Q & A Most Commonly Asked Questions - For Participants

Optional Retirement Plan (ORP) Defined Contribution Plan

Q: Who is eligible to participate in the ORP defined contribution plan?
A: All exempt, benefits eligible employees are eligible to participate in the plan. Eligible employees must within 60 days of employment make an irrevocable election to participate in ORP.

Q: As an eligible employee, what happens if I do not make my election within 60 days?
A: All eligible employees will automatically default into the Teachers Retirement System Defined Benefit Plan.

Q: Is there a minimum contribution amount for deductions?
A: Currently, the mandatory employee contribution rate is 6% and 9.24% for employer contributions.

Q: Am I allowed to decrease or increase the mandatory employee contribution?
A: No, participants are not allowed to decrease or increase the mandatory employee contribution. However, participants have the option of participating in one or both of the supplemental retirement plans (403(b) & 457(b)).

Q: What happens if I leave USG? Will I still receive the proceeds contributed into the plan on my behalf?
Yes, as a participant in the ORP Plan, you become 100% vested for both employee and employer contributions. If you take physical receipt of your proceeds as a result of a distribution prior to Retirement you must rollover the assets into a qualified plan (either your new employer if they accept rollover contributions or an IRA) within 60 calendar days in order to avoid a tax penalty.
ORP Defined Contribution Plan

Q: When will my payroll deductions begin after I enroll?
A: Your deductions should begin as soon as administratively possible, subject to payroll deadlines. If you enroll on the first of the month, your deductions should begin that month.

Q: What happens to my account balance if I die?
A: Upon death, a participant’s account balance will go to his/her beneficiaries.

Q: When am I required to begin Mandatory distributions?
A: A participant must begin taking Mandatory Required Minimum Distributions by April 1 following the calendar in which you attain age 70 1/2, providing that you are no longer employed with USG.

Q: When will I have to pay taxes?
A: Federal and State income taxes must be paid on any withdrawal from the plan. Withdrawals could occur due to termination of employment, death and or Retirement.

Q: Are Loans Allowed?
A: No. Loans are not allowed on the Plan.

Q: Does the plan accept roll-over contributions?
A: No, the plan does not accept rollover contributions from any source, including other qualified plans, 403(b) plans, 457 plans or IRA’s.

Q: Are distributions allowed for unforeseen emergencies or hardships?
A: No, distributions are not allowed for hardships or unforeseen emergencies.

According to Morning Star, “Many Experts anticipate the need for a least an 80% Income replacement ratio during Retirement.”