



To: New Temporary (OPS) Employees
From: Angela Mason, Manager, HR Benefits
Subject: Introduction to Your New Retirement Plan

Welcome to the University of South Florida's qualified retirement plan for part-time, seasonal, or temporary employees who are not covered by the State Retirement System. Based on your recent appointment, you are automatically enrolled in a retirement plan called the **Temporary Employee Retirement Plan** or **TERP**. Instead of paying 6.2% Social Security taxes post-tax, you will contribute 7.5% of your pre-tax wages into an investment account in your name. Medicare contributions at 1.45% will be withheld and matched by the University. The plan is mandatory for eligible employees, and you will be automatically enrolled or un-enrolled by the University based on your position during your employment with the University of South Florida.

This program offers several advantages, some of which are provided below:

- 1) You are vested immediately with your first contribution.
- 2) You are not subject to Social Security taxes while covered by this plan.
- 3) Any benefits that you have earned under any other retirement plan (as well as Social Security benefits) will not be reduced by participating in this plan. Also, if you leave a position covered by this plan for any reason before retirement, based on eligibility requirements you can withdraw the balance of your account, or continue to save the funds for retirement.
- 4) Contributions to this plan are pre-tax. Therefore, your taxable income and Medicare taxes are reduced. This is the least expensive way to save for retirement and allows you to accumulate a higher retirement benefit. No taxes are paid on the contributions or earnings in the plan until they are withdrawn. (Please note that withdrawals prior to retirement may be subject to an additional 10% IRS tax.)
- 5) You will have an individual account in your name into which your contributions will be placed and from which distributions can be paid only to you. Account balances are updated daily. You may access the data about your account online through the BENCOR web site at www.bencorplans.com. To receive your account number, you will need to call BENCOR at 1-888-258-3422 after your first contribution has been made. Your account number will be mailed to you at the home address they have received from the University. Enclosed please find an enrollment form for you to complete that identifies your investment choice and beneficiary (or beneficiaries) for the account. With your first contribution, a PIN number will also be established for you by BENCOR that will be the last four digits of your social security number. We recommend you change the PIN number the first time you log into the web site to access your account.
- 6) Investments are controlled by the participants. You may choose to invest your money in one or more of the funds available by using the enclosed investment election form. You may change the investments at your discretion by obtaining a new investment election form from BENCOR Administrative Services. However, if you prefer not to direct the investments of your funds, they will automatically be placed in the Guaranteed Pooled Fund which is earning 4.05% APR for the 2008 calendar year. Information on all other investments is enclosed.

- 7) You will be provided with statements annually after the plan year-end on December 31.
- 8) There are no general fees or costs charged to the employee other than asset-management/administration fees charged on the individual investment accounts. There are no front-end loads or charges, no back-end loads or surrender charges, no wire-transfer fees, no 1099 fees, no check-writing fees, and no charge for transfers into or out of the fixed account. An asset management and an administration fee are reflected in the guaranteed interest rate on the fixed-investment option and the unit values of the variable investment options. The annualized asset-management/administration fee on variable-account options varies from 0.65% on the Stock Index Fund to 1.55% on the Small Growth Fund.
- 9) Upon separation from the University, you may roll the invested funds over into a qualified retirement plan or take a lump sum payout (taxes and/or penalties may apply, consult your tax advisor). If you take no action and have a balance of less than \$1,000 in your account, after 24 consecutive months with no contributions, there will be a nominal account maintenance fee of \$0.35 per month charged to your account.

If you have any questions about the plan or wish to request additional information about the investment options, please contact BENCOR Administrative Services Monday through Friday from 8:30 a.m. to 4:30 p.m. EST at 1-888-258-3422. You can also visit the BENCOR website at <http://www.bencorplans.com/new/bencorplans/>.

Additional information is also available on the USF HR website at <http://usfweb2.usf.edu/usfpers/Benefits/Retirement.htm>. For other questions, contact your HR Benefits office:

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Enclosures

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