Student Employment Payroll Services

SERP & MEDICARE

- **What is SERP?**
  - The Student Employee Retirement Plan is a state-mandated retirement plan requiring contributions from gross pay by all "eligible" student employees in lieu of traditional Social Security contributions

- **What is Medicare?**
  - Medicare is a health insurance program that also requires contributions from gross pay and provides health insurance for people:
    - Age 65 or older
    - Under age 65 with certain disabilities

- **What is Social Security?**
  - Social Security is a federally mandated supplemental retirement system in the United States
    - Established in 1939 as part of President Franklin D. Roosevelt's "New Deal"
    - Intended to counter conditions witnessed during the Great Depression
    - Ensures that retired/disabled citizens are not left in dire poverty by providing monthly subsistence
    - **Important:** If we didn't have SERP, you would have to pay into Social Security

- **How much is deducted from my pay?**
  - Total of 8.95% from your gross pay
    - SERP – 7.5%
    - Medicare – 1.45%
  - A retirement savings account will be established in the student's name at TIAA/CREF for all SERP contributions
  - Contributions made to Medicare go to support that fund for current recipients of Medicare

- **Is participation mandatory?**
  - Yes, unless certain conditions are met

SERP & MEDICARE

- **What conditions must I meet to be exempt?**
  - Summer
    - Undergraduate & Graduate Students – must be officially admitted as a degree-seeking student at CSU-Pueblo and enrolled at least half-time (defined as 3 credits) for a summer term running concurrently with your work schedule

  - Fall & Spring
    - Undergraduate Students – officially admitted as a degree-seeking student and enrolled at least half-time (6 credits)
    - Graduate Students – officially admitted as a degree-seeking student and enrolled at least half-time (5 credits)

- **How and when is my SERP/Medicare contribution eligibility determined?**
  - Enrollment checked the 15th of every month for monthly pay periods
    - If not enrolled at least half-time at the time of SERP enrollment check, student is assessed SERP/Medicare
    - No exceptions

- **Do I have access to the money contributed to SERP or Medicare?**
  - SERP:
    - Allows for a refund of your contributions and any interest upon termination of employment AND departure from the University as a student
      - **Warning:** If you withdraw your funds, those funds will likely be taxed as ordinary income in the year it is withdrawn and may also be subject to an additional 10% early withdrawal penalty
        - » **Note:** You cannot withdraw any Social Security contributions
  - Medicare:
    - Not allowed to withdraw the contributions made to Medicare

- **Other options available when managing my SERP contributions after graduation or leaving the University**
  - Maintain the retirement account with TIAA-CREF
  - Roll over the account to an IRA with TIAA-CREF or another firm, or another employer sponsored retirement plan

- ## **SSA-1945 Disclosure Form**
  - Since you will not be paying into the traditional Social Security retirement fund, your future Social Security benefits will be modified

    - Windfall Elimination Provision
      - The Windfall Elimination Provision affects how the amount of your retirement or disability benefit is calculated if you receive a pension from work where Social Security taxes were not taken out of your pay. A modified formula is used to calculate your benefit amount, resulting in a lower Social Security benefit than you otherwise would receive.

SSA-1945 Disclosure Form (cont'd)

- Government Pension Offset
  - If you receive a pension from a federal, state or local government based on work where you did not pay Social Security taxes, your Social Security spouse or widow /widower benefits may be reduced

- **Questions?**
  - Contact the CSU-Pueblo Business Financial Services, Payroll Officer-Vicki Becker ext. 2801