

KTRS/ORP Comparison 2018-19 Fiscal Year

For employees in positions requiring a minimum of a Bachelor's Degree

You have a choice in selecting one two types of retirement plans. These are the traditional Kentucky Teachers' Retirement System (KTRS) or one of four Optional Retirement Plans (ORP'S). The four companies for optional retirement plans are VOYA, TIAA, Fidelity, and VALIC.

If you select the KTRS, your contribution will be 8.185% of your gross pay. The University will contribute 15.865% of your gross pay and this money will be forwarded to the KTRS. You become vested, i.e., entitled to a retirement annuity after five years of service. Your KTRS contribution is a pre-tax contribution and the amount is exempt from Federal, State and Social Security taxes. Your contribution is subject to the Morehead city tax of 1.5% and Rowan County tax of 1.5%. If you leave MSU employment with less than five years of credited service, you have the options of 1) rolling over you're the amount contributed by you to an Individual Retirement Account (IRA) or another qualified retirement plan, 2) accepting a refund of your contributions or 3) leaving your account balance in the KTRS. If you take a refund, it will not include the university's contribution and will be subject to a 10% federal excise tax if you are under the age of 59 ½ and 20% of your refund will be withheld (in escrow) for federal income tax since this money has not yet been taxed. The KTRS is a Defined Benefit Plan, which means your annual retirement annuity is based upon your high three or five years of salary depending upon your total length of service. Participation in the KTRS provides monthly survivor benefits, a \$2,000 death benefit for active members, \$5,000 for retirees, long term disability (LTD) benefits after five years of service and medical insurance for retirees. Enrollment in KTRS is an irrevocable decision.

Optional Retirement Plans are designed for portability. If you select one of the optional retirement plans, your contribution will also be 8.185% of your gross pay. The University will contribute 8.74% of your gross pay to the annuity company of your choice, and this money (both your contribution and the MSU contribution) will be forwarded to that annuity company. With any of the ORP's, you become immediately vested, which means, upon termination of employment, you retain your 8.185% contribution and the 8.74% university contribution. With the ORP, your contributions are exempt from Federal and State taxes. They are, however, subject to Social Security tax, Morehead city tax of 1.5% and Rowan County tax of 1.5%. With the ORP's, your investment options are greater, depending upon the degree of risk you are willing to take in making your investments. Also, with the ORP's there are management and administrative fees that you will be required to pay and there are no survivor, death, or LTD benefits and no medical insurance upon retirement.

Comparisons Between Kentucky Teachers' Retirement System (KTRS) and Optional Retirement Plans (ORP's)

2018-19 Fiscal Year

MSU Retirement Options for Faculty and Professional Staff	Eligibility	Employee Contribution Rate	University Contribution Rate	Death Benefits	Medical Coverage When Retired	Disability Benefits (After 5 years service)	Survivors Benefits (monthly)	Vesting (i.e., have earned a retirement benefit)
Kentucky Teachers' Retirement System	Employees in a position requiring a minimum of a Bachelors Degree	8.185%	15.865%	Yes \$2,000 for active employee \$5,000 for retired employee.	Yes	Yes	Immediately	After 5 years
TIAA - ORP	Employees in a position requiring a minimum of a Bachelors Degree	8.185%	8.74%	No	No	No	No	Immediately
VALIC - ORP	Employees in a position requiring a minimum of a Bachelors Degree	8.185%	8.74%	No	No	No	No	Immediately
VOYA - ORP	Employees in a position requiring a minimum of a Bachelors Degree	8.185%	8.74%	No	No	No	No	Immediately
Fidelity - ORP	Employees in a position requiring a minimum of a Bachelors Degree	8.185%	8.74%	No	No	No	No	Immediately
Voluntary Tax Deferred Annuity Plans, 403 (b)	All Employees*	Voluntary, up to statutory limits.	None	No	No	No	No	Immediately

* Regular full-time employees are allowed to make pre-tax payroll deductions to any of the University's approved 403 (b) plans up to the statutory limit.