

I - 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 Special Pay Plan 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-CREF 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.

/// - Effective Date of the Plan

The SPP was originally in effect from 2004 – 2006. This re-implementation became effective with eligible payments made on or after July 1, 2013.

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

V - Who is eligible?

Employees classified as Faculty, A&P or USPS that (i) commence participation in DROP and is age 59 and 4 months or more who would otherwise receive a lump sum cash payment of accumulated Annual Leave of \$10,000 or more upon entering DROP or (ii) incur a change of employment classification from a twelve month contract faculty member to a nine month contract faculty member and is age 59 and 4 months or more who would otherwise receive a lump sum cash payment of accumulated Annual Leave of \$10,000 or more after incurring such a change or (iii) terminate employment and is age 55 or more 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.

VI - 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.

VII - 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.

VIII - 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.

IX - Contribution Limits

Contributions to the 401(a) Plan are limited to the lesser of 100% of your plan year compensation or \$54,000. For purposes of the SPP, leave payouts are not considered compensation.

If your payout is greater than \$54,000, the balance will automatically be directed to a 403(b) with TIAA-CREF. Contributions to the 403(b) Plan under the SPP are limited to the lesser of 100% of your calendar year compensation or \$54,000. This 403(b) does not count towards the 402(g) limit (\$24,000 or \$18,000) that governs the non-SPP 403(b) plan.

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 *SUS ORP*, Employee and Employer contributions to that plan count towards the 403(b) limit under the SPP.

X - 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 twelve month to nine month.

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

XI - 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-CREF 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-CREF 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-CREF at (800) 842-2252.

How long will it take for my leave payment to be processed and sent to TIAA-CREF?

For employees separating employment, leave payouts generally occur within 30 days of separation. For DROP participants and twelve month faculty changing to nine 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-CREF of any changes.