

**POLICIES AND PROCEDURES**

Optional Retirement Program  
and Teacher Retirement System:

Subject: Administrative Guidelines Reference: F-I-f

Source: President Eff. Date: April 19, 2011

Approval Auth.: President Approved: \_\_\_\_\_

Remarks: Replaces previous policy dated September 1, 2009.

Date: April 19, 2011

**Initial Eligibility**

General

Persons, described as below, employed by the College on a full time basis (faculty - 15 semester hrs. or staff 40 hrs. per week) for a definite period of four and one-half months or a full semester of more than four calendar months during a school year, as a faculty or staff whose duties include teaching, research, administration or the performance of professional services are eligible to elect to participate in Optional Retirement Program (ORP) in lieu of Teacher Retirement System (TRS).

The following definitions will be used for determining initial eligibility for participation in the Optional Retirement Program.

- (1) Faculty Member - A member of the faculty whose duties include teaching and/or research as a principal activity, and who hold titles of instructor, or equivalent faculty title for at least one full semester in duration.
- (2) Faculty Administrator - An administrator responsible for teaching and research faculty whose principal activity is planning, organizing, and directing the activities of faculty and who holds the title of dean, director, department chair or head of academic department.
- (3) Executive Administrator - An administrator who holds the title of president, vice president, executive director, senior director, or the equivalent.

- (4) Other Key Administrator - An administrator other than a faculty administrator or an executive administrator whose position is considered a key administrative position within the institution's organizational structure. The most common position title in this category is director. All positions in this category shall meet the following criteria:
- (a) Serves as director or other administrative head of a major department or budget entity, excluding the title of assistant director unless the assistant director position has responsibility for what is considered a major department or budget entity that is within a larger department or budget entity.
  - (b) Is responsible for the preparation and administration of the budget, policies, and programs of the major department or budget entity;
  - (c) Usually reports to the president, vice president, dean or equivalent; and
  - (d) Is generally and customarily recruited from the same pool of candidates that other colleges and universities across the nation are recruiting from for this type of position by, for example, advertising in national publications such as the Chronicle of Higher Education or in newsletters or websites of national professional associations or at meetings of such associations.
  - (e) A position shall not be considered ORP-eligible under this category unless it can be reasonably demonstrated that all of the applicable criteria have been met. If there is significant ambiguity concerning whether a position meets the criteria for this category, the default finding shall be that the position is not ORP-eligible.
- (5) Librarian - A professional librarian who holds, at a minimum, a master's degree in library science or information science, and whose principal activity, as defined is library services.
- (6) Athletic Coach - An athletic coach, or assistant athletic coach whose principal activity is coaching, excluding an athletic trainer.
- (7) Professional - An employee whose principal activity is performing the duties of a professional career position, including, but not necessarily limited to, physician, attorney, engineer, and architect, that meets the following

criteria:

- a. Requires a terminal professional degree in a recognized professional career field that requires occupation-specific knowledge and appropriate professional licensure;
- b. Is a non-support staff position; and
- c. Is generally and customarily recruited from the same pool of candidates that other colleges and universities across the nation are recruiting from for this type of position by, for example, advertising in national publications such as the Chronicle of Higher Education or in newsletters or websites of national professional associations or at meetings of such associations.
- d. A position shall not be considered ORP-eligible under this category unless it can be reasonably demonstrated that all of the applicable criteria have been met. If there is significant ambiguity concerning whether a position meets the criteria for this category, the default finding shall be that the position is not ORP-eligible.

#### **Enrollment**

- (1) A new employee who is eligible to participate in the ORP for the first time is automatically enrolled in the TRS until an election to participate in the ORP is made.
- (2) Election to participate in the ORP must be made before the 91st day after becoming eligible. Failure to elect the ORP during the 90-day period will require an individual to remain in the TRS for the remainder of his or her employment in Texas public higher education.
- (3) An employee who elects to participate in the ORP may withdraw his or her accumulated contributions (plus interest) from the TRS. Contributions refunded by the TRS to ORP participants are not restricted as to their use by the employee. However, such refund may not be transferred to an ORP carrier.
- (4) After electing the ORP, an ORP participant is not thereafter eligible for membership in the TRS unless the individual terminates employment covered by the ORP and becomes employed in any Texas public educational institution or agency that is not part of the ORP and therefore requires TRS membership. Such an individual, upon becoming reemployed in Texas public higher education, may not resume participation in the ORP.
- (5) An ORP participant who, after at least one year of

participation in the ORP, becomes employed in an institution of higher education in Texas in a position not eligible for the ORP shall, nevertheless, continue to participate in the ORP and shall not be eligible for TRS membership.

- (6) An ORP participant who, after less than one year of participation in the ORP, becomes employed in an institution of higher education in Texas in a position not eligible for the ORP, shall be required to return to membership in the TRS for the remainder of his/her employment in Texas Public Education.

### **Contributions**

By law, the State matching and employee contributions are automatically tax deferred. The employee's contribution is 6.65% and the State's matching contribution is set by the Texas legislature and may fluctuate over time. The current Appropriations Act provides a 6.40% employer contribution for employees. MCC contributes an additional 2.10%.

### **Vesting**

- (1) An employee shall be considered vested in the ORP on the first day of the second year of participation in one or more optional retirement plans operating in one or more Texas public institutions of higher education. For purposes of this subsection, a year shall mean twelve cumulative full months. A full calendar month of leave without pay shall not be included in the calculation of such year. An academic faculty member shall be credited the three summer months toward vesting in the ORP provided the faculty member teaches the spring semester immediately preceding the summer and the fall semester immediately following the same summer.
- (2) An individual terminates participation in the ORP only upon death, retirement, disability retirement, or termination of employment in all public institutions of higher education in Texas. A change of company providing ORP benefits or a participant's transfer between institutions of higher education is not a termination of employment.
- (3) Benefits under the ORP are available only if the participant terminates participation in the program as provided by number 2 of this vesting section or if the participant attains the age of 70-1/2 years.

### **Authorization of Companies**

In order to participate in the McLennan Community College ORP of Texas and the Tax Sheltered Annuity (TSA) Program, all carriers must be recommended to the President by the Vice President, Finance and Administration who shall be advised by a committee comprised of eligible employees. To be approved, carriers must supply requested information

and meet conditions set out in the "Conditions to be met and Information to be Supplied" documents for the ORP program and/or the TSA program.

### **Sources of Information**

The Office of Human Resources maintains a list of authorized ORP and TSA carriers. Most carriers are represented by agents who supply information and services to interested employees.

The elements and features of TSA and ORP programs vary among companies authorized to offer such contracts to eligible employees. Each participating employee is responsible for analyzing the relative merits of each program and for choosing the program which best suits the needs of the participating employee. McLennan Community College will not advise as to the relative merits of programs or carriers, nor will McLennan Community College accept any fiduciary responsibility for any consequences resulting from an employee's choice of a carrier or a specific investment vehicle.

### **Solicitation Practices**

The College shall establish the following procedures related to solicitation practices:

- (1) Representatives from approved companies shall be permitted to make sales presentations to eligible employees on the premises of MCC but only at the employee's request, as guest of the employee and administration and shall abide by the College's applicable rules and regulations.
- (2) Providing of gifts and monetary rewards directly or indirectly by representatives of approved companies for information on newly hired employees shall be prohibited.
- (3) Representatives of approved companies shall be responsible for providing appropriate sales literature and service at locations as designated by McLennan Community College.
- (4) Campus bulk mailing (including electronic mail) or telephone campaigning at employees' homes or at MCC shall be prohibited.
- (5) Sales presentations in hallways, cafeteria, parking lots, or student registration area are prohibited.
- (6) The College reserves the right to restrict solicitation privileges of representatives from approved companies based on violations of solicitation regulations of this section.

### **Change of Carriers and Salary Reduction Agreements**

An employee may make a change in his or her ORP/TSA program carrier by contacting the Human Resources Office. This change will be effective the first day of the month following the date the change is received in the Human Resources Office. An employee who is an ORP participant shall have two opportunities during each fiscal year to select a different company from the ORP list of authorized companies. In accordance with MCC policy, an employee may enter into a new salary reduction agreement once per calendar year. For purposes of this subsection, a change in an employee's salary reduction agreement means a change in the amount that an employee authorized MCC to withhold from his or her salary and remit to a tax sheltered annuity program carrier. Once the deferred amount for a tax year has been changed, it cannot be changed again during that tax year except to stop all contributions.

### **Policy Exceptions**

Exceptions to any part of the Optional Retirement Program and Teacher Retirement System Administrative Guidelines may only be made by the President or the Vice President, Finance and Administration and must be in compliance with state and federal laws.