What is the UCF Special Pay Plan?
The UCF Special Pay Plan (SPP) is a mandatory retirement plan for USPS, A&P, and Faculty receiving annual leave and/or sick leave and/or compensatory leave upon separation of employment, entering DROP, or changing from a 12-month contract to a 9-month contract.

The SPP is authorized under Section 401(a) of the Internal Revenue Code and provides the maximum tax advantages for leave payouts to the University and its employees. TIAA is the plan administrator for the University of Central Florida and handles all asset allocations, loans and distributions.

Plan Year
The SPP Plan Year is July 1st – June 30th.

How the Plan Works
Eligible leave payouts from the University will be invested on a pre-tax basis in one of the age-based lifecycle funds with TIAA. Federal income taxes are deferred until there is a taxable event, such as a distribution. However, under this plan, both the participant and UCF are exempt from paying Social Security (6.2%) and Medicare (1.45%) taxes. In most cases, this means a permanent savings of 7.65%.

TIAA will mail a welcome package to new participants within 2 – 3 business days following receipt of the payout. At that time, you will be able to register on the TIAA website, update investment choices, and designate a beneficiary(s).

Who is eligible?
Employees classified as Faculty, A&P or USPS that:
1. Commence participation in DROP, is age 59 and 4 months or more, and who would otherwise receive a lump sum cash payment of accumulated Annual Leave of $10,000 or more upon entering DROP; or
2. Incur a change of employment classification from a 12-month contract faculty member to a 9-month contract faculty member, is age 59 and 4 months or more, and who would otherwise receive a lump sum cash payment of accumulated Annual Leave of $10,000 or more after incurring such a change; or
3. Terminate employment, is age 55 or more, and who would otherwise receive a lump sum cash payment of accumulated Annual, Sick and/or Compensatory Leave of $10,000 or more upon termination of employment.
Who is not eligible?
Employees that are classified as students, graduate assistants, post-docs, phased retirees, rehired retirees, UCF President, UCF Provost, and all employees appointed in an OPS capacity.

Advantages of the plan
- Payments into the SPP are permanently exempt from Medicare and Social Security taxes for the participant and UCF.
- Contributions to this plan are pre-tax. Therefore, your tax liability will be reduced.
- Vesting is immediate.
- Contributions to the 401(a) do not count towards the IRS contribution limit for 403(b) or 457 accounts.

DROP Participants
If you are entering DROP and are 59 and 4 months or older, you must be paid for all of your annual leave (up to the applicable limit of your employment class) upon entering. If your payout is $10,000 or more, it will automatically go into the SPP.

There is a loan option available to DROP participants.

Contribution Limits
For purposes of the SPP, leave payouts are not considered compensation. Contributions to the 401(a) SPP Plan are limited to the lesser of:
1. 100\% of your plan year compensation (7/1/20xx – 6/30/20xx); or
2. $58,000 (for 2021).

If your payout is greater than $58,000 (or 100\% of your plan year compensation), the balance will automatically be directed to a 403(b) with TIAA. Contributions to the SPP 403(b) Plan are limited to the lesser of 100\% of your calendar year compensation or $58,000.

If you participate in the FRS Investment Plan, Employee and Employer contributions to that plan count towards the 401(a) limit under the SPP. If you participate in the SUSORP (State University System Optional Retirement Program), Employee and Employer contributions to that plan count towards the 403(b) limit under the SPP.

Withdrawals and Distributions
Distributions are permitted upon separation of employment. In-service distributions are permitted at age 59 ½ for DROP participants and faculty members participating in the plan as a result of a change in employment contracts going from 12-month to 9-month.

For additional information and/or to request a withdrawal, contact TIAA at (800) 842-2252.
FAQs

Can I elect not to participate?
No. Participation is mandatory for all employees meeting the eligibility requirements stated above.

Do I need to take any action?
No. The process is automatic. TIAA will mail you a welcome package within 2 – 3 business days following receipt of the leave payout. You will then be able to register on the TIAA website, update investment choices and designate a beneficiary(s).

What if I want access to my leave payment immediately?
You can make a withdrawal as soon as you are able to view the contributions online in your account, provided you are separated from service or have reached age 59 ½ while still employed. Please note that employer approval is required for every distribution. For additional information and to request a withdrawal, contact TIAA at (800) 842-2252.

How long will it take for my leave payment to be processed and sent to TIAA?
For employees separating employment, leave payouts generally occur within 30 days of separation. For DROP participants and 12-month faculty changing to 9-month, the payout will occur sooner.

If an employee dies while still employed, how is their leave payment handled?
If the SPP eligibility requirements are met, the leave payout will go to the SPP.

Will the SPP have any effect on my Social Security benefits?
Since the payment to the SPP is exempt from Social Security taxes, it is possible there may be a slight impact to your Social Security Benefits. Keep in mind that Social Security is calculated on the average indexed monthly earnings during the 35 years in which you earned the most.

What if my address or other contact information changes?
If you have separated employment from UCF, it is your responsibility to inform TIAA of any changes.