The Optional Retirement Plan (ORP) is changing this year in order to better support participants with tax planning and adhering to contribution limits. The Arizona Board of Regents (ABOR) has recommended that all three state universities move the ORP from a fiscal plan year (July 1–June 30) to a calendar plan year (January 1–December 31), beginning in 2016.

To make this change, the 2015 ORP plan year will be only six months long, from July 1–December 31, 2015. Because IRS regulations require that the normal annual contribution limits be halved during the short plan year, your retirement contributions will be affected. We want to assure you, however, that you will receive the University contributions that you expected and that we will help you minimize any financial consequences as a result of this change.

To be sure you understand how the short plan year will affect you, please read the enclosed information carefully and contact the Division of Human Resources with any questions. We will remain in touch with you over the coming months to provide further information, including details specific to you.

Sincerely,

[Signature]

Allison M. Vaillancourt, Ph.D., SPHR
Vice President, Human Resources and Institutional Effectiveness
What changes when we go from a twelve-month plan year to a six-month plan year?

If 2015 were a full twelve-month plan year, you and the UA would have been able to make contributions of 7% of your salary up to a maximum of $265,000 of earnings (if you were hired and enrolled after June 30, 1996) or $395,000 (if hired and enrolled before June 30, 1996). During the short plan year (July 1–December 31, 2015), IRS rules require these contribution limits to be halved (7% of your salary up to a maximum of $132,500 of earnings if you were hired and enrolled after June 30, 1996; or $197,500 if hired and enrolled before June 30, 1996).

How am I affected?

At your current salary, you will reach the contribution limit during the six-month plan year sooner than you would during a twelve-month plan year. Therefore, both your pre-tax contributions and the UA’s pre-tax contributions to the ORP will be reduced. Your taxable income for 2015 may also increase as a result of these reduced contributions. Financial planning assistance will be available to you, as described below.

How will the UA address the impact on me?

The UA is committed to providing you with the employer contribution you would have received had there not been a short plan year. The Division of Human Resources will determine the difference between the amount that UA will contribute to your ORP in the short plan year and the amount that would have been contributed in a twelve-month plan year. UA will deposit this difference into a Voluntary 403(b) Plan account on your behalf. The Voluntary 403(b) Plan is a supplemental retirement plan available to all employees at UA. You will receive additional details on when the lump-sum contribution will occur and the amount of the contribution in the coming months.

More information on the Voluntary 403(b) Plan can be found on the Division of Human Resources website at hr.arizona.edu/files/403(b)_Final_Enrollment_Guide.pdf.

What do I need to do?

To receive UA’s employer contribution, you will need an active Voluntary 403(b) Account with Fidelity Investments or TIAA-CREF.

- If you have never contributed to the Voluntary 403(b) Plan, you must open an account no later than November 7, 2015. Representatives from Fidelity Investments and TIAA-CREF will be on campus and available to assist with this process (please see the appointment information below).

- If you have a Voluntary 403(b) Plan account but have not contributed to it in the past year, you should meet with a Fidelity Investments or TIAA-CREF representative to review your account (see the appointment information below). The investment lineup for the Voluntary 403(b) Plan changed in July 2014, and your original investment allocations may have changed as a result.
• **If you are currently contributing to the Voluntary 403(b) Plan,** no action is required at this point. You may still schedule an appointment with a Fidelity Investments or TIAA-CREF representative if you wish to review your account and investment allocations.

**Additionally, you may want to consult a tax advisor** to determine the tax and retirement savings implications of the short plan year. You may consider making or increasing your own contributions to the Voluntary 403(b) Plan or the 457(b) Deferred Compensation Plan through Nationwide (another retirement savings plan available through UA) to increase your retirement savings and reduce your 2015 taxable income. Information on the 457(b) Deferred Compensation Plan can be found at arizonadc.com.

**To schedule an appointment or contact a representative with Fidelity Investments, TIAA-CREF, or Nationwide, please visit the Division of Human Resources website at hr.arizona.edu/short_plan_year_orp.** A list of Frequently Asked Questions is also available.

For additional questions, please contact the Division of Human Resources at:

Human Resources
Arizona Health Sciences Center
(520) 626-5593
benefits@email.arizona.edu

Human Resources
Main Campus
(520) 621-3662, option 3
benefits@email.arizona.edu