



## Retirement TimeLine

### TIAA-CREF/Fidelity Retirement Plan Participant

**Retirement planning is essential early in your career!** Your TIAA-CREF/Fidelity retirement account is based on the University's contribution, your contributions and how you allocate those contributions. **Learn all you can about your retirement accounts – it is never too early to plan for your retirement!**

- Review your TIAA-CREF/Fidelity account statements at least quarterly.
- Attend TIAA-CREF/Fidelity meetings when they are held at Michigan Tech.
- Call or make an appointment to speak with a TIAA-CREF/Fidelity retirement counselor.
- Go to the TIAA-CREF/Fidelity website to view your account and use their website tools.

By setting up on-line access to your TIAA-CREF/Fidelity account, you can work on different retirement scenarios and view if you are on track to funding your future retirement plans.

Your specific retirement plans can affect your income needs in retirement. In general you will need 85% of your current income which you can acquire from your savings, Social Security income, TIAA-CREF/Fidelity pension, SRA/IRA accounts and possible employment. **It's all about being prepared!**

### **Are You Ready to Retire?**

The following are some helpful hints and information you should consider before you decide on a retirement date. If you take the time to think about your retirement plans in advance, you won't feel rushed into make a decision. So let's begin!

- What kind of income will you need in retirement? Begin a retirement budget and review your spending habits and personal savings.
- Check with TIAA-CREF/Fidelity regarding your retirement plans and investment strategies.
  - Review your quarterly statements from TIAA-CREF/Fidelity.
  - Call TIAA-CREF at **1-800-842-2252** or on-line at <http://www.tiaa-cref.org/mtu>
  - **Call Fidelity at 1-800-835-5097** or on-line at <http://www.fidelity.com>
  - **Set up your own on-line accounts.**
  - Have TIAA-CREF/Fidelity run different retirement scenarios.
  - Are your fund allocations safe enough?
  - Begin to examine the different retirement income possibilities.
  - Do you need to save more?
- How and when do you want to begin to access your TIAA-CREF/Fidelity pension income? Lump sum, transfer some or all, interest only, transfer into an IRA, or annuitize. There are many income options to analyze.
- Review your yearly Social Security statement. Visit the Social Security office in Houghton or go on-line to <http://www.ssa.gov/> to view your account.

- Check with the Benefits office at 487-2517 regarding your eligibility to participate in Michigan Tech's Retirement Severance Voluntary Program (RSVP).
- What kind of medical insurance will you need and what is the cost when you retire? It's important to begin early in researching the types of available pre and post 65 medical insurance plans.
  - How will you pay for medical insurance? What plans are available? It is estimated that a couple will need approximately \$240,000 (2009 estimate by Fidelity) to pay for medical premiums (Medicare, private insurance), deductibles, and co-pays.
  - Michigan Tech has a retiree medical plan but it can be expensive – call the Benefits office for the current premium cost.
  - Do you need a dental and/or vision plan? These plans can be costly.
  - Pre-65 medical insurance can be expensive, so should you retire before you are eligible for Medicare at age 65?
  - If you are age 65 plus, your Medicare premiums are deducted from your Social Security check. Go on-line to <http://www.medicare.gov/> to view the latest Medicare information and part B premiums.
  - When you retire, all post-65 medical plans (medi-i-gap and Michigan Tech's retiree plan) require you to enroll in Medicare part A and B.
- Begin thinking of paying off your debts – credit cards, car loans and/or mortgage.
- Start to build up your emergency fund to cover at least six months or more of your current salary.
- Add up your sources of income – TIAA-CREF/Fidelity pension, Social Security income, savings, SRA/IRA income and possible employment. Are you on track to retirement?
- How will you spend your time in retirement? – traveling, working on a hobby, consulting or other employment. What you do in retirement affects your spending.
- Where will you live? Think about property taxes, homeowners insurance, heating/cooling costs, snow/sun, medical care, airport close-by or is a university or college near-by where you can work or take classes.
- Do you need life insurance or additional life insurance?
- Do you need long-term care insurance?
- Do you have a will, powers of attorney, or medical directive? Do you need to update?
- Are your beneficiary forms (life insurance, SRA's, TIAA-CREF, Fidelity) up to date?

After reviewing your plans, if your retirement income is not what you expect or need – you might want to consider working longer and saving more. Otherwise you are ready to retire!

### **Ready to Retire**

Following is a timeline on how to make your transition to retirement a little bit easier! Use the attached TIAA-CREF/Fidelity participants' retirement checklist.

### **36 Months Before Retirement**

- Make sure you can locate your birth certificates, Social Security cards, and/or marriage license. If you can't locate your copies, order new copies.
  - Some states allow you to order birth certificates and marriage licenses on-line. The State of Michigan website is <http://www.michigan.gov/mdch/>
  - For new Social Security cards either visit the Social Security office in Houghton or go on line to <http://www.ssa.gov/>
- Begin thinking of a retirement date by reviewing your TIAA-CREF/Fidelity pension estimates, Social Security income estimates, RSVP eligibility, savings and retirement budget.
- Estimate your pension income by contacting TIAA-CREF or Fidelity to review different retirement scenarios based on your individual retirement plans.
  - There are many different retirement income options and you will need to plan early to educate yourself on those options.
  - Schedule a one-on-one meeting with a TIAA-CREF/Fidelity counselor by calling TIAA-CREF at 1-800-842-2733 or Fidelity at 1-800-343-0860.
  - Call the Michigan Tech Benefits office at 906-487-2517- to find out when a representative will be at the University.
  - Go to the TIAA-CREF website at <https://www.tiaa-cref.org/mtu> or the Fidelity website at <https://www.fidelity.com/> to view your account and work on different retirement scenarios.
- Visit the local Social Security office in Houghton to schedule a meeting to review your Social Security options, to estimate your Social Security income or go on-line to <http://www.ssa.gov/> - and enter different retirement date scenarios.
  - When will you be eligible for Social Security?
  - How will your retirement date affect your Social Security income?
  - How much income can you earn?
  - When and how do you apply for Medicare?
- When will you be eligible for the Retirement Supplemental Voluntary Program (RSVP)?
  - Call the Benefits office at 487-2517 and set up an appointment to review you RSVP status (date of full-time hire – date when you will become eligible).
  - Rule of 80 = age plus years of full-time service at Michigan Tech or 65 years old and 10 years of full-time service at Michigan Tech.
  - Receive 50% of salary (maximum is set – refer to current RSVP policy) at time of retirement.
  - Or review the different phased retirement options.
  - Forms are available on Benefits website or call the Benefits office.
  - If you have outside insurance and take the lump-sum payment as cash, it is taxable.
  - If you take the RSVP lump-sum in cash –keep in mind the IRS maximum allowed for the year you retire - you might want to speak with your accountant, tax person or financial planner regarding your tax liability.

- If you don't have other retiree medical insurance - your lump-sum is deposited into a CD account (pre-tax) to pay for the Michigan Tech's retiree medical insurance premiums – interest earned in the CD account is also pre-tax.
- Begin to research other medical insurance options. Michigan Tech's retiree medical insurance plans are expensive – especially if you are pre-65.
  - Begin by keeping track of your medical expenses – cost of prescriptions, office visits, dental and/or vision expenses.
    - The type of medical plan you need depends on your specific health issues.
    - Cost of dental and/or vision plan premiums might be more money than your actual dental and/or vision expenses.
    - Vision plans are plans that pay for eye glasses – cataract surgery is usually paid by the health plan.
  - If you and/or your spouse are post- 65 at the time of your retirement, you will need to enroll in Medicare Part A & B. You will need to enroll in Medicare part D only if you don't have prescription coverage under a separate policy.
  - Even if you are Medicare eligible (post-65) you should consider also enrolling in a med-i-gap plan which pays for claim expenses not paid by Medicare.
  - If you and/or your spouse are pre- 65 at the time of your retirement, you will need to enroll in a pre-65 medical insurance plan.
  - If you are pre- 65 and moving out of the state of Michigan be sure to check that your plan will cover your claims.
- If you are planning on moving to a new and warmer/colder location – start visiting areas. Keep in mind the following:
  - Is it important to have family near-by?
  - Is there a major airport near-by to easily fly to family, friends and fun locations?
  - How is the climate? Too hot or too cold.
  - What are the taxes? Property, and/or personal.
  - Do you want to live there year-round?
  - Is there a university or college near-by to take classes or work?
  - What is the cost of housing?
  - Should you keep your house in the Keweenaw or sell? If you are selling it's a good time to start your cleaning, updating, and clearing out un-needed items. Begin talking to a realtor or maybe you want to sell it yourself.
- Meet with your accountant or financial advisor regarding your retirement plans and investment strategies.
  - Discuss TIAA-CREF/Fidelity retirement income options and your retirement plans.

### **24 Months Before Retirement**

- Have TIAA-CREF/Fidelity prepare a pension estimate to reflect your current account balance and salary.
- Review your most current Social Security statement.
- Are your retirement income projections on track?

- Begin to finalize a retirement date – based on your retirement plans and income projections.
- Continue to research your medical insurance options.
  - Faculty – if you retire in December – Michigan Tech’s employee medical plan ends December 31<sup>st</sup> and your retiree medical plan begins January 1<sup>st</sup>.
  - Faculty – if you retire May through August 31<sup>st</sup> – Michigan Tech’s employee medical plan ends on August 31<sup>st</sup> and your retiree medical plan begins September 1<sup>st</sup>.
  - Staff – if you retire during any date in the month, your Michigan Tech employee medical plan ends the last day of the month and your retiree medical plan begins the first day of the following month.

### **12 to 18 Months Before Retirement**

- You have finalized your retirement date! Great!
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- Make an appointment with the Benefits office at 487-2517 to sign your RSVP forms at the appropriate enrollment period (July 1 to October 31).
- Review your options for retiree medical insurance.
  - Keep in mind where you will be living.
  - What are your current medical expenses? Do you have an illness and require expensive prescription drugs or treatment.
  - Check into a high deductible health plan – it will be less expensive.
  - Maybe you want to use Michigan Tech’s retiree medical plan for the first year and switch to a less expensive plan for the future. Just remember once you leave Tech’s retiree medical plan you can’t return.
- Call or contact TIAA-CREF/Fidelity to begin to finalize your retirement income options.
  - TIAA-CREF at 1-800-842-2733 or Fidelity at 1-800-343-0860.
  - TIAA-CREF on-line at <https://www.tiaa-cref.org/mtu>
  - Fidelity on-line at <https://www.fidelity.com/>
- If you have other retiree medical insurance, begin to think about your RSVP lump-sum payment options
  - Will you pre-tax into a 457(b) account and/or a 403(b) SRA account.
  - Check the Benefits office on what the new IRS maximum deferral amount is for your retirement year.
  - Meet with your financial planner or tax accountant.

### **3 Months Before Retirement**

- If you are age 62 plus begin your Social Security paperwork either on-line <http://www.ssa.gov/> or by visiting the Social Security office in Houghton.
- If you are age 65 plus begin your Medicare application process at the same time you visit the Social Security office.

- Contact TIAA-CREF/Fidelity to begin the application process for retirement income.
  - TIAA-CREF at 1-800-842-2733 or Fidelity at 1-800-343-0860.
  - TIAA-CREF on-line at <https://www.tiaa-cref.org/mtu>
  - Fidelity on-line at <https://www.fidelity.com/>
  - The Benefits office has to provide your retirement date and sign your application in order for you to access your retirement funds.

### **1 Month Before Retirement**

- Call the Benefits office at 487-2517 to schedule an Exit Meeting - this process will take about 15 minutes.
  - Your RSVP payment options will be discussed.
    - Cash if enrolled in a non-Michigan Tech retiree medical plan.
    - Lump-sum payment can be pre-taxed into a 457(b) and/or 403(b) SRA
      - Review your pre-tax contributions for the year. You don't want to go over the IRS maximum allowed for your retirement year.
    - Should you update your W-4 forms to save on taxes?
  - Enroll in Michigan Tech's retiree health insurance if needed.
    - Complete enrollment forms.
  - Receive paperwork for retiree life insurance.
  - Time to tie-up all loose ends.
  - Staff – vacation accrual and final paycheck payments will be discussed.
- Begin to clean out your office space – bring lots of boxes.

### **1 Month After Retirement**

- If enrolling – you must return your life insurance application.

### **During Retirement**

- Please contact the Michigan Tech Benefits office at 906-487-2517 if you have any changes of status – new address, death, divorce, or change of health plans.
- Also you will need to contact TIAA-CREF/Fidelity and/or the Social Security office and Medicare with the above changes.
- If you move to a new state you might need to update your wills, power of attorney and medical directives.
- **Now Enjoy! You have worked hard to get here!**