

# UAH Retirement Application Process

## Tier 1 Employees

### Eligibility

Members of The Teachers' Retirement System of Alabama (TRSA) are eligible for retirement:

- Upon the attainment of age 60 with 10 or more years of credited service (vested)
- After accumulating 25 years or more of credited service regardless of age

### Early Preparation

To prepare for retirement, please contact the following offices:

- UAH: Benefits & Employee Services 256.824.6640
- Teachers' Retirement System of Alabama 877.517.0020
- View TRS Step-by-Step Retirement Videos [here](#)

TRSA can provide projections based on an estimated retirement date. A Retirement Benefit Estimate Calculator is available on the TRSA web site at: [www.rsa-al.gov/](http://www.rsa-al.gov/). A **Checklist for Retirement** is included in the Retirement Application Packet Part 1.

### Sick Leave Conversion

A maximum of 12 sick leave days for each year of credited service may be applied toward retirement credit. **NOTE:** The sick leave balance listed in Banner is stated in hours; divide that number by eight (8) to calculate the number of days.

The following chart is used by TRSA to convert accumulated sick leave to creditable months of service upon retirement.

Accumulate Sick Leave Days	Months of Service Credit	Accumulate Sick Leave Days	Months of Service Credit	Accumulate Sick Leave Days	Months of Service Credit	Accumulate Sick Leave Days	Months of Service Credit
0 - 7	0	113 - 127	8	233 - 247	16	353 - 367	24
8 - 22	1	128 - 142	9	248 - 262	17	368 - 382	25
23 - 37	2	143 - 157	10	263 - 277	18	383 - 397	26
38 - 52	3	158 - 172	11	278 - 292	19	398 - 412	27
53 - 67	4	173 - 187	12	293 - 307	20	413 - 427	28
68 - 82	5	188 - 202	13	308 - 322	21	428 - 442	29
83 - 97	6	203 - 217	14	323 - 337	22		
98 - 112	7	218 - 232	15	338 - 352	23		

### Vacation Leave

Upon termination of employment from UAH, employees are paid for unused vacation leave **not to exceed the amount accrued in one year**. Any amount over one year's accrual is forfeited. To avoid losing vacation time accrued in excess of the annual allotment, employees may schedule to take vacation time with prior planning and supervisory approval.

# UAH Retirement Application Process

## Tier 1 Employees

### When to Retire

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**The effective date of retirement is always the first of the month. The last day of employment at UAH cannot be later than the last working day of the month prior to retirement. The TRS year is July 1 through June 30.** TRSA considers 9 months of full-time employment as one year of service credit. Therefore, if a full-time employee (1.0 fte) works from July 1 through March 31 they would receive a full year of service credit. For this reason, it is advantageous for full-time calendar year members to retire effective April 1<sup>st</sup>. In effect you get service credit for working the months of April, May and June. **NOTE:** You do not receive full salary credit for the year with an April 1 retirement date and this does not apply to those at a reduced percent of time worked. To receive full salary credit, July 1 would be the optimal retirement date.

Faculty members on an academic year appointment paid over 12 months may retire June 1<sup>st</sup> provided they are **not** teaching in the summer. They continue to receive their academic year pay from UAH if paid over 12 months.

### When to Apply

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TRSA requires that Part 1 of the **Application for Retirement** be submitted between 30 and 90 days prior to the requested retirement date. To allow for optimal processing, the **Application for Retirement** should be received in the UAH Human Resources Office approximately two to three months before retirement. The application includes an attached Form for Direct Deposit of your retirement check. The direct deposit form requires your signature, signature of joint bank account holders (if applicable) and the signature of a bank representative.

### Monthly Retirement Benefits

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A member's retirement benefit is calculated based on a retirement formula. The factors used in calculating this benefit include Average Final Salary (the average of the highest three years July – June of the last 10 years), years and months of creditable service, retirement benefit factor (2.0125%).

#### *Retirement Formula for Maximum Monthly Benefit*

$$\text{Average Final Salary} \times \text{Years and Months of Service} \times \text{Benefit Factor (2.0125\%)} \div 12 = \text{Max Monthly Benefit}$$

Once TRSA processes your retirement application they will send you **Part 2: Retirement Benefits Option Selection and W-4P Withholding Certificate** for federal tax purposes. There are four (4) income options for you to consider and TRSA will calculate the income per month available with each option. A one-page form is included for you to select an option and complete a withholding certificate for pension or annuity payments. **If this form is not returned to the Retirement System prior to the date of retirement, the option for retirement defaults to the Maximum Monthly Benefit.** Each of the four options is summarized on the following page.

- **Maximum Monthly Benefit**

The Maximum Monthly Benefit pays the highest monthly benefit to a retiring member of the TRS. This benefit is a lifetime benefit paid to the retiree on a monthly basis. At the death of the

## UAH Retirement Application Process

### Tier 1 Employees

retiree, all monthly benefits cease. The designated beneficiary(s) will only receive a one-time prorated monthly benefit covering the days of the month that the retiree was still living.

A member may provide a benefit for a beneficiary by selecting one of the following options.

- **Option 1**  
The monthly benefit under Option 1 is slightly less than the maximum. This benefit is a lifetime benefit paid to the retiree on a monthly basis; however, if the retiree dies prior to receiving payments exceeding his or her account balance, the remaining balance will be paid to the designated beneficiary(s).
- **Option 2 (100% Survivor Benefit)**  
Option 2 allows the retiree to receive a reduced benefit over the life of the retiree in return for allowing the designated beneficiary (only one beneficiary may be designated) to receive the same lifetime benefit after the retiree's death. The benefits are based on the ages of the retiree and the beneficiary. Once the member retires, he or she cannot change their beneficiary unless the beneficiary predeceases the retiree or if the retiree and the beneficiary become divorced. See Replacement Beneficiary.
- **Option 3 (50% Survivor Benefit)**  
Option 3 allows the retiree to receive a reduced benefit over the life of the retiree in return for allowing the designated beneficiary (only one beneficiary may be designated) to receive one-half the retiree benefit over the beneficiary's lifetime after the retiree's death. The benefits are based on the ages of the retiree and the beneficiary. Once the member retires, he or she cannot change their beneficiary unless the beneficiary predeceases the retiree or if the retiree and the beneficiary become divorced. See Replacement Beneficiary.

#### ***Replacement Beneficiary***

Retirees who elected joint survivor options (Option 2, 3 or 4) at the time of retirement may name a new beneficiary under either of the two following conditions:

- If the named beneficiary dies before the retired member ***Or***
- There is a divorce between the retired member and the beneficiary

The retired member should contact the TRS for information and forms. Generally, there will be a recalculation of the benefit amount for the retired member and beneficiary. The replacement beneficiary must be in place for at least two years to become effective. If the retired member dies within this two year period, no monthly survivor benefit is payable.

**Retirement checks are sent by TRSA once a month at the end of the month.**

#### **Health Insurance at Retirement**

At retirement, health insurance with the Public Education Employees Health Insurance Program (PEEHIP) is available through the Retirement System and is administered by Blue Cross/Blue Shield of Alabama and Humana (medical-eligible retirees only). Once the retirement application has been received, an information packet regarding the PEEHIP program will be mailed to the home address of

## UAH Retirement Application Process

### Tier 1 Employees

the retiree applicant. Coverage with PEEHIP becomes effective on the date of retirement. The PEEHIP enrollment application requires that Employee Benefits Office certifies your current medical coverage. PEEHIP premiums are based on years of service, age at the time of retirement, and type of coverage selected. PEEHIP premiums are paid in advance; you will need to send payment for your first month coverage. Future premiums will be deducted from your retirement check.

For additional information on PEEHIP visit the Retirement System of Alabama's web site at:

[www.rsa-al.gov/peehip/](http://www.rsa-al.gov/peehip/)

Each year during the annual PEEHIP open enrollment in July and August, retirees have the option to change their insurance election and to enroll in four optional insurance plans: dental, vision, hospital indemnity, or cancer coverage. The optional coverage becomes effective on October 1 of each year.

PEEHIP open enrollment information is available on-line at:

[www.rsa-al.gov/peehip/open-enrollment/](http://www.rsa-al.gov/peehip/open-enrollment/)

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### Medicare

At age 65 you will need to contact the Social Security Office and enroll in Medicare Part A (hospitalization – no premium) and Part B (medical – with premium). If you are already age 65 and have not enrolled in Medicare Part B, you will need to do so effective your retirement date. The local Social Security Office is located at 4970 Research Drive, Huntsville, Alabama. The toll-free phone number for general information is 1-800-772-1213. Your premium with PEEHIP will be lowered to reflect the Medicare coverage. Upon your retirement and your eligibility to enroll in PEEHIP, Medicare becomes the primary payer of medical claims and PEEHIP will be the secondary payer.

**NOTE:** PEEHIP prescription drug coverage is creditable coverage; therefore, it is not necessary to enroll in the Medicare Part D – Prescription Drug Program. All PEEHIP covered Medicare eligible retirees and Medicare covered dependents are automatically enrolled in Medicare MedImpact unless you are enrolled in another Part D plan or you choose to opt-out. If you opt-out of this plan, you will have no prescription coverage from PEEHIP.

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### Other Benefits

Retirees maintain the following benefits:

- Tuition Assistance for retiree and/or their eligible dependents
- Use of the Library
- Discounted rate at the University Fitness Center

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### UAH Termination Process

Written notification to the immediate supervisor regarding intent to retire should be provided at least 30 days in advance of the retirement date. Retiring employees must go through the employee offboarding process. Please visit our web site [www.uah.edu/hr/offboarding](http://www.uah.edu/hr/offboarding)) for complete details on the check-out process.

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### Post Retirement Employment (Limitation on Earnings)

You may be prohibited from accepting reemployment with UAH for a period of two years under what is known as the “revolving door” restriction. If you are considering such reemployment please

## UAH Retirement Application Process Tier 1 Employees

contact the Office of Human Resources for assistance in determining if this restriction will apply to you.

A retiree that returns to work at UAH must have a 30 day break in-service prior to reemployment. They may continue to receive full retirement benefits provided that the member:

1. Is not employed or under contract for **permanent full-time employment**; and
2. Does not receive **compensation in excess of** the annual calendar year limit set by TRSA. The limit is subject to change from year to year based on the Consumer Price index. During the year in which retirement is effective, retirees are subject to a prorated earnings limit based upon the number of months remaining in the calendar year.

If a retiree's earnings exceed the above limit, the retirement benefit will be suspended for the remainder of the calendar year. This earnings limitation also applies to retirees who provide services to participating agencies on a contractual or consulting basis. **It is the retiree's responsibility to comply with the post retirement regulations set by TRSA.**

Employment with private industry, private education, or a non-participating agency will not affect a service retiree's benefit from TRS. However, PEEHIP has specific policies regarding retirees that have access to other group employer coverage. Please contact PEEHIP regarding effects on your medical benefits.

If you return to work for an agency that participates in TRS or ERS, you are required to complete the ***Retiree Notice of Post-retirement Employment*** form.

# UAH Retirement Application Process

## Tier 1 Employees

### The Retirement Application Process:

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Below is a checklist of items to be completed in the retirement application process:

- ✓ **Visit our website** ([www.uah.edu/hr/benefits/retirement/application-process](http://www.uah.edu/hr/benefits/retirement/application-process))
- ✓ **Complete Part 1 of the TRS Application for Retirement** 60 – 90 days prior to retirement
  - Complete and have signature witnessed by a Notary Public
  - Complete Direct Deposit form
  - Benefits representative will complete the Employer Certification section electronically with TRS in the Employer Self-Service portal
- ✓ **Complete medical insurance enrollment form (PEEHIP)**
  - If you are electing to enroll in medical coverage in retirement you will need to complete and return the PEEHIP application prior to your effective date of retirement. NOTE: if electing family coverage you will need to attach verification documents of dependent eligibility
  - Return to Human Resources to have a benefits representative complete section on current health coverage – if applicable
- ✓ **Provide written notification to immediate supervisor** at least 30 days in advance of retirement
- ✓ **Contact Social Security** - if you are age 65 or older to enroll in Medicare or if you are 62 or older and electing to begin social security benefits
- ✓ **Complete Part 2 of the TRS Application for Retirement** – TRS will send Part 2 to the home address
  - Choose monthly benefit option (maximum, Option 1, Option 2 or Option 3)
  - Complete withholding certificate for federal withholding tax purposes.
  - Return to Human Resources for completion & notary of Part 2 of the application.
- ✓ **Contact TIAA-CREF** – if applicable and you want to begin receiving income benefits
- ✓ **Complete Employee Offboarding (Check-out) Process**