

RFP # 331786-00122 Appendix 7.2

Optional Retirement Program

Purpose-Faculty and exempt employees of the University of Tennessee or the Tennessee Board of Regents may choose between membership in Group I of the [Tennessee Consolidated Retirement System \(TCRS\)](#) and membership in the Optional Retirement Program (ORP). The purpose of the Optional Retirement Program is to establish a life time retirement benefit. Therefore, 50% of distributions from a participant's account balance must be taken in the form of a lifetime benefit.

Employees Hired After July 1, 2014

ORP contribution rates for new employees who begin employment on or after July 1, 2014:

- Employer contribution will be 9% of compensation
- Mandatory employee contribution will be 5% of compensation.

A 2% Employee auto-enroll contribution will also be made on behalf of all participants to the [401\(k\) plan](#) for which a participant may change their contribution amount at any time.

Employees Hired Prior to July 1, 2014

ORP contribution rate for existing participants (before July 1, 2014) will continue to be an employer contribution of 10% of compensation up to the social security wage base and 11% of compensation above the social security wage base.

Withdrawals-Tennessee Code Annotated § 8-35-411 sets the maximum ORP cash withdrawal. This cash withdrawal limit of 50% applies to amounts withdrawn due to all types of withdrawals including roll over's from the account.

Additional Savings Opportunities-Active State employees and ORP participants who are active employees may defer a portion of their salary to the deferred compensation program. The Deferred Compensation Program includes a 457 and a 401(k) plan. Plan early to provide a flexible source of funds at retirement. The 457 Plan is especially attractive to higher education faculty and staff as it has a separate contribution limit not shared with IRC § 403(b) plans. Discretionary cash may be accumulated in your deferred compensation program. Please see Treasury.tn.gov/dc/index.html for access to information and forms.

Additional information is available at <http://www.treasury.state.tn.us/orp/index.html>.