

VI-5 RETIREMENT PROGRAM 1 OF 2

The University retirement program with Teacher's Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF) provides an opportunity for each participant to contribute a percentage of his/her annual salary on a before tax basis to the funding vehicles chosen. The University contributions are made based on a percentage of the annual salary. Participation is required of all active regular, full-time employees who have satisfied the one-year waiting period. The University's plan allows for the waiver of the one-year waiting period if an employee is coming from an "eligible employer." Eligible employer is defined as any educational institution that participates in a 403B plan. Details of the plan may be obtained from the Office of Human Resources. The retirement plan is intended only to supplement social security benefits upon retirement.

Retiring Employees

All employees of Elon University are covered by the provisions of the Federal Insurance Contribution Act (Social Security).

Retirement Age.

Most people think of "65" as the magic number for retirement - the age at which one stops working and will be paid full social security benefit, according to the provisions of the Federal Insurance Contribution Act. This is only true if one is going to be 62 before the year 2000 - that is, if a person were born in 1937 or earlier. Those born in 1938 or later will not be able to retire with full benefits until they reach the age in the table below.

<u>Birth Year</u>	<u>Full Retirement Age</u>
1937	and before 65
1938	5 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and after	67

VI-5 RETIREMENT PROGRAM 2 OF 2

Retiring employees who decide not to continue their health insurance through COBRA (coverage can be extended up to 18 months if the retiree pays the total cost of the coverage) should consider securing other health insurance to supplement Medicare/Medicaid.

Medicare enrollment materials will be sent from the Office of Social Security before an employee's normal retirement age. In order to assure subsequent coverage, employees are encouraged to enroll even if they continue working. The University's private group health plan provides primary coverage for active employees and for dependents of active employees who are eligible for Medicare when:

- a. the active employee or the dependent spouse/qualifying partner of an active employee is age 65 or over;**
- b. the active employee or the dependent of an active employee is entitled to Medicare on the basis of end-stage renal disease and then only for the first**
- c. the active employee or the dependent of the active employee is under age 65 and is entitled to Medicare on the basis of a total disability.**

In the above situations, Medicare will provide supplemental coverage. This will not apply if the employee or dependent elects, in writing, to terminate participation in Elon University's private group health plan and has Medicare provide primary coverage.

Except as provided in item (b) above, the law does not permit Elon University's private group health plan to provide benefits supplementing Medicare for active employees and dependents. If an employee elects Medicare as primary coverage, he/she must terminate participation in Elon University's group health plan and have only Medicare.

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