coverage for disabled dependents may be kept in force beyond the age limit if proof of incapacity and dependence are provided within 31 days of the date when coverage would have ended due to the age limit.

### **Discontinuation of Participation**

Participation by the employee in Personal Accident Insurance ends on the date that the employee:

- terminates from the university; or
- ceases to be a member of the eligible class for coverage; or
- ceases to make any required contributions.

A dependent's coverage terminates:

- when a dependent becomes eligible for employee coverage; or
- when an individual ceases to meet the definition of a dependent; or
- when the employee's coverage terminates; or
- when required contributions are not made.

## Rights and Privileges after Participation Ends

The employee, and dependents in some cases, have the right to convert Personal Accident Insurance to an individual policy without showing proof of good health.

### Conversion of Personal Accident Insurance

**Employee Conversion.** When Personal Accident Insurance ceases under the group policy due to termination of employment with the university or transfer to an ineligible class, coverage may be converted to an individual policy without providing proof of good health. Conversion coverage is only available if the employee is under age 70.

**Dependent Conversion.** Dependents may also convert group coverage when they cease to be eligible for any reason except age. Dependents must apply for conversion within 31 days after their group coverage ends.

#### Participant Responsibilities

Summary of actions the participant must take to convert to an individual policy:

- Obtain a conversion form from Cigna or University Human Resource Services by calling the numbers listed below.
- Return the application to the designated policy underwriter at the address on the application within 31 days after the date on which group coverage terminates.
- Send the initial premium to the address on the application within 31 days after the date that group coverage terminates.
- Pay subsequent premium payments on time.
- Notify the policy underwriter of beneficiary changes.
- Notify the policy underwriter of address and name changes.

### Customer Service

To obtain an application to convert Personal Accident Insurance to an individual policy, contact University Human Resource Services at 1-812-855-2007 or call Cigna at 1-800-441-1832. The University Human Resource Services office will complete the employer portion of the application upon your request.

Cigna can also assist with questions about:

- completing the forms for converting
- payment options
- term insurance options
- changing beneficiaries

## Section II. Medical and Dental Plans

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### Health Care Plan Summary

Indiana University sponsors a choice of comprehensive medical care plans for eligible employees. Benefits under these plans include medical, prescription drug, mental health/substance abuse, transplant coverage, and in the case of the High Deductible Health Plan (HDHP), a health savings account. The university also sponsors a dental plan.

### Eligibility

All full-time Academic and Staff employees are eligible to participate in IU-sponsored health care plans. Spouses/ domestic partners and children who meet the definition of eligible dependents may also be covered by health plans.

### Discontinuation of Participation

Participation by the employee in an IU-sponsored health care plan ends on the date that the employee:

- terminates from the university; or
- ceases to be a member of the eligible class for coverage; or
- fails to make required contributions if prior to the date of termination.

A dependent's coverage will terminate on the date of the earliest of the following occurrences:

- the covered dependent ceases to meet the definition of dependent,
- the employee's coverage terminates,
- all dependent coverage is discontinued under the plan,
- the employee ceases to be in the eligible class,
- a dependent becomes eligible for employee coverage, or
- the employee fails to make required contributions if prior to the date of termination.

### Rights and Privileges After Participation Ends

Under federal law, employees have the right to continue health care coverage under COBRA, and in the case of termination for reason of military service, under the Uniformed Services Employment and Reemployment Rights Act (USERRA).

In addition to COBRA or USERRA continuation coverage described below, employees with IU Retiree Status have additional options for health care coverage upon termination from the university. Those options are described in Section VII - B.

Participants in an IU-sponsored high deductible health plan with a Medical Savings benefit also have opportunities after participation ends. These benefits are described in Section VIII.

**COBRA Continuation Coverage.** Employees and their covered dependents have the opportunity for a temporary extension of health coverage (called COBRA continuation coverage) at group rates in instances where coverage under the plan would otherwise end. The employee or dependent is responsible for the entire premium for COBRA coverage, plus a 2% administrative charge.

Employees have a right to choose COBRA benefits when coverage is lost due to:

- a reduction in work hours, or
- termination of employment (other than for gross misconduct), including retirement.

Covered dependents also have a right, independent of the employee's right, to COBRA coverage. The covered dependent may elect COBRA even if the employee does not. A spouse or dependent child covered under an employee's IU-sponsored health care plan has the right to elect COBRA continuation if they lose coverage due to:

- the employee's death;
- the employee's termination (other than for gross misconduct) or reduction in work hours at IU;
- divorce or legal separation from the employee;
- the employee's entitlement to Medicare; or
- if a covered individual ceases to meet the definition of a dependent.

The university must depend on notice from the employee when certain events occur that would qualify the employee or dependent for COBRA. Under COBRA regulations, the employee or family member has the responsibility to inform Indiana University of such events, including: divorce, legal separation, or a child losing dependent status (such as due to marriage). Such notice must be within 30 days of the later of the following dates: date of the event, or the date on which coverage would end under the plan because of the event.

When Indiana University determines that an employee or dependent has experienced an event that qualifies the enrollee for continuation coverage, IU provides a written notice of COBRA rights and an application for the employee and dependents. The employee and/or dependents have 60 days from:

- the date of the qualifying event; or
- the date of the COBRA offer letter, whichever is later.

The length of COBRA coverage is between 18 months and a maximum of 36 months depending on the circumstances:

- 18 months when coverage is lost due to termination or reduction in hours;
- 36 months when coverage is lost due to death, divorce, legal separation, or dependent losing eligibility due to age;
- 29 months if the enrollee becomes disabled within 60 days of termination.

If the employee does not elect COBRA within 60 days, the option to reinstate coverage under the IU-sponsored health plan ends and there is no coverage beyond the date that the active employee's coverage ended. If the enrollee elects COBRA, coverage may also end when:

- premiums are not paid on time;
- the enrollee becomes covered under another group health plan which does not limit coverage for an enrollee's pre-existing condition;
- the enrollee becomes entitled to Medicare;
- IU no longer provides group health coverage to any employee;
- the enrollee's COBRA coverage was extended due to disability, and there is a final determination that the enrollee is no longer disabled.

In considering whether to elect continuation coverage, take into account that a failure to continue group health coverage will affect future rights under federal law. First, an employee can lose the right to avoid pre-existing condition exclusions being applied by other group health care plans if there is more than a 63-day gap in health coverage. Election of continuation coverage may help the employee avoid such a gap. Second, an employee will lose the guaranteed right to purchase individual health insurance policies that do not impose such pre-existing condition exclusions if continuation coverage is not maintained for the maximum time available. Finally, take

into account that there are special enrollment rights under federal law. An employee has the right to request special enrollment in another group health plan for which s/he is otherwise eligible (such as a plan sponsored by a spouse's employer) within 30 days after group health coverage ends because of a qualifying event. An employee will also have the same special enrollment right at the end of continuation coverage if continuation coverage is maintained for the maximum time available.

COBRA benefits are provided subject to continued eligibility for coverage. Indiana University has the right to terminate COBRA coverage retroactive to the date on which eligibility ends.

### **USERRA Health Plan Protection**

If an employee terminates employment in order to perform military service, the employee has the right under USERRA to elect to continue existing IU-sponsored health plan coverage including coverage for his or her dependents for up to 24 months while in the military. The university administers this coverage by extending the employee COBRA eligibility period to a total of 24 months. The employee is responsible for the entire premium plus a 2 percent administration fee.

Even if the employee doesn't elect to continue coverage during military service, he or she has the right to be reinstated in an IU-sponsored health plan upon reemployment, generally without any waiting periods or exclusions except for service-connected illnesses or injuries.

This is an overview of USERRA health plan coverage rights and actual coverage may vary depending on circumstances.

For additional information on USERRA health plan rights, contact VETS at 1-866-4-USA-DOL or visit their web site at <http://www.dol.gov/vets>. An interactive online USERRA Advisor can be viewed at <http://www.dol.gov/elaws/userra.htm>.

### **Participant Responsibilities**

Summary of actions that the participant must take:

- Notify the university within 30 days of a "change in status," such as divorce, or when a child loses eligibility (e.g., due to marriage, or the child is no longer a full-time student).
- Notify the university if termination is for military service.
- Submit an application to elect COBRA within 60 days of:
  - the date coverage ended; or
  - the date of the COBRA offer letter, whichever is later.
- Pay initial COBRA premiums to-date within 45 days of electing COBRA.
- Pay monthly COBRA premiums on time.
- During COBRA coverage, notify the university of changes that will affect communications or eligibility, including:
  - address changes;
  - changes in marital status;
  - changes in disability status;
  - entitlement under Medicare; or
  - coverage under another group health plan.

**Customer Service**

Questions about initiating COBRA coverage may be directed to:

**COBRA Specialist**  
**University Human Resource Services**  
**1-812-855-7833**

For health claim questions, call the respective health plan claim administrator:

<b>Anthem</b>	<b>1-800-345-2460</b>
<b>Cigna Dental</b>	<b>1-888-336-8258</b>
<b>HealthSmart</b>	<b>1-866-844-9838</b>

## **Section III. HDHP PPO & Health Savings Account (HSA)**

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### **Health Care Plan Summary**

Employees who are enrolled in the HDHP PPO & HSA have two benefits:

- The HDHP PPO, a comprehensive medical plan; and
- an IRS-qualified Health Savings Account (HSA).

Both the university and employee contribute to the HSA while the employee is participating. HSA funds can be used for current health care expenses or saved for future expenses, even after IU employment terminates or transfer to an ineligible position for IU health plan coverage.

### **Eligibility**

All full-time Academic and Staff employees who meet the IRS requirements as stated in IRS Publication 969 are eligible to participate in the HDHP PPO & HSA. Spouses/domestic partners and children who meet the definition of eligible dependents may also be covered by health plans.

### **Discontinuation of HDHP PPO Participation**

Participation by the employee in an IU-sponsored health care plan ends on the date that the employee:

- terminates from the university; or
- ceases to be a member of the eligible class for coverage; or
- fails to make required contributions if prior to the date of termination.

A dependent's coverage will terminate on the date of the earliest of the following occurrences:

- the covered dependent ceases to meet the definition of dependent,
- the employee's coverage terminates,
- all dependent coverage is discontinued under the plan,
- the employee ceases to be in the eligible class,
- a dependent becomes eligible for employee coverage, or
- the employee fails to make required contributions if prior to the date of termination.

### **Discontinuation of HSA Participation**

University-sponsored participation in the HSA terminates when the employee's participation in the HDHP PPO plan is discontinued and University contributions end.

### **Rights and Privileges After Participation Ends**

When the employee becomes ineligible for the HDHP PPO & HSA, the employee and covered dependents have the same rights and privileges for continuation of coverage as for other IU-sponsored medical plans described in Section II. Employees are no longer eligible to make payroll contributions or receive any IU contributions to the HSA as of the date of termination of employment or transfer to an ineligible position. Upon termination of IU eligibility, the HSA custodian will notify the participant of options for transferring funds/investments to a personal HSA not associated with the university, or other options provided for by IRS Code. Information on using funds in a personal HSA and associated tax reporting requirements can be found in IRS Publication 969 which is available at [www.irs.gov](http://www.irs.gov).

## **Participant Responsibilities**

### **HDHP PPO**

- Notify the university within 30 days of a "change in status," such as divorce, or when a child loses eligibility (e.g., due to marriage, or the child is no longer a full-time student).
- Notify the university if termination is for military service.
- Submit an application to elect COBRA within 60 days of:
  - the date coverage ended; or
  - the date of the COBRA offer letter, whichever is later.
- Pay initial COBRA premiums to-date within 45 days of electing COBRA.
- Pay monthly COBRA premiums on time.
- During COBRA coverage, notify the university of changes that will affect communications or eligibility, including:
  - address changes;
  - changes in marital status;
  - changes in disability status;
  - entitlement under Medicare; or
  - coverage under another group health plan.

### **Health Savings Account (HSA)**

- Work directly with the account custodian to convert any remaining HSA balance to a personal account, or to elect other options allowed by the IRS.
- Understand the IRS regulations for reporting requirements and use of an HSA by reading IRS Publication 969 or consulting a tax advisor.
- If terminating mid-year and not continuing HDHP coverage, either through the COBRA or another HDHP plan, confirm you have not made contributions in excess of the IRS prorated maximum. If your contributions have exceeded the IRS prorated maximum, work with the account custodian and the university to resolve the excess contribution issue. Understand the IRS reporting requirements for excess contributions as detailed in IRS Instructions for Form 8889.

## **Customer Service**

Questions about initiating COBRA coverage may be directed to the University Human Resource Services office at 1-812-855-7853. For medical claim questions, call Anthem at 1-800-345-2460.

For questions regarding the Health Savings Account, contact JP Morgan Chase at 1-866-566-7101.

## Section IV. Tax Saver Benefit (TSB) Plan

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### Tax Saver Benefit Plan Summary

TSB is a program that allows reduction of the employee's salary to purchase certain benefits with pre-tax dollars. The plan is offered in three distinct parts:

- **Premium Conversion.** Employee contributions for their IU-sponsored health care plan and Personal Accident Insurance are automatically taken from the employee's salary on a pre-tax basis.
- **Health (medical, dental, and vision) Expense Reimbursement Account.** An employee may elect to set aside pre-tax dollars in a reimbursement account to pay for IRS-qualified medical, dental, and vision expenses that are not covered by any type of insurance program.
- **Dependent Care Reimbursement Account.** An employee may elect to set aside pre-tax dollars in a reimbursement account to pay for child or elder care.

The plan is subject to IRS regulations. Mid-year changes in contributions are limited to those consistent with IRS-defined "changes in status," such as marriage, birth of a child, or change in dependent care provider rates.

Reimbursement accounts and claims for expense reimbursement accounts are administered by The Nyhart Company.

### Eligibility

All full-time Academic and Staff employees are eligible to participate in the Tax Saver Benefit Plan (TSB).

### Discontinuation of Participation

An employee is no longer eligible for participation in TSB when the employee:

- terminates from the university; or
- ceases to be a member of the eligible class for coverage.

For Health Expense Reimbursement Accounts only, the employee may continue to participate under COBRA provisions, on an *after-tax* basis for the remainder of the calendar year.

### Rights and Privileges After Participation Ends

**Premium Conversion.** There is no residual value to Premium Conversion after participation stops.

**Health Expense Reimbursement Account.** The employee is entitled to be reimbursed for qualified expenses incurred *after* the date that eligible employment terminates, only if the employee elects to continue participation in the plan by continuing to make contributions on an after-tax basis. Upon termination, employees with a remaining balance will receive a COBRA notice, election form, and instructions for this option from Nyhart.

Claims for expenses incurred during participation in the plan must be submitted by April 15th following the end of the calendar year in which the expenses were incurred. **Any unclaimed portion of the account is forfeited.**

**Dependent Care Reimbursement Account.** The employee is entitled to be reimbursed for dependent care expenses (up to the amount contributed prior to termination) incurred through the end of the calendar year. Claims for expenses incurred during the year must be submitted by April 15th following the end of calendar year. **Any unclaimed portion of the account is forfeited.**

## **Participant Responsibilities**

Summary of actions the participant must take:

### ***Premium Conversion***

- No action is needed. Premium contributions stop with the employee's last paycheck.

### ***Health Expense Reimbursement Account***

- To continue participation, submit the COBRA election form to Nyhart within 60 days of the date that coverage would have otherwise ended.
- Pay initial COBRA contributions to date to Nyhart within 45 days of electing COBRA.
- Pay monthly COBRA contributions to Nyhart on time.

### ***Health Expense and Dependent Care Reimbursement Accounts***

- Submit claims for eligible expenses to Nyhart by April 15th following the end of the calendar year. *Any unclaimed portions of reimbursement accounts are forfeited after that time.*
- Notify Nyhart of address changes.
- Notify Nyhart of a "change in status" within 30 days of the event.

## **Customer Service - Reimbursement Accounts**

Forms for filing claims for health or dependent care reimbursement can be obtained from a Human Resources office, the University Human Resource Services Web site ([www.indiana.edu/~uhrs](http://www.indiana.edu/~uhrs)), or by calling Nyhart, the plan administrator. Claims can also be submitted online at [iut\\_sb.nyhart.com](http://iut_sb.nyhart.com).

Nyhart Customer Service: **The Nyhart Company, Inc.**  
**8415 Allison Pointe Boulevard, Suite 300**  
**Indianapolis, IN 46250-4201**

Phone: **1-800-284-8412**

Fax: **1-888-887-9961**

Web: ***iut\_sb.nyhart.com***

## **Section V. Tuition Benefit Plan**

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### **Tuition Benefit Plan Summary**

Tuition costs are subsidized for eligible individuals attending Indiana University classes. The benefit is available to those meeting the eligibility criteria by the end of the first week of the semester or session.

### **Eligibility**

The following categories of individuals are eligible for the Tuition Benefit. The level of coverage varies by category.

- Full-time IU Academic and Staff appointed by the end of the first week of the semester or session.
- Former employees with IU Retiree status or who are receiving long-term disability benefits from a university-sponsored plan, Social Security Administration, or PERF; and
- The following dependents of this eligible group:
  - The legal spouse or registered domestic partner; and
  - The dependent child who is unmarried, age 23 or younger, and a tax dependent of the employee.

### **Discontinuation of Participation**

A participant is no longer eligible for the Tuition Benefit when:

- an employee no longer meets the eligibility criteria (e.g. no longer a full-time Academic or Staff employee); or
- an employee terminates from the university; or
- a spouse or dependent child no longer meets the eligibility criteria (e.g., due to divorce or a dependent child marrying, completing a baccalaureate degree, reaching the limiting age).

### **Rights and Privileges After Participation Ends**

A participant may complete course work for any semester/session that began while the participant was eligible. Any refund due from the university or amount owed to the university for the Tuition Benefit will be paid or collected after the end of the semester/session.

In the event of an employee's death while eligible, his or her eligible dependents may receive Tuition Benefit, the same as if he or she was still employed.

#### **Participant Responsibilities**

Summary of actions the participant must take:

- The participant must make sure that a forwarding address is on file with the campus Human Resources office. This will ensure that any billings that are necessary or any refunds that are due are forwarded to the participant at the correct address.

## Section VI. Retirement Plans

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### PERF (PUBLIC EMPLOYEES' RETIREMENT FUND)

#### Plan Summary

Public Employees' Retirement Fund (PERF) is a retirement plan established by the State of Indiana to provide retirement, disability, and survivor benefits for its participants.

PERF has two separate and distinct benefits, a pension benefit and an annuity savings account benefit. Both benefits are funded by Indiana University.

**Pension Benefit.** The pension benefit is an annual benefit payable for life that is based on the following formula:

$$(\text{Years of PERF creditable service}) \times (\text{Final average salary}) \times (1.1\%) = \text{Annual benefit for life.}$$

Final average salary refers to a participant's highest five years of compensation in a PERF-covered position.

Participants must have at least 10 years of PERF creditable service to have a vested right to the pension benefit.

**Annuity Savings Account Benefit.** The annuity savings account benefit is an employer contribution equal to three percent of a participant's compensation that is contributed to an individual participant account by Indiana University. Indiana University makes all contributions to annuity savings accounts. Participants are not required, nor permitted, to make additional contributions to annuity savings accounts.

Contributions made to the annuity savings account on a participant's behalf are immediately 100% vested and non-forfeitable.

#### Eligibility

Fifty percent or more FTE Support and Service Staff and Hourly with PERF employees are eligible to participate in the PERF retirement plan, unless covered by another university- or state-sponsored retirement plan.

#### Discontinuation of Active Participation

Contributions will no longer be made to PERF on behalf of an employee if:

- The employee terminates employment with Indiana University; or
- The employee ceases to be a member of an eligible class of employees.

In the event a participant terminates employment or ceases to be a member of an eligible class of employees at Indiana University, contributions will stop being made to PERF with the employee's last regular paycheck or the last paycheck attributable to employment in an eligible class of employees.

Participants who terminate employment or cease to be in an eligible class of employees at Indiana University have the same rights as active participants, except that no additional contributions will be made to PERF on their behalf by Indiana University.

#### Rights and Privileges After Termination of Employment

A participant's PERF rights and privileges after termination of employment with Indiana University will differ depending on the following participant circumstances:

## *Retirement Plans— Continued*

- The participant terminates employment and does not qualify for a pension benefit (“Withdrawal”);
- The participant terminates employment with 5 or more years of PERF creditable service and is disabled (“Disability”); or
- The participant terminates employment and qualifies for a full or reduced pension benefit (“Retirement”).

**Withdrawal.** If a participant terminates employment with Indiana University and is no longer employed in a PERF-covered position, the participant may elect to withdraw the balance of his or her annuity savings account upon satisfying the following conditions:

- The participant terminates employment with Indiana University;
- The participant is not rehired by Indiana University or another employer who participates in PERF (regardless if the participant’s new position is a PERF-covered position or not); and
- The participant is not eligible for a PERF disability benefit.

The annuity savings account withdrawal consists of the 3 percent mandatory contributions made by Indiana University to the participant’s account and all accumulated earnings credited to the account. Money contributed to PERF on the participant’s behalf to fund the pension benefit belongs to Indiana University until the participant becomes eligible to receive the pension benefit from PERF. Therefore, the pension benefit cannot be withdrawn by the participant.

A participant does not have to take a withdrawal of his or her annuity savings account upon termination of employment with Indiana University, even if the participant qualifies for a withdrawal. The participant may leave the accumulations in his or her annuity savings account and continue to manage the investment of the account with PERF.

Effective January 1, 2009, a participant may elect to withdraw his or her annuity savings account balance and still be entitled to receive his or her pension benefit so long as he or she is vested at the time of retirement and retirement occurs after December 31, 2008.

**Disability.** A participant is eligible to apply for disability benefits from PERF upon satisfying the following conditions:

- The participant has accrued five or more years of PERF creditable service before:
  - a. the participant terminates employment;
  - b. employer-provided income protection benefits expire;
  - c. leave under the Family Medical Leave Act (FMLA) expires; or
  - d. worker’s compensation benefits expire;
- The participant is determined to be disabled by the Social Security Administration; and
- The participant was receiving salary, employer provided income protection benefits, or was on leave under FMLA as of the disability onset date established by the Social Security Administration.

A participant will be entitled to receive PERF disability benefits for as long as he or she continues to be eligible for Social Security disability benefits.

**Retirement.** To be eligible to receive a full (unreduced) pension benefit, a participant must satisfy the following conditions:

- The participant terminates employment with Indiana University; and

- The participant must satisfy one of the following age and service conditions:
  - a. Attainment of age 65 with 10 or more years of PERF creditable service;
  - b. Attainment of age 60 with 15 or more years of PERF creditable service; or
  - c. Attainment of age 55 with the participant's age and total number of years of PERF creditable service equaling 85 or more.

To receive an early retirement benefit with a reduced pension, a participant must satisfy the following conditions:

- The participant terminates employment with Indiana University; and
- The participant has attained age 50 or older with 15 or more years of PERF creditable service.

### **Plan Distributions and Withdrawals**

PERF distributions are generally subject to a 20 percent mandatory federal income tax withholding rate. This mandatory withholding will reduce the amount a participant actually receives upon withdrawing funds from PERF. However, the amount withheld will be credited against any taxes the participant owes for the year when the participant files his or her annual tax return.

There are exceptions to the mandatory federal income tax withholding rule, including receiving a PERF distribution as a life-time annuity payment or directly rolling over a PERF distribution to an eligible retirement plan (e.g., an IRA).

In addition, PERF distributions made prior to attainment of age 59½ are generally subject to a 10% early withdrawal penalty tax, even if the withdrawal was made after the participant terminated employment with Indiana University.

There are exceptions to the 10% early withdrawal penalty tax, including receiving the PERF distribution as a life-time annuity payment, receiving the PERF distribution after terminating employment at age 55 or older, or receiving the PERF distribution after terminating employment due to a permanent disability.

Finally, federal law requires that a participant begin to receive at least a partial distribution of his or her Retirement Plans. The required beginning date is April 1st of the calendar year following the calendar year in which the participant attains age 70½ or terminates employment, whichever is later. This rule is known as the minimum required distribution rule.

**Receiving Pension while Continuing to Work.** If a participant has attained age 70 and has been credited with 20 or more years of PERF creditable service, the participant may begin receiving pension benefits while continuing to work at Indiana University.

### **Participant Responsibilities**

Upon retirement from or termination of employment with Indiana University, a PERF participant must:

- Complete and return appropriate retirement forms to a campus Human Resources office to receive PERF benefits.
- Notify PERF of any name and/or address change.
- Notify PERF of any beneficiary change.
- Continue to manage investment of the annuity savings account with PERF.
- Begin to receive minimum required distributions on or before the required beginning date.

## **PERF Contact Information**

Address: PERF  
1 North Capitol, Suite 001  
Indianapolis, Indiana 46204

Web site: [www.in.gov/inprs](http://www.in.gov/inprs)

Call Center: 1-317-233-4162  
1-888-526-1687 toll free number  
Fax: 1-317-232-3882

## **IU RETIREMENT PLAN**

### **Plan Summary**

The IU Retirement Plan (Plan) is a defined contribution plan established in accordance with Internal Revenue Code Section 403(b). A defined contribution plan is a plan which provides for an individual account for each participant, and benefits are based solely on the value of the account.

Indiana University makes all contributions to participant accounts. Participants are not required, nor permitted, to make additional contributions to the Plan. All new participants on or after September 1, 2010 are subject to three-year cliff vesting.

An eligible employee participates in one of four benefit levels in the Plan depending on the date the eligible employee began Plan participation. Plan contributions are based on a percentage of the participant's budgeted base salary (and supplemental pay if the employee participates in the 11.25% benefit level).

The Plan is a participant directed plan. This means that each employee is responsible for directing the investment of his or her Plan account.

A participant may only withdraw vested funds from his or her Plan account upon termination of employment with Indiana University.

### **Eligibility**

Academic and Professional Staff employees are eligible to participate in the Plan immediately upon hire based on the following criteria:

**10% Level.** 50% or more full-time equivalent (FTE) Academic and Professional Staff employees hired in an appointed eligible position after June 30, 1999.

**11.25% Level.** 100% FTE Professional Staff grade 15 and below and other Academic and Professional Staff employees who are less than 100% FTE, but are at least:

- 50% FTE for 12 pay status; or
- 60% FTE for 10 pay status; or
- 65% FTE for 9 pay status and hired in an appointed eligible position before July 1, 1999.

**12% Level.** 100% FTE Academic and Professional Staff employees grade 16 and above hired in an appointed eligible position between January 1, 1989, and June 30, 1999.

**15% Level.** 100% FTE Academic and Professional Staff employees grade 16 and above hired in an appointed eligible position before January 1, 1989.

### **Discontinuation of Employer Contributions**

Employer contributions will no longer be made to the Plan on behalf of an employee if:

- The employee terminates employment with Indiana University; or
- The employee ceases to be a member of an eligible class of employees.

In the event a participant terminates employment with Indiana University or ceases to be a member of an eligible class of employees, contributions will stop being made to the Plan with the employee's last regular paycheck or the last paycheck attributable to employment in an eligible class of employees.

Participants who terminate employment with Indiana University or cease to be a member of an eligible class of employees have the same rights as active participants, except that no additional contributions will be made to the Plan on their behalf by Indiana University.

### **Rights and Privileges After Termination of Employment**

A participant is not required to cash-out or transfer his or her Plan account upon termination of employment. Upon termination of employment, a participant may:

- Leave accumulations in the Plan account and continue to manage investments;
- Withdraw all or a portion of Plan account accumulations (subject to income taxes and/or penalty taxes); or
- Roll over all or a portion of Plan account accumulations to an eligible retirement plan (e.g., an individual retirement account (IRA)).

After terminating employment with Indiana University, most transactions related to a participant's Plan account are handled directly by the participant with the applicable investment company.

Existing balances at termination are subject to forfeiture if vesting requirements have not been met.

### **Plan Distributions and Withdrawals**

A participant may only withdraw funds from his or her Plan account upon termination of employment with Indiana University. Only funds that are vested may be withdrawn.

Plan distributions are generally subject to a 20 percent mandatory federal income tax withholding rate. This mandatory withholding will reduce the amount a participant actually receives upon withdrawing funds from the Plan. However, the amount withheld will be credited against any taxes the participant owes for the year when the participant files his or her annual tax return.

There are exceptions to the mandatory federal income tax withholding rule, including receiving the Plan distribution as a life-time annuity payment or directly rolling over the Plan distribution to an eligible retirement plan (e.g., an IRA).

In addition, Plan distributions made prior to attainment of age 59½ are generally subject to a 10 percent early withdrawal penalty tax, even if the withdrawal was made after the participant terminated employment with Indiana University.

## *Retirement Plans— Continued*

There are exceptions to the 10 percent early withdrawal penalty tax, including: receiving the Plan distribution as a life-time annuity payment, receiving the Plan distribution after terminating employment at age 55 or older, or receiving a Plan distribution after terminating employment due to a permanent disability.

Finally, federal law requires that a participant begin to receive at least a partial distribution of his or her Plan account on or before the “required beginning date.” The required beginning date is April 1st of the calendar year following the calendar year in which the participant attains age 70½ or terminates employment with Indiana University, whichever is later. This rule is known as the minimum required distribution rule.

### **Participant Responsibilities**

Upon termination of employment with Indiana University, a Plan participant must:

- Handle withdrawals and rollovers directly with the investment company.
- Continue to direct the investment of the Plan account.
- Notify the investment company of any name and/or address change.
- Notify the investment company of any beneficiary change.
- Begin to receive minimum required distributions on or before the required beginning date.

### **Investment Companies**

Indiana University has approved the following investment companies under the Plan:

#### **Fidelity Investments**

82 Devonshire Street  
Boston, MA 02109  
1-800-343-0860  
[www.fidelity.com](http://www.fidelity.com)

#### **TIAA-CREF**

730 Third Avenue  
New York, NY 10017  
1-800-842-2776  
[www.tiaa-cref.org](http://www.tiaa-cref.org)

## **IU SUPPLEMENTAL EARLY RETIREMENT PLAN (IUSERP)**

### **Plan Summary**

The IU Supplemental Early Retirement Plan (IUSERP) is a defined contribution plan established in accordance with Internal Revenue Code Section 401(a). A defined contribution plan is a plan which provides for an individual account for each participant, and benefits are based solely on the value of the account.

Indiana University makes all contributions to participant accounts. Participants are not required, nor permitted, to make additional contributions to the IUSERP.

Subject to certain IRS limits, Indiana University contributes an amount equal to 2.4 percent of a participant’s actual base salary to the IUSERP for each year of eligible employment with Indiana University.

A participant is 100% vested in his or her IUSERP account accumulations upon attaining age 55 while in active employee status with Indiana University. Termination of employment for any reason prior to attainment of age

55, other than total disability or death (with 10 years of service), will result in the forfeiture of all accumulations in the participant's IUSERP account.

The IUSERP is a participant directed plan. This means that each employee is responsible for directing the investment of his or her IUSERP account. A vested participant may only withdraw funds from his or her IUSERP account upon termination of employment with Indiana University.

### **Eligibility**

To be eligible to receive a benefit from the IUSERP, an employee must satisfy the following conditions:

- Must be a full-time Academic or Professional Staff employee grade 16 or above;
- Must be a participant in the IU Retirement Plan at the 12% level (100% full-time equivalent Academic or Professional Staff employee grade 16 and above hired in an appointed eligible position between 01/01/1989 and 06/30/1999);
- Must attain age 55 while in an active employee status unless due to death (with 10 years of service) or total disability; and
- Must terminate employment with Indiana University.

### **Discontinuation of Active Participation**

An employee is no longer eligible to participate in the IUSERP, if:

- The employee terminates employment with Indiana University prior to attainment of age 55 for any reason other than total disability or death (with 10 years of service);
- The employee is no longer a full-time Academic or Professional Staff employee grade 16 or above;
- The employee is no longer a participant in the IU Retirement Plan at the 12% level; or
- The employee attains age 55 while in an inactive employee status.

In the event a participant is no longer eligible to participate in the IUSERP, all accumulations in the employee's IUSERP account will be forfeited.

### **Rights and Privileges After Termination of Employment**

An eligible participant, who terminates employment with Indiana University after attaining age 55 while in active employee status, or dies (with 10 years of service), or is totally disabled, will become 100% vested in his or her IUSERP account.

Upon termination of employment, an eligible participant may choose to:

- Leave accumulations in the Plan account and continue to manage investments;
- Withdraw all or a portion of the Plan account accumulations (subject to income taxes); or
- Roll over all or a portion of Plan account accumulations to an eligible retirement plan (e.g., an individual retirement account (IRA)).

### **Plan Distributions and Withdrawals**

A vested participant may withdraw funds from the IUSERP account upon termination of employment with Indiana University or leave the accumulations in the Plan account.

## *Retirement Plans— Continued*

IUSERP distributions are generally subject to a 20 percent mandatory federal income tax withholding rate. This mandatory withholding will reduce the amount a participant actually receives upon withdrawing funds from the IUSERP. However, the amount withheld will be credited against any taxes the participant owes for the year when the participant files his or her annual tax return.

There are exceptions to the mandatory federal income tax withholding rule, including receiving the IUSERP distribution as a life-time annuity payment or directly rolling over the IUSERP distribution to an eligible retirement plan (e.g., an IRA).

In addition, IUSERP distributions made prior to attainment of age 59 1/2 are generally subject to a 10 percent early withdrawal penalty tax, even if the withdrawal was made after the participant terminated employment with Indiana University.

There are exceptions to the 10 percent early withdrawal penalty tax, including receiving the IUSERP distribution as a lifetime annuity payment, receiving the IUSERP distribution after terminating employment at age 55 or older, or receiving the IUSERP distribution after terminating employment due to a permanent disability.

Finally, federal law requires that a participant begin to receive at least a partial distribution of his or her IUSERP account on or before the “required beginning date.” The required beginning date is April 1st of the calendar year following the calendar year in which the participant attains age 70 1/2 or terminates employment with Indiana University, whichever is later. This rule is known as the minimum required distribution rule.

### **Participant Responsibilities**

Upon termination of employment with Indiana University, a vested participant must:

- Handle withdrawals and rollovers directly with the investment company.
- Continue to direct the investment of the Plan account.
- Notify the investment company of any name and/or address change.
- Notify the investment company of any beneficiary change.
- Begin to receive minimum required distributions on or before the required beginning date.

### **Investment Companies**

Indiana University has approved the following investment companies under the IUSERP:

#### **Fidelity Investments**

82 Devonshire Street  
Boston, MA 02109  
1-800-343-0860  
[www.fidelity.com](http://www.fidelity.com)

#### **TIAA-CREF**

730 Third Avenue  
New York, NY 10017  
1-800-842-2776  
[www.tiaa-cref.org](http://www.tiaa-cref.org)

## **IU TAX DEFERRED ACCOUNT**

### **Plan Summary**

The IU Tax Deferred Account is a defined contribution plan established in accordance with Internal Revenue Code Section 403(b). A defined contribution plan is a plan which provides for an individual account for each participant, and benefits are based solely on the value of the account.

The TDA Plan allows an employee to save money for retirement by contributing salary deferrals to the TDA Plan. A salary deferral is a pre-tax deduction from an eligible employee's compensation that is contributed to the TDA Plan. This means that the employee determines the amount of compensation, if any, that he or she wishes to defer to the TDA Plan. Salary deferrals made to the TDA Plan are immediately 100% vested and nonforfeitable.

The TDA Plan is a participant directed plan. This means that each employee is responsible for directing the investment of his or her TDA Plan account.

An employee may only withdraw funds from his or her TDA Plan account upon attainment of age 59½ or termination of employment with Indiana University.

### **Eligibility**

To be eligible to participate in the TDA Plan, an employee must be:

- An Academic or Staff employee appointed at 50% or more full-time equivalent (FTE); or
- An hourly employee who is expected to work at least 1000 hours of service or more in a 12-month period and is appointed as "PERF Hourly."

The following individuals are prohibited from participating in the TDA Plan:

- Students with non-FICA status; and
- Interns.

### **Restricted Participation**

An employee is no longer eligible to make salary deferrals to the TDA Plan if:

- The employee terminates employment with Indiana University; or
- The employee ceases to be a member of an eligible class of employees.

In the event an individual becomes ineligible to contribute to the TDA Plan, salary deferrals will stop being made to the TDA Plan with the employee's last regular paycheck or the last paycheck attributable to employment in an eligible class of employees.

Participants who are ineligible to contribute to the TDA Plan, including those who terminate employment with Indiana University, have the same rights as participants who are eligible to contribute to the TDA Plan, except that no additional salary deferral contributions can be made to the TDA Plan.

### **Rights and Privileges After Termination of Employment**

A participant remains 100% vested in his or her TDA Plan account after termination of employment with Indiana University. A participant is not required to cash-out or transfer his or her TDA Plan account upon termination of employment. Upon termination of employment, a participant may:

## *Retirement Plans— Continued*

- Leave accumulations in the TDA Plan account and continue to manage investments;
- Withdraw all or a portion of TDA Plan account accumulations (subject to income taxes and/or penalty taxes); or
- Roll over all or a portion of TDA Plan account accumulations to an eligible retirement plan (e.g., an individual retirement account (IRA)).

After terminating employment with Indiana University, most transactions related to a participant's TDA Plan account are handled directly by the participant with the applicable investment company.

### **Plan Distributions and Withdrawals**

A participant may withdraw funds from his or her TDA Plan account upon:

- Attainment of age 59 1/2 while employed at Indiana University; or
- Termination of employment with Indiana University.

TDA Plan distributions are generally subject to a 20 percent mandatory federal income tax withholding rate. This mandatory withholding will reduce the amount a participant actually receives upon withdrawing funds from the TDA Plan. However, the amount withheld will be credited against any taxes the participant owes for the year when the participant files his or her annual tax return.

There are exceptions to the mandatory federal income tax withholding rule, including receiving the TDA Plan distribution as a life-time annuity payment or directly rolling over the TDA Plan distribution to an eligible retirement plan (e.g., an IRA).

In addition, TDA Plan distributions made prior to attainment of age 59 1/2 are generally subject to a 10 percent early withdrawal penalty tax, even if the withdrawal was made after the participant terminated employment with Indiana University.

There are exceptions to the 10 percent early withdrawal penalty tax, including: receiving the TDA Plan distribution as a life-time annuity payment, receiving the TDA Plan distribution after terminating employment at age 55 or older, or receiving the TDA Plan distribution after terminating employment due to a permanent disability.

Finally, federal law requires that a participant begin to receive at least a partial distribution of his or her TDA Plan account on or before the "required beginning date." The required beginning date is April 1st of the calendar year following the calendar year in which the participant attains age 70 1/2 or terminates employment with Indiana University, whichever is later. This rule is known as the minimum required distribution rule.

### **Participant Responsibilities**

Upon termination of employment with Indiana University, a TDA Plan participant must:

- Handle withdrawals and rollovers directly with the investment company.
- Continue to direct the investment of the TDA Plan account.
- Notify the investment company of any name and/or address change.
- Notify the investment company of any beneficiary change.
- Begin to receive minimum required distributions on or before the required beginning date.

## **Investment Companies**

Indiana University has approved the following investment companies under the TDA Plan:

### **Fidelity Investments**

82 Devonshire Street  
Boston, MA 02109  
1-800-343-0860  
*www.fidelity.com*

### **TIAA-CREF**

730 Third Avenue  
New York, NY 10017  
1-800-842-2776  
*www.tiaa-cref.org*

## **IU RETIREMENT SAVINGS PLAN**

### **Plan Summary**

The IU Retirement Savings Plan (457 Plan) is a defined contribution plan established in accordance with Internal Revenue Code Section 457(b). A defined contribution plan is a plan which provides for an individual account for each participant, and benefits are based solely on the value of the account.

The 457 Plan allows an employee to save money for retirement by making salary deferrals to the 457 Plan. A salary deferral is a pre-tax deduction from an eligible employee's compensation that is contributed to the 457 Plan. This means that the employee determines the amount of compensation, if any, that he or she wishes to defer to the 457 Plan. Salary deferrals made to the 457 Plan are immediately 100% vested and nonforfeitable.

The 457 Plan is a participant directed plan. This means that each employee is responsible for directing the investment of his or her 457 Plan account.

An employee may only withdraw funds from his or her 457 Plan account upon termination of employment with Indiana University.

### **Eligibility**

To be eligible to participate in the 457 Plan, an employee must be:

- An Academic or Staff employee appointed at 50% or more full-time equivalent (FTE); or
- An hourly employee who is expected to work at least 1000 hours of service or more in a 12-month period and is appointed as "PERF Hourly."

The following individuals are prohibited from participating in the 457 Plan:

- Students with non-FICA status; and
- Interns.

### **Discontinuation of Active Participation**

An employee is no longer eligible to make salary deferrals to the 457 Plan if:

- The employee terminates employment with Indiana University; or
- The employee ceases to be a member of an eligible class of employees.

## *Retirement Plans— Continued*

In the event an individual becomes ineligible to contribute to the 457 Plan, salary deferrals will stop being made to the 457 Plan with the employee's last regular paycheck or the last paycheck attributable to employment in an eligible class of employees.

Participants who are ineligible to contribute to the 457 Plan, including those who terminate employment with Indiana University, have the same rights as participants who are eligible to contribute to the 457 Plan, except that no additional salary deferral contributions can be made to the 457 Plan.

### **Rights and Privileges After Termination of Employment**

A participant remains 100% vested in his or her 457 Plan account after termination of employment with Indiana University. A participant is not required to cash-out or transfer his or her 457 Plan account upon termination of employment. Upon termination of employment, a participant may:

- Leave accumulations in the 457 Plan account and continue to manage the investments;
- Withdraw all or a portion of 457 Plan account accumulations (subject to income taxes); or
- Roll over all or a portion of 457 Plan account accumulations to an eligible retirement plan (e.g., an individual retirement account (IRA)).

After terminating employment with Indiana University, most transactions related to a participant's 457 Plan account are handled directly by the participant with the applicable investment company.

### **Plan Distributions and Withdrawals**

A participant may withdraw funds from his or her 457 Plan account upon termination of employment with Indiana University.

457 Plan distributions are generally subject to a 20 percent mandatory federal income tax withholding rate. This mandatory withholding will reduce the amount a participant actually receives upon withdrawing funds from the 457 Plan. However, the amount withheld will be credited against any taxes the participant owes for the year when the participant files his or her annual tax return.

There are exceptions to the mandatory federal income tax withholding rule, including receiving the 457 Plan distribution as a life-time annuity payment or directly rolling over the 457 Plan distribution to an eligible retirement plan (e.g., an IRA).

Finally, federal law requires that a participant begin to receive at least a partial distribution of his or her 457 Plan account on or before the "required beginning date." The required beginning date is April 1st of the calendar year following the calendar year in which the participant attains age 70½ or terminates employment with Indiana University, whichever is later. This rule is known as the minimum required distribution rule.

### **Participant Responsibilities**

Upon termination of employment with Indiana University, a 457 Plan participant must:

- Handle withdrawals and rollovers directly with the investment company.
- Continue to direct the investment of the 457 Plan account.
- Notify the investment company of any name and/or address change.
- Notify the investment company of any beneficiary change.
- Begin to receive minimum required distributions on or before the required beginning date.

**Investment Companies**

Indiana University has approved the following investment companies under the 457 Plan:

**Fidelity Investments**

82 Devonshire Street  
Boston, MA 02109  
1-800-343-0860  
*www.fidelity.com*

**TIAA-CREF**

730 Third Avenue  
New York, NY 10017  
1-800-842-2776  
*www.tiaa-cref.org*

## Section VII. IU Retiree Status

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### IU RETIREE STATUS

Employees with "IU Retiree Status" at the time of termination are entitled to certain benefit programs. These include the following programs that are explained in detail later in this section:

- Health Care Programs
- Life Insurance
- Tuition Benefit

IU Retiree Status is determined by the following age and service criteria:

<b>Age at Termination</b>	<b>Minimum Years of Active Full-time IU Service</b>
55	30
56	28
57	26
58	24
59	22
60*	20
61*	18
62*	16
63	14
64	12
65	10

\*At ages 60, 61, 62, employees covered by the PERF retirement plan on the date of termination shall qualify with at least 15 Years of IU Service.

The Years of IU Service requirement will be pro-rated for ages that fall between the ages that are listed in the above table.

"Years of IU Service" means the years of full-time appointed service at Indiana University, excluding periods of leave without pay. However, sabbatical leaves and leaves for purposes of research of distinction are included.

### MEDICAL PLAN COVERAGE

#### Summary of Retiree Health Care Programs

Indiana University sponsors medical care coverage options for employees with IU Retiree status. Retirees may elect to enroll in one of the following:

- Under age 65 – IU PPO Healthcare Retiree Plan, or
- Age 65 or older – the Anthem Blue Retiree Plan (Medicare supplement without prescription coverage), or
- COBRA temporary continuation of active medical and/or dental coverage.

Indiana University does not contribute to the cost of Retiree coverage; the participant pays the full cost of these plans. If the Retiree enrolls in COBRA temporary continuation coverage, the Retiree and eligible dependents may elect one of the IU-sponsored Retiree health plans after COBRA eligibility ends.

### **Eligibility**

All employees with IU Retiree status are eligible to enroll in IU-sponsored Retiree group health care coverage if they are covered by an IU-sponsored health care plan at the time of termination from the university (or when COBRA continuation coverage eligibility ends).

Eligible dependents include the following individuals if they are eligible and covered by the Retiree's IU-sponsored health care plan at the time of termination from the university (or when COBRA continuation coverage eligibility ends):

- the Retiree's legal spouse or registered domestic partner;
- the Retiree's dependent children who continue to meet the definition of a dependent child as defined by IU for active employee coverage (i.e., the child remains unmarried; the child is age 23 or under; and the child meets the IRS support test as a dependent of the employee; and if age 24 or over, meets IU's requirements for disabled dependent child eligibility).

The above dependents are only eligible as long as the Retiree is enrolled in an IU-sponsored Retiree health care plan. An exception is that the surviving dependent(s) of an employee is eligible if the employee has Retiree status at the time of death or the employee's death occurs while the dependents are covered under the Retiree's IU-sponsored Retiree health care plan.

### **Enrollment**

The eligible individual must submit a retiree health plan enrollment form to the university no later than 60 days from the termination date of their IU-sponsored employee coverage, or for those who have elected COBRA, 60 days from the date continuation coverage ends. Enrollment forms are mailed to Retirees upon termination of employment and are available by contacting the IU Retiree Specialist.

Once enrolled in an IU-sponsored Retiree health care plan, the Retiree cannot add dependents. Other plan enrollment changes are limited to certain circumstances:

- The Retiree may terminate coverage altogether at any time by notifying Anthem, or Indiana University in the case of IU-sponsored PPO plan.
- The Retiree or covered spouse may elect the Blue Retiree Plan upon reaching age 65 by contacting the IU Retiree Specialist within 60 days of his or her 65th birthday.
- During Open Enrollment each year, participants in COBRA continuation coverage may switch enrollment to a different plan.
- The Retiree must notify Anthem and Indiana University of any "change in status" that terminates dependent eligibility (e.g., divorce of a spouse).
- A Retiree enrolled in the Anthem Blue Retiree Plan may add a new spouse within 31 days of the date of marriage.

### **Discontinuation of Participation**

Participation as an *active* employee in an IU-sponsored health care plan ends on the day in which the Retiree terminates from the university.

## *IU Retiree Status— Continued*

The Retiree's coverage ends on the first of the month for which the individual has not made the required contribution.

Dependent coverage under an IU-sponsored Retiree health care plan ends when:

- the Retiree's coverage ends for a reason other than death of the Retiree;
- the dependent ceases to meet the definition of an eligible dependent;
- all dependent coverage under the plan is discontinued; or
- the dependent becomes eligible for employee coverage.

It is also important to note the following conditions of participation in IU-sponsored Retiree health coverage:

- If the Retiree and dependents do not elect an IU-sponsored health care plan at the time of retirement, they cannot participate at a later time.
- After dropping IU-sponsored Retiree health care coverage, participants cannot re-enroll at a later time.
- Dependents of a participating Retiree may continue coverage should the Retiree die.

### **IU PPO Healthcare Retiree Plan**

***IU PPO \$900 Deductible Plan.*** This plan is available to all eligible Indiana University employees and retirees under age 65, regardless of the area of residence. When network providers are used, participants receive full benefits. Partial benefits are received from non-network providers, except in the case of an emergency. Network providers include Anthem Blue Access PPO providers in Indiana, Ohio, and Kentucky and BCBS Blue Card providers in other states. Prescription coverage is the same as for active employees in this plan.

### **The Blue Retiree Plan**

This plan is a "Medicare Supplement" or "Medigap" plan that is available only to those age 65 and over who are enrolled in both Medicare Part A and Part B. As a supplement, many services will be fully paid between Medicare and the Blue Retiree Plan.

*Basic Benefits* are based on paying what Medicare doesn't pay:

- Medicare A deductible
- Medicare B deductible and coinsurance

*Major Medical* benefits are subject to deductible and copays. This includes covered services that Medicare does not pay in full, for example:

- skilled nursing facility charges beyond 100 days,
- charges over the Medicare allowed amount (up to UCR allowances) for covered services rendered by unassigned providers,
- hospital inpatient after day 150, and
- skilled nursing services provided outside a hospital.

**This plan does not include prescription drug coverage. Participants must enroll in a Medicare Part D plan in order to obtain prescription coverage.**

***Split Coverage.*** A Retiree and spouse may split coverage between the IU PPO Healthcare Retiree Plans and the Anthem Blue Retiree Plan in cases where one enrollee is eligible for the Blue Retiree Plan and the other is not eligible due to age (under 65). Coverage in the PPO retiree plans ends at age 65, at which time, both may be covered together on the Anthem Blue Retiree Plan.

## Other Retiree Plan Options

Other options which may be available to Retirees that are not sponsored by IU, include Medicare Advantage HMO and POS plans which usually include prescription coverage. One such plan is the IU Health Medicare Advantage, which includes IU and Methodist hospitals and physicians. Since these are not IU-Sponsored Plans, individuals who enroll in these plans cannot return to the IU-sponsored Retiree Medicare Supplement plan at a later time. For more information go to <http://iuhealth.org/business-solutions/medicare-plans/>, or [www.medicare.gov](http://www.medicare.gov).

## COBRA Continuation Coverage

COBRA continuation of active coverage is available to Retirees and their eligible dependents under age 65 or who are entitled to Medicare at the time of COBRA election. COBRA benefits are described in detail in *Section II* of this booklet. At the end of COBRA eligibility, the Retiree and eligible dependents may elect the IU PPO Healthcare Retiree Plan or the Blue Retiree Plan. Continuation of coverage under COBRA is generally 18 to 36 months, depending on the circumstances. If the participant reaches age 65 after COBRA coverage begins, COBRA eligibility ends at age 65.

COBRA coverage may be attractive to Retirees because it allows the participant to *temporarily*:

- maintain medical coverage;
- maintain dental coverage; and
- maintain Open Enrollment options (e.g., adding dependents which is not allowed once enrolled in the Retiree plans).

In order to avoid medicare penalties, COBRA participants generally need to enroll in Medicare Part A (hospital benefits), Part B (outpatient benefits), and Part D (prescription benefits) at the time employment terminates (if already age 65 at termination), or when initial Medicare eligibility begins upon reaching age 65. Medicare allows for a “special enrollment period” when employment ends and when a retiree approaches age 65. The special enrollment period is the time during which the retiree can elect Medicare medical and prescription coverage without penalty. Delaying enrollment beyond the special enrollment period can result in a waiting period (gap in coverage) and higher Medicare premiums. **There is no special enrollment period at the termination of COBRA coverage.**

### Participant Responsibilities

Summary of actions the participant must take:

#### For Medical Plans

- Review plan options and rates to select an IU-sponsored Retiree health care plan option.
- Complete an enrollment form for the IU PPO Retiree health plan or the Anthem Blue Retiree Plan, and submit to the IU Retiree Specialist no later than 60 days from the termination date of IU-sponsored coverage.
- Pay premium payments on time.
- Enroll in Medicare Part A, Part B, and Part D (prescription), if the participant is age 65 or over.

**Participant Responsibilities (Continued)**

Summary of actions the participant must take:

**For those electing COBRA**

- Complete an application form for COBRA within 60 days of:
  - the date that coverage ended; or
  - the date of the COBRA offer letter, whichever is later.
- Pay initial COBRA premiums to-date within 45 days of electing COBRA.
- Pay monthly COBRA premiums on time.
- In order to continue under an IU-sponsored health plan after COBRA eligibility ends, complete a health plan enrollment form.
- If eligible for Medicare at the time COBRA is elected, check with the Social Security office to fully understand how Medicare Part B and Part C enrollment coordinates with the COBRA election. COBRA almost always pays only after Medicare pays first.
- Make any desired plan changes during Open Enrollment.

**For All Options**

- Provide timely notice to the plan administrator of a "change in status," such as, divorce, change in disability status, or death of a covered individual.
- During coverage, notify the plan administrator of changes that will effect communications or eligibility, including:
  - Address changes
  - Entitlement under Medicare
  - Coverage under another group health plan

**Customer Service**

The terminating employee may initially contact their Human Resources office for information on retirement.

University Human Resource Services also has two benefit specialists to assist Retirees with IU-sponsored health care programs. This includes name changes and canceling coverage.

<b>Retiree Benefit Specialist</b>	<b>1-812-856-4459</b>
<b>COBRA Specialist</b>	<b>1-812-855-7833</b>

Anthem is the claim administrator for the IU PPO Healthcare Retiree Plan and the insurer for the Anthem Blue Retiree Plan. Call Anthem's Customer Service Center 1-800-345-2460 for:

- Checking the status of claims
- Obtaining ID Cards
- Obtaining claim forms
- Checking eligibility

## LIFE INSURANCE COVERAGE

When an employee terminates from the university, participation in the Basic and Supplemental Life Insurance plans and associated AD&D coverage ends on the day on which the individual terminates. Dependent coverage terminates at the same time.

### Summary of Retiree Life Insurance Coverage

The university provides a Retiree Life Insurance benefit to terminated employees with IU Retiree status. There is no dependent coverage provided as part of the Retiree Life Insurance benefit, and no associated AD&D coverage.

The amount of Retiree Basic Life Insurance provided by the university is \$6,000 for those terminating with IU Retiree status January 1, 2003, or after.

### Retiree Coverage Eligibility

All terminated employees with IU Retiree status are automatically covered by the Retiree Life Insurance benefit. This insurance is paid for by the university.

### Conversion of Life Insurance

***Conversion of Life Insurance for Retirees.*** Coverage for the difference between the amount of active Basic Life Insurance coverage and the amount of the Retiree benefit may be converted to an individual life insurance policy without providing proof of good health. Supplemental Life Insurance may also be converted up to the amount of coverage held by the Retiree at the time of termination.

Prior to termination, the amount of coverage is reduced at age 70. At the time these reductions take place, the employee has the right to convert the amount of coverage that was lost due to this age-based reduction.

The employee must make application for an individual policy and pay the first premium for that policy within 31 days after the date the employee's insurance ceases under the IU-sponsored Group Life Insurance Policy.

***The underwriter makes every effort to provide a conversion offer to employees upon discontinuation of IU-sponsored Life Insurance coverage; however, it is the employee's responsibility to convert their policy in a timely manner, whether or not a conversion offer is extended at the time of termination.***

If the employee dies during the 31 days allowed for conversion, the underwriter will pay the amount of Life Insurance that could have been converted.

***Conversion of Life Insurance for Dependents.*** Retiree coverage does not include coverage for dependents. Dependents may purchase an individual policy when coverage ends due to the employee's coverage ceasing or when the dependent no longer meets the definition of a dependent for coverage under the employee's Basic Life Insurance. The amount of the individual policy is limited to no more than the amount at the time coverage ceased. The dependent must submit an application and pay the initial premium within 31 days of the date on which coverage ends.

### **Participant Responsibilities**

Summary of actions the participant must take:

- To convert to an individual policy, return the conversion offer application to the address listed on the letter received from the policy underwriter. If a conversion offer is not received, contact University Human Resource Services at 1-812-855-2007. In either case, the form must be submitted to the policy underwriter within 31 days after the date on which group coverage terminates. (The same form is used for converting Basic Life, Supplemental Life or both.)
- Send the initial premium with the conversion form within 31 days after the date that group coverage terminates.
- Notify the policy underwriter of beneficiary changes.
- Notify the policy underwriter of address and name changes.
- Provide the beneficiary or other representative with information on how to file a claim.

### **Filing a Claim**

To file a claim, the beneficiary or representative must contact the University Human Resource Services office for a Proof of Death Claim Packet and follow the steps below:

1. Complete, sign, and date the Proof of Death Claim form, including current beneficiary designation;
2. Complete the Life Insurance Benefits Beneficiary Statement; and
3. Send the Proof of Death Claim form to The Standard at the address given on the form, including the following attachments:
  - All of the employee's Enrollment and Change and Beneficiary Designation forms (including any forms from previous carriers)
  - A certified copy of the decedent's death certificate.

### **Changing a Beneficiary**

Beneficiary changes can be made by contacting University Human Resource Services to obtain a change form, or by printing a form from its Web page at [www.indiana.edu/~uhrs](http://www.indiana.edu/~uhrs).

### **Customer Service**

To obtain an application to convert life insurance to an individual policy, contact University Human Resource Services at 1-812-855-2007.

### **D. Tuition Benefit Plan**

As noted in Section IV, terminated individuals with IU Retiree status who are eligible for Group Life Insurance are also eligible for the Tuition Benefit - see page 14.

Tuition Benefit for a Retiree is typically the same as those of an active employee.

Retirees should note that IRS regulations require that Tuition Benefit for graduate-level courses be treated as taxable income.

## Section VIII. Separation Pay

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### SUPPORT AND SERVICE STAFF EMPLOYEES

#### Plan Summary

All Support and Service Staff employees receive separation pay at their regular rate of pay for certain time off accruals when separating employment from the university. The time off amounts are prorated by FTE for part-time employees.

#### All Separations

All Support and Service Staff employees who terminate employment receive separation pay for the following, whether or not the employee gives or receives notice of separation:

- Unused holidays that are still available for use within the specific time allowed;
- All accrued compensatory time off; and
- Vacation time. To be eligible to receive the following separation pay for unused vacation, an employee must have six months of university service.

<b>Years of University Service</b>	<b>Maximum Vacation Hours Paid as Separation Pay</b>
0 up to 6 months	No separation pay is received
6 months through 6 years	312
Start of 7 through 13 years	352
Start of 14 years	392
Start of 15 years	432
Start of 16 years	472
Start of 17 years	512
Start of 18 years	552
Start of 19 years	592
Start of 20 years	632
Start of 21 years	672
Start of 22 years	712
Start of 23 years	752
Start of 24 years	792
Start of 25 years to end of 29 years	832
Start of 30 years and beyond	872

#### Separations with IU Retiree Status or Because of Death

**Eligibility.** Refer to Section VI. for information about eligibility for IU Retiree status.

In addition to the separation pay described above, Support and Service Staff employees who separate with IU Retiree status or who die receive:

## *Separation Pay— Continued*

- Income protection time (sick time) accruals. Eligible employees enrolled in PERF receive separation pay for unused income protection accruals in excess of 152 hours.
  - The benefit is 25 percent of pay for hours in excess of 152.0 through 312.0 and 50 percent of pay for hours in excess of 312.0.
  - Employees covered under university service for vested rights in PERF and the IU Retirement 12.0% Plan will receive a portion of the benefit if the years of employment under PERF equal 50 percent or more of the total service. The benefit will be a multiple of the percentage of total employment under PERF.
- The death of an employee at any age and with any years of service entitles the beneficiary to receive this benefit.

## **PROFESSIONAL STAFF EMPLOYEES**

### **Plan Summary**

All Professional Staff employees receive separation pay at their regular rate of pay for certain time off accruals when separating employment from the university. The time off amounts are prorated by FTE for part-time employees.

### **All Separations: Voluntary or Involuntary Separation**

#### **Employees on the PA Time Off Plan**

All employees on the PA time off plan receive separation pay for the following, whether or not the employee gives or receives notice of separation:

- Unused holidays that are still available for use within the specific time allowed;
- Accumulated compensatory time off for Overtime Eligible Professional Staff employees only;
- Accumulated and unused Paid Time Off (PTO) balance; and
- Accumulated and unused honorary vacation balance, up to a maximum of 60 days (480 hours) for 100% FTE employees. (Professional Staff employees employed prior to 1985—or promoted from a Support and Service Staff position to a PA position prior to May 2002—may have previously accrued honorary vacation.)

#### **Employees on the PB Time Off Plan**

All employees on the PB time off plan receive separation pay for the following, whether or not the employee gives or receives a notice of separation:

- Unused bonus holidays. An employee who separates from employment on the last working day of March, June, or September (or the last workday before December 15 if that is not a workday) will receive the quarter's bonus holiday;
- Unused holidays that are still available for use within the specific time allowed;
- Accumulated compensatory time off for Overtime Eligible Professional Staff employees only;
- Unused vacation. The maximum separation pay of accumulated vacation (excluding honorary vacation) is 200 hours, plus the number of vacation hours that the employee earns in a full year. (This is called the employee's annual allowance.); and
- Honorary service vacation up to a maximum of 480 unused hours.

## Separations with IU Retiree Status or Because of Death

**Eligibility.** Refer to Section VIII. for information about eligibility for IU Retiree status.

- In addition to the separation pay described above, Professional Staff employees enrolled in PERF or the IU Retirement 11.25% Plan receive separation pay for accrued sick bank hours in excess of 152 hours.
  - The benefit is 25 percent of pay for hours in excess of 152.0 through 312.0 and 50 percent of pay for hours in excess of 312.0.
  - Employees who are vested in PERF and are now in the IU Retirement 11.25% Plan will receive this benefit.
  - With the exceptions below, employees enrolled in the IU Retirement 10%, 12%, or 15% Plans do not receive separation pay for sick bank accruals.
    - Employees covered under university service for vested rights in PERF and who are now in the IU Retirement 12% Plan will receive a portion of the benefit if the years of employment under PERF equal 50 percent or more of the total service. The benefit will be a multiple of the percentage of total employment under PERF.
    - Employees covered under university service for vested rights in PERF, and who moved from PERF to the IU Retirement 10% Plan between July 1, 1999 through June 30, 2002, will receive a portion of the benefit if the years of employment under PERF equal 50 percent or more of the total service. The benefit will be a multiple of the percentage of total employment under PERF.
- The death of an employee at any age and with any years of service entitles the beneficiary to receive this benefit if the employee was enrolled in PERF, the 11.25% Plan, or met the exception in the 10% or 12% Plans noted above.
- Employees on the PB time off plan who separate with IU Retiree Status or die will also receive the Bonus Holiday for the last quarter worked provided that the employee worked one month of the quarter.
- Employees in the IU Retirement 15% Plan will have separation pay for vacation or PTO deducted from the interim benefit payment.

### **Participant Responsibilities - All employees (Support, Service, and Professional)**

Upon termination from Indiana University:

- The employee must make sure that a forwarding address is on file with the department and the campus Human Resources office.
- The employee must contact the campus Human Resources office concerning the status of benefit programs.
- In cases of an employee's death, the next of kin must initiate a state-regulated petition process to request the employee's final paycheck.

For more information, please visit the  
University Human Resource Services Web site at:

**[www.hr.iu.edu](http://www.hr.iu.edu)**



**University Human Resource Services**  
**400 E. Seventh St., Poplars E165**  
**Bloomington, IN 47405-308**