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To: Human Resources Directors
Benefit Officers

From: Evelyn Nazario 
Assistant Vice Chancellor
Human Resources Management

Subject: Benefits Update: California State University Tax Sheltered Annuity (TSA) Program

Overview

Audience: Employees responsible for administering CSU benefits programs

Action Item: Information to clarify the campus Benefits Officers' role in the administration of the CSU TSA Program.

Affected Employee Groups/Units: All employees eligible to participate in the CSU Tax Sheltered Annuity Program

Summary

The CSU TSA Program was restructured in 2008 to include a master administrator; five (5) approved fund sponsors; and an online enrollment tool 'Retirement Manager,' that was implemented January 1, 2009. During this period of transition, Human Resources Management (HRM) has finalized the Roles and Responsibilities of the campus Benefits Office and HRM in relation to the CSU TSA Program, and included them in this Technical Letter, along with pertinent TSA processing information. Campus designees responsible for administration of CSU benefit programs should review this Technical Letter in its entirety.

November 2009 marks the one-year anniversary of the implementation of the restructured CSU TSA Program. During this period of the implementation, the Benefits staff in Human Resources Management (HRM) assumed many of the campus responsibilities for the TSA Program to monitor the success of the Retirement Manager application, and to allow campuses an opportunity to be formally trained on Retirement Manager.

At this time, most campuses have participated in Retirement Manager training and as a result, HRM has re-examined and finalized the roles and responsibilities of the campus Benefits office(s), which are effective immediately and detailed below:

Campus Benefits Officer Responsibilities in the Restructured Program

Each campus Benefits Office will continue to counsel current and new employees regarding the CSU TSA Program. In addition, campuses Benefits Office representatives will:

- Assist employees with Retirement Manager troubleshooting and application screens, including assistance with log-in, enrollment, and Disbursement Certificate questions.
- Add new employees under the "Administrative Data" tab to allow TSA enrollment in Retirement Manager prior to eligibility information being updated in Retirement Manager.

Distribution:

CSU Presidents
Associate Vice Presidents/Deans of Faculty

Vice Chancellor, Human Resources
Payroll Managers

- Process Tax Deferred 403(b) Contributions from Compensated Time Off (CTO), Final, or Vacation Settlement Pay and forward those requests directly to the SCO (i.e., PPT or 674 form(s)).

Campuses also have the option of:

- Viewing/downloading various reports in Retirement Manager; and
- Creating customized, global message(s) for employees to view in Retirement Manager.

Human Resources Management (HRM) Benefits Team Responsibilities

In addition to providing oversight of the day-to-day administration of the CSU TSA Program, the Benefits Team will:

- Work directly with campus Benefits Office representatives to answer questions and resolve issues regarding Retirement Manager and the CSU TSA Program. Please note: if an employee approaches the campus Benefits Office with issues regarding Retirement Manager, please do not refer employees to VALIC Customer Service or forward the employee to HRM for assistance. The campus Benefits Office representatives should contact HRM for assistance.
- Process the 15-Year Catch-Up Certification in Retirement Manager to allow qualified individuals to defer additional monies to a TSA that is in excess of the 402(g) limit and age based catch-up allowance. The Maximum Catch-Up Allowance Worksheet should be submitted to the campus Benefits Office, and signed by the employee and the Benefits Office representative. These documents can be faxed or mailed to HRM – no SSN is required.
- Assist campuses with resolution of mistake of fact and pay warrant re-deposit(s) issues that have impact on employees' TSA contributions.
- Monitor the six-month required contribution suspension for individuals who have taken a hardship withdrawal.
- Process Certificate Overrides for loans and hardship withdrawals only for the purposes of providing updated TSA account values that may not have been reported to VALIC by the fund sponsor at the time that the employee submitted a Certificate Request in Retirement Manager. Please note: Loan and Hardship Withdrawal eligibility is determined by the fund sponsor(s).
- Sign as a Plan Sponsor on the following documents:
 - 403(b) Distribution Requests for separated and/or retired employees;
 - 403(b) Distribution Requests and/or Rollover to IRA Requests for active employees that are 59 ½ or older;
 - Contract Exchange Requests to move monies from a TSA Legacy Vendor to one of the CSU approved fund sponsors (if the Legacy Vendor will not accept the Contract Exchange certificate in Retirement Manager); and
 - CalPERS Service Credit Purchases.

Please refer to the "TSA Transaction Chart" (see attached) for additional information.

Fund Sponsor Information

Loans, hardship withdrawals, and in-service contract exchanges are available with:

- ING;
- MetLife;
- TIAA-Cref; and
- VALIC.

Hardship withdrawals and in-service contract exchanges are available with Fidelity, as they do not offer loans at this time.

Legacy Vendor Information

Loans and hardship withdrawals are currently available from the following legacy vendors:

- ING Reliastar
- Jefferson National Life Insurance Company
- Life Insurance Company of the Southwest (LSW)

Other legacy vendors are working on their certification to share data for the purposes of offering loans and hardship withdrawals. HRM will update the list accordingly.

New Monthly Cutoff Date for 2010

To improve the Retirement Manager experience for employees, the monthly cutoff date for employees to process TSA enrollments and/or make changes, will consistently be the 5th of each month by 9:59 pm Pacific Standard Time (PST), unless the 5th falls on a holiday or weekend. In that case, the cutoff date will be the following business day at 9:59 pm. This change is effective with the 2010 tax year, which begins with the December 2009 pay period. Employees will be informed of this via a notice on the December 1, 2009, pay warrant in addition to an announcement placed on the Benefits Portal.

A consistent Retirement Manager cutoff date eliminates the need for HRM to produce the "TSA Processing Calendar," that is currently on the Benefits Portal. This document will be removed at the end of this year.

Retirement Manager Enhancements

In early 2010, Retirement Manager will be enhanced to include only CSU campuses on the drop-down list of employers visible to employees during the log-in process. Consequently, the CSU will be given a new URL for the Retirement Manager website, which will be announced in a separate communication.

Also, Compliance Team at VALIC has developed a method of accepting a combined data file from a legacy vendor that was unable to provide campus location information, and match the data with campus level demographics. As a result, Retirement Manager will be configured to present employee balance information for employees in every active location. This update will provide pre-2009 TSA vendors with a more viable opportunity to become certified in Retirement Manager to offer loans and hardship withdrawals. The CSU plans to re-notice these vendors by early December regarding the revised requirements.

Important Information Regarding TSA Processing

Demographics data from the prior business month is provided by the CSU and is loaded into Retirement Manager at the beginning of each month to update eligibility. Therefore, new employees or re-appointed employees will not be reflected in Retirement Manager during the month of hire or re-appointment. In these cases, the campus Benefits office will have to manually add the employee on Retirement Manager if the employee wishes to enroll in Retirement Manager during this period.

At the close of the monthly cutoff date for employees to enter new enrollments and changes in Retirement Manager, VALIC electronically submits a "650" record layout file to the State Controller's Office (SCO) for processing. In order for contributions to be successfully processed, an active appointment must be reflected in PIMS at the time that the SCO processes the "650" file from VALIC. Appointments keyed after this time will cause the contribution to reject and it will not appear on the employees' pay warrant. Therefore, the Benefits Office should coordinate with Payroll staff to ensure that the employees' appointment is keyed into PIMS (especially for returning Faculty and FERP participants) on or prior to the monthly cutoff date for Retirement Manager, which for 2010 is typically the 5th of each month.

Contributions not processed by the SCO will still be reflected in Retirement Manager and employees will continue to see the “*You are currently enrolled and contributing,*” message in Retirement Manager. Contributions that are not processed by the SCO on initial submission to the SCO are not re-submitted to the SCO by Retirement Manager the following month. Please note: the “650” file captures only changes or new enrollments submitted on Retirement Manager and forwards them to the SCO.

In addition, the SCO eliminates deductions for employees that have a separation code keyed into PIMS. Therefore, TSA contributions will not automatically restart upon reappointment for employees (including FERP participants) that have been separated in-between appointments, and did not cancel the TSA contribution in Retirement Manager at the end of the appointment. Employees that expect to be reappointed should cancel the TSA contribution at the end of the assignment and re-enroll the TSA contribution in Retirement Manager at the time of the reappointment.

Employees that consequently miss contributions due to the above reasons will need to either submit a new enrollment amount, or contact the campus Benefits Office for assistance. Contributions cannot be retroactively processed.

Information Regarding Data Loaded in Retirement Manager from Fund Sponsors

Each fund sponsor and legacy vendor forwards a data file to VALIC that is loaded in Retirement Manager each month which includes TSA account information as of the end of the prior month. The due date of the file is the 15th of each month. Due to the timing of these files, however; employees who transfer funds to approved fund sponsors for the purposes of obtaining loans and hardship withdrawals may notice that the TSA account values in Retirement Manager have not been updated, which will result in a declined Disbursement certificate. If this occurs, the campus Benefits Office should contact HRM to request an override on behalf of the employee.

Information Regarding the 15-Year Catch-Up Provision

Employees who wish to utilize the 15-Year catch-up provision must demonstrate eligibility by completing the CSU Maximum Contribution Allowance Worksheet. As of 2009, 402(g) limits and catch-up allowances are monitored by the master administrator, VALIC. Therefore, once the usage of the 15-Year Catch-Up is documented in Retirement Manager, the employee is not required to submit a Worksheet for subsequent tax years. For example, participants that submitted a completed 2009 CSU Maximum Contribution Allowance Worksheet to the campus Benefits Office will not be required to complete a Worksheet for the 2010 tax year or thereafter. Employees that are newly eligible for the 15-Year Catch-Up Allowance in 2010 or employees that were previously eligible but did not advantage of the additional deferral, will need to complete and submit a Worksheet to the campus Benefits Office. As a reminder, completed Worksheets must be forwarded to the Benefits Team in Human Resources Management (HRM) in order for the deferral limits to be updated in Retirement Manager.

Retirement Manager Training and TSA Teleconference

In September, four (4) Retirement Manager training sessions were jointly presented by HRM and VALIC. To further assist campuses, pre-recorded Retirement Manager Training webcasts are now available on the Central Station U website at: <http://thesource.calstate.edu/centralstationu/howthingswork>. A recording of the “live” question and answer period held on November 19, 2009, is also available, and HRM has scheduled a TSA Teleconference for December 3, 2009. The announcement regarding the teleconference will be sent via e-mail.

CMS Processing Instructions

TSA information is no longer tracked in CMS Baseline. Therefore, this technical letter has no impact on CMS Baseline.

Questions regarding this technical letter may be directed to Human Resources Management at (562) 951-4411.

This Technical Letter is available on Human Resources Management’s Web site at: <http://www.calstate.edu/HRAdm/memos.shtml>.

TRANSACTION OPTIONS ELIGIBILITY CHART FOR THE CALIFORNIA STATE UNIVERSITY TAX SHELTERED ANNUITY (TSA) PROGRAM

Employment Status		Contract Exchange to CSU Approved Fund Sponsors	Contract Exchange to non-CSU Fund Sponsors	Distribution Request (does not include hardship withdrawals)	Hardship Withdrawals	Loans	Rollover to IRA	CalPERS Service Credit Purchase
Active CSU employee, or an employee on leave, or FERP on active status	TSA → Transactions	Yes	No	Yes, if you are age 59 ½*	Yes, if Fund Sponsor has completed CSU requirements	Yes, if Fund Sponsor has completed CSU requirements	Yes, if you are age 59 ½*	Yes, no age requirement*
Separated from the CSU and actively employed elsewhere		Yes	Yes	Yes, no age requirement*	No	No	Yes*	No
Retired from the CSU (non-FERP) status		Yes*	No	Yes*	No	No	Yes*	No
Rehired Annuitant		Yes	No	Yes*	While in active status	While in active status	Yes*	No

Transactions highlighted with an asterisk cannot be processed through Retirement Manager, and requires employer authorization by the Chancellor's Office.