

# Optional Retirement

## I. Purpose

This guideline supplements the DSCC Retirement Plans Policy and applies to eligible employees of DSCC.

## II. Scope

This policy applies to all regular full-time faculty, full-time and part-time administrative and professional employees. It does not apply to clerical, support-staff, student workers, adjunct faculty, and temporary workers.

## III. Policy

### Eligibility to Participate in the Optional Retirement Program

DSCC has designated optional retirement programs for regular academic, executive, administrative, and professional employees of the College.

### Election of New Employees to Participate in the ORP

- A. An eligible employee who is not a member of the Tennessee Consolidated Retirement System and has not accumulated creditable service thereunder as a member of a local retirement fund may elect prior to the preparation of their first salary payment either membership in the Tennessee Consolidated Retirement System or the ORP.
- B. The Notice of Election to Participate in the Optional Retirement Program or the Tennessee Consolidated Retirement System Form, which shall be used by employees in designating this election, is available on the Treasury website at: [www.treasury.tn.gov/orp/index.html](http://www.treasury.tn.gov/orp/index.html)
- C. In addition, the Premium Distribution Specification Form that must be completed to specify the distribution of funds for the ORP is attached as Exhibit 1.
- D. If no election is made prior to the first salary payment, the employee shall be deemed to have elected the TCRS.

## **Election of Current Members of TCRS to Participate in the ORP**

- A. An employee who is a member of the TCRS or of a local retirement fund having rights under the TCRS, and who is otherwise eligible to join the ORP, may elect to participate in the ORP in lieu of continuing contributions to and accumulating creditable service in the TCRS while employed at an institution with an optional retirement program.
  1. Any employee who elects to cease membership in the TCRS and commence membership in the ORP may transfer plans effective the first day of the month following thirty (30) days written notice to TCRS and the employee's institution. The Election to Transfer Membership from TCRS to the Optional Retirement Program form is available at: [www.treasury.tn.gov/orp/index.html](http://www.treasury.tn.gov/orp/index.html)
  2. As stated on the form, an employee who transfers membership from the TCRS to the ORP will thereafter be ineligible to accumulate creditable service in the TCRS during such period or periods as they are employed by an institution with an optional retirement program.

## **Transfer of Contributions to the ORP**

- A. State Service Prior to July 1, 1981
  1. For employees who began state service prior to July 1, 1981, all employee contributions (made through payroll deduction) to TCRS plus that portion of the employer's contribution made on behalf of the employee after July 1, 1981, plus any accrued interest are fully transferable to the ORP.
  2. Only contributions made by the employee himself or herself or contributions made by the employer on behalf of the employee under the non-contributory plan are transferable.
- B. State Service Effective July 1, 1981 or After
  1. Employees hired on or after July 1, 1981, are non-contributory members only. Employer contributions are not transferable.

C. Any employee who elects to transfer funds in the ORP must execute the Election to Transfer Funds from TCRS to the Optional Retirement Program Form at least 30 days prior to the payroll date in which the change is to be effective.

1. This form is available on [www.treasury.state.tn.us/orp/forms.htm](http://www.treasury.state.tn.us/orp/forms.htm)

### **Amount of Contributions to the ORP**

A. Employer contributions will be paid at the rate of ten percent (10%) of monthly salary up to the social security wage base.

B. Contributions for salary above the wage base will be paid at eleven percent (11%).

C. For either retirement system (TCRS or ORP), the limit to employer contributions made on behalf of employees employed after July 1, 1996 is \$210,000.

1. There is no contribution limit for employees employed before July 1, 1996.

2. Additionally, for employees enrolled in the ORP, there is also an annual aggregate contribution limit for contributions to the ORP and 401(k).

a. This limit is defined on an annual basis.

### **Social Security Contributions**

A. The amount of social security contributions by the employee and the employer shall be the same each payroll period as if the employee were a member of the TCRS.

## **IV. Compliance**

All full-time and part-time employees are expected to adhere to this policy.

## **V. Definitions**

**TCRS** Tennessee Consolidated Retirement System  
**ORP** Optional Retirement Plan

## **VI. Revision History**

Policy created November, 2004. Policy updated July 2012; approved by Administrative Council on July 27, 2012. Policy update April 2023; approved by Administrative Council on April 27, 2023.