

COMPARISON OF THE ORP AND ASRS RETIREMENT PLANS

■ Optional Retirement Plan (ORP)

■ Arizona State Retirement System (ASRS)

Plan Type:

Defined Contribution Plan
Qualified under Internal Revenue Code 401(a)

Defined Benefit Plan
Qualified under Internal Revenue Code 401(a)

Contribution Amount:

You and the University each contribute 7% of gross earnings on a pretax basis, up to the maximum amount the IRS allows the plan to consider.

You and the University each contribute an equal percentage of earnings on a pretax basis as set by Arizona State Statute. This percentage can vary from year to year. Check with your Human Resources Office for the current year's percentage.

Control of the Investments:

You select the investment company and determine the investment allocations.

ASRS controls and monitors investments.

Retirement Benefits:

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

The retirement benefit is based on your years of service, your average monthly salary, and an actuarial formula.

Vesting:

You are immediately vested in your contributions. Five years of ORP participation are required to be vested in the University contributions. You may be immediately vested in the University contributions if you have an active contract (monies on deposit) in a qualified defined benefit or defined contribution retirement program of a college, university, or higher education organization located in a state other than Arizona, or in a similar type of retirement plan with a higher education organization in any country other than the United States.

You are immediately vested for your contributions. You are partially vested in the University contributions after five years of ASRS participation, with full vesting in University contributions after 10 years of ASRS participation.

If you are employed in an ORP-eligible position for the first time after your initial employment date, without a break in continuous retirement eligible employment, and you previously participated in the ASRS, your credited years of service under the ASRS will be applied toward your vesting period in the ORP.

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Health Benefits upon Retirement:

Health and dental benefit plans are available through the Arizona Department of Administration or the ASRS upon retirement. There is no health insurance premium subsidy upon retirement.

Loans:

No loans are available.

Long-term Disability:

Long-term disability (LTD) is insurance coverage that will pay you a monthly benefit when you are disabled and unable to work for an extended period of time, generally six months or more. LTD coverage will pay up to 66⅔% of your first \$15,000 of monthly pre-disability earnings, reduced by deductible income, during your disability. The cost of LTD coverage is paid by the University.

Purchase of Service Credits:

Service credit purchases are not available.

■ Arizona State Retirement System (ASRS)

Health and dental benefit plans are available through the Arizona Department of Administration or the ASRS upon retirement. A retiree health insurance premium subsidy is available with at least five years of credited service in the ASRS plan. The amount of the premium subsidy is based on your age and years of service.

No loans are available.

Long-term disability (LTD) is insurance coverage that will pay you a monthly benefit when you are disabled and unable to work for an extended period of time, generally six months or more. LTD coverage will pay up to 66⅔% of your pre-disability monthly earnings during your disability. The cost of LTD coverage is divided equally between you and the University. This coverage is required as part of ASRS participation.

You may be eligible to purchase service credits if you have forfeited, or have non-eligible, years of service:

- with a current or former public employer;
- for unpaid leave of absence with a current or former ASRS employer;
- for military service, including active military reserve and National Guard time.

Contact ASRS for additional information.

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CONTINUED

■ Optional Retirement Plan (ORP)

Distribution Options at Retirement:*

The following distribution options may be available to ORP retirees:

- Full or partial cash withdrawal
- Systematic withdrawal
- Interest-only payments
- Minimum distribution payments
- Lifetime annuity option
- Life expectancy option

The distribution options listed above may not be offered by all approved ORP investment companies. Distribution options should be reviewed with your ORP investment company well in advance of your retirement date.

Not all distribution options will meet the requirements necessary for some retiree benefits. Contact your University Human Resources Office for additional information.

Distribution Options at Termination:*

The following distribution options are available upon separation of employment from all Arizona University System employers:

- Withdraw all or some of your vested funds;
- Roll over your account to an IRA or another qualified retirement account; or
- Leave retirement account on deposit for a future benefit.

■ Arizona State Retirement System (ASRS)

The ASRS offers annuity and non-annuity options.

The ASRS retirement annuity options listed below provide a monthly benefit for life. When you retire you may choose one of the following annuity options:

- Straight Life Annuity
- Life Annuity, 5 Year Certain
- Life Annuity, 10 Year Certain
- Life Annuity, 15 Year Certain
- Joint and Survivor, 100%
- Joint and Survivor, 66⅔%
- Joint and Survivor, 50%

Alternatively, you may select from one of the following payment options that may not provide benefits for the rest of your life:

- Partial Lump Sum Distribution
- Level Income Alternative
- Optional Premium Benefit Program

The following distribution options are available upon separation of employment from all ASRS employers:

- Obtain a refund of the vested portion of your account;
- Roll over pretax contributions to an IRA or another qualified retirement account; or
- Leave retirement account on deposit with ASRS in an inactive membership status for a future benefit.

*Distributions may be subject to taxes and IRS penalties.