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
SERP & MEDICARE

• 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
• 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