MURRAY STATE UNIVERSITY'S OPTIONAL RETIREMENT PLAN (ORP)
PLAN SUMMARY
July 1, 2018

The Optional Retirement Plan (ORP) is available to those individuals employed on or after July 1, 1996, who would otherwise be required to participate in the Teachers' Retirement System (TRS).

DESCRIPTION

The ORP is established as a 403 (b) defined contribution plan under the Internal Revenue Service Code guidelines. Specific rates of contribution have been established both for the employee and employer. The level of benefits a participant receives in retirement will depend on several factors, including level and duration of contributions, investment earnings, and age at retirement. The providers of Murray State University's ORP are: Teachers Insurance and Annuity Association (TIAA); VALIC Retirement, VOYA Financial Services, and Fidelity Investments. Eligible employees may elect to participate in the ORP through one of these four companies.

Contributions by both the employee and University are forwarded to the selected company for purposes of funding individual retirement annuities. Participating employees shall have the opportunity to purchase annuity contracts, mutual fund accounts, or similar investment products, or a combination thereof, collectively referred to as contracts or annuity contracts, as offered by the selected provider for plans established under Section 403(b) of the Internal Revenue Code." Although the University contributes to these annuities, the benefits payable to the participants are not the obligation of Murray State University, the Commonwealth of Kentucky or the Teachers' Retirement System. The benefits and other rights of the ORP are the liability and responsibility of the designated companies to which contributions have been made.

Each participating employee makes all investment decisions with his/her ORP account. All investment risks are assumed entirely by the employee; therefore, accounts may gain or lose value depending on the investment choices made by the employee.

CONTRIBUTIONS

Currently, the employee's contribution level is 6.16% of the employee's wages; the University's contribution level is 8.74% of the employee's wages, for a total of 14.9% going into the employee's ORP account.

All contributions to the ORP are fully vested and are non-forfeitable. This means the participant has a right to receive a current (under certain situations) or future retirement payment. Both University and employee contributions are portable and remain with employees upon separation of employment.

ELIGIBILITY

Individuals who are employed in a position which requires as a condition of employment certification or graduation from a four (4) year college or university are eligible to participate in the ORP. Upon employment, eligible employees have thirty (30) calendar days to elect participation in the ORP. If no election is made, employees will be automatically enrolled in TRS. Former employees and those previously employed by other state institutions who were members of TRS are ineligible for ORP participation unless there has been a six (6) month break in service.

SPECIAL BENEFIT IMPLICATIONS

The ORP does not have a disability retirement provision. The only disability benefit to which employees may be entitled is available through the purchase of the University's group disability plan. Additionally, there is no medical insurance coverage available to ORP retirees.

The 2004 General Assembly passed House Bill 434 which allows university employees a one-time opportunity during their lifetime to change from an Optional Retirement Plan (ORP) to the Teachers' Retirement System (TRS) as long as they are otherwise eligible to participate in TRS. Legislation changed in 2008 to allow persons transferring from an ORP to TRS to purchase past years of employment during the first six and one-half years of employment. An individual changing from an ORP to TRS can change anytime during the fiscal year; however, the change will be effective the first of the month following the receipt of the membership application by the TRS office.

ORP participants may change from one of the four ORP vendors listed above to another ORP vendor listed above on a quarterly basis with adequate notice. When changing vendors, participants may leave invested funds with the old vendor or may transfer invested funds to the new vendor, if permitted by the vendors.

Although Murray State University's plan document does not allow participants to receive a loan from their ORP account, there is a provision that allows a "hardship withdrawal" if the proper documentation is presented that will meet the IRS guidelines for a "hardship withdrawal."

Because the information contained on this page is subject to change by the Kentucky Revised Statutes, please confirm that the information herein is up-to-date by visiting the Kentucky Revised Statutes at: http://www.lrc.ky.gov/KRS/161-00/567, http://www.lrc.ky.gov/KRS/161-00/568 or http://www.lrc.ky.gov/KRS/161-00/569. You may also contact Murray State University's benefit staff in Human Resources @ 809-2146.