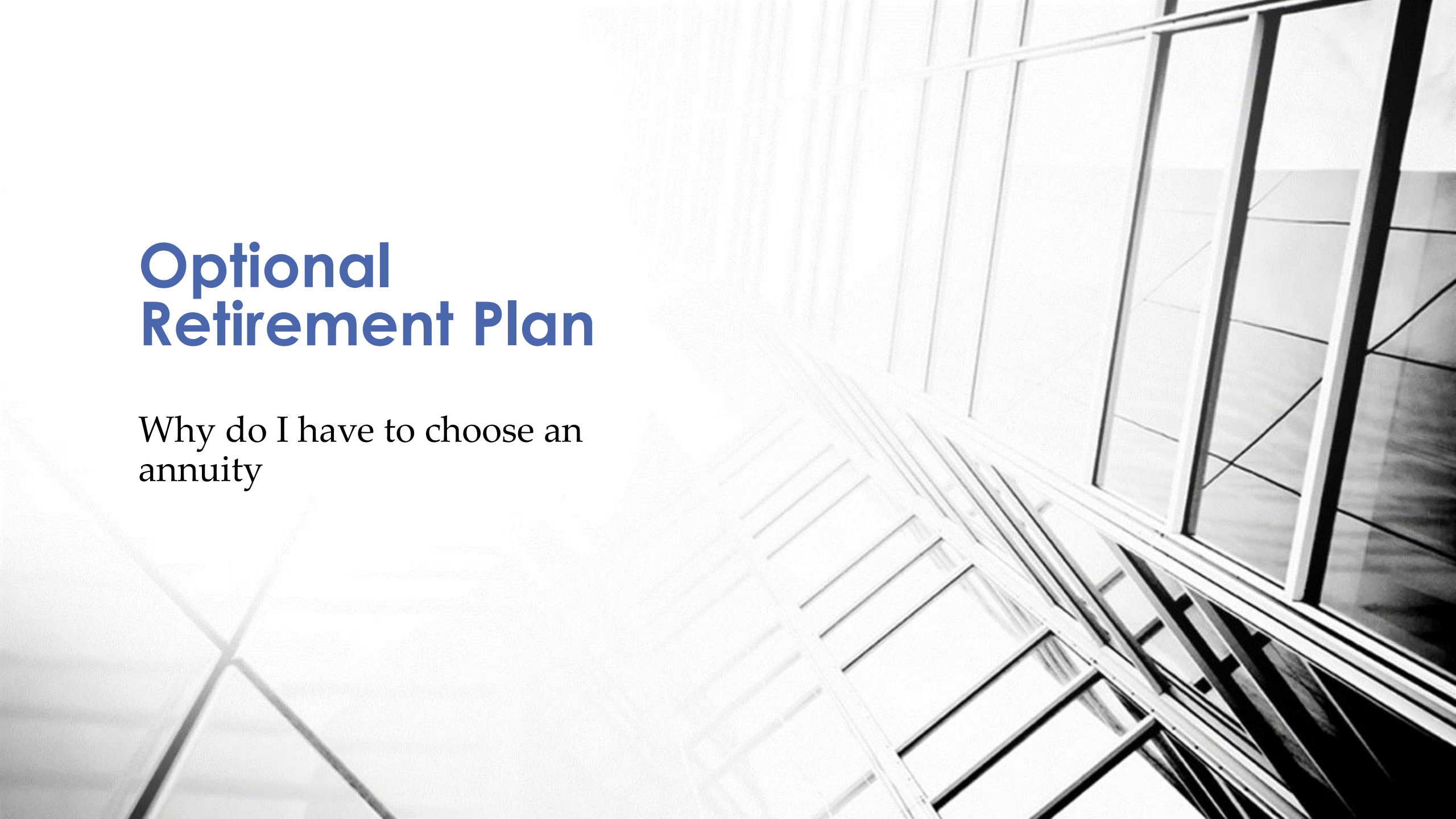


Optional Retirement Plan

Why do I have to choose an annuity



Pension Options

- TCRS - Defined benefit pension based on a formula of:
 - Salary (high 5 years)
 - Years of service (has a 5 year vesting requirement)
 - Age
- Optional Retirement Plan
 - Attempts to look like a defined pension plan
 - Insurance product

Pension Options

- At retirement you will be required to annuitize at least 50% of the aggregate balance of your ORP accounts
- Annuity choices:
 - One life annuity
 - Two life annuity
 - Interest only payments
 - Minimum withdrawal contract
 - Exception to Lifetime Distribution (if aggregate balance is under \$15,000 you can rollover or cash out the entire balance)

How Did We Get Here?

- The legislature has attempted to make sure that ORP members are not irresponsible with their retirement funds.
 - Problems created by this law include:
 - Making people purchase an annuity product that may not be appropriate for them
 - Costs associated in purchasing the annuity reduces funds available
 - Assumes that employees are not capable of devising their own appropriate retirement plans
 - Tennessee is the only state that requires this of their ORP members
 - Disproportionately impacts Faculty at UT and TBR (Tennessee Board of Regents)
 - Exposes the State, UT and TBR to unnecessary litigation risk

Key Decision Makers – Pensions and Insurance Committee

- Joint Committee of the Tennessee Senate and House of Representatives
- This issue has been before this committee in the last couple of years
- There has been key turnover within this committee

Pension and Insurance Committee

- Bo Watson – Co-Chair – Senator from Hixson, TN email: sen.bo.watson@capitol.tn.gov
- Charles Sargent – Co-Chair – Representative from Franklin, TN email: rep.charles.sargent@capitol.tn.gov
 - Senate Members: Todd Gardenhire, Thelma Harper, Mark Norris, Doug Overbey and Jim Tracy
 - House Members: Kevin Brooks, Kent Calfee, Karen Camper, Craig Fitzhugh, Gerald McCormick and Steve McDaniel
- Link: <http://www.capitol.tn.gov/joint/committees/pension-ins.html>

Timeline for Pension and Insurance Committee Meetings

- This group meets the legislative session, in the first half of the calendar year, usually beginning in late February.
- Other members of the committee on an ex officio basis include:
 - Comptroller of the Treasury
 - The State Treasurer
 - Commissioner of Human Resources
 - Commissioner of Finance and Administration
 - Director of TCRS (Tennessee Consolidated Retirement System)

Available Options

- Contact members of the Pension and Insurance Committee
- Gain support from additional faculty and exempt staff that are in the ORP.
- Reach out to other Faculty Senate groups within UT and TBR.
- Watch the meetings here: <http://wapp.capitol.tn.gov/apps/livevideo/>

Recommendation

- Continue to gain support for changing this requirement and attend the hearing that has this initiative on the agenda.