

Five Year Cliff Vesting on Employer Retirement Contributions

Frequently Asked Questions

- 1) What if the start date of my employment is on or after 1/1/2010?

Answer: You would be subject to 5 year cliff vesting on retirement contributions that UK has made to your Mandatory 403b plan (the employer's 10% match).

- 2) What does UK mean by "cliff" vesting?

Answer: Cliff vesting refers to being fully vested after a certain point (in this case, 5 years of eligible service). Under cliff vesting, you are either vested or not vested. Alternatively, "gradual" or "percentage" vesting would refer to an employee becoming partially vested over time until they become fully vested.

- 3) I'm currently employed at UK. Will I be subject to five year vesting requirements?

Answer: Employees (regular or temporary) who are in an active position with a start date of 12/31/2009 or before are immediately vested and not subject to the 5 year cliff vesting.

- 4) If I'm offered and accept an eligible position prior to 1/1/2010, but my start date is on or after 1/1/2010, am I still subject to 5 year cliff vesting?

Answer: Yes. You must be in a paid position (regular or temporary) on 12/31/2009 or before to be immediately vested.

- 5) If I'm in a Post Doc position 12/31/09 and begin my regular Faculty position after 1/1/2010, will I be immediately vested?

Answer: Yes, you will be immediately vested and not subject to five year cliff vesting assuming there is no break in employment.

- 6) What will happen to my contributions I have made to my 403b retirement plan if I separate from service prior to being vested?

Answer: The contributions *you* have made to your retirement funds will not be affected by vesting requirements. If you are not vested upon separating from UK, it is the University's contributions that will be affected.

7) What is considered an "eligible" position for the Mandatory Retirement Plan?

Answer: In general, an eligible position is regular full time employment or regular employment at .75 FTE (Full Time Equivalency) or greater. You may also refer to the eligibility grid for Mandatory Retirement eligibility:

<http://www.uky.edu/HR/benefits/documents/ELIGIBILITYGRID.pdf>

8) What if I'm working in a STEPS position prior to January 1st, 2010 and subsequently obtain "regular" employment which is eligible for the Mandatory Retirement plan after January 1st, 2010? Would I still be subject to 5 year cliff vesting?

Answer: Since you were in an employed/paid status on or before 12/31/2009 (regardless of the type of position), when you move into a regular position eligible to participate in the Mandatory Retirement Plan, you would be immediately vested and not subject to five year cliff vesting. This is assuming just a status change with no break in service.

9) If I separate from service at age 65 or older, will I be vested?

Answer: Yes, regardless of years of vested service.

10) If I separate from employment prior to being vested, do I have to pay back any monies to the University?

Answer: You will forfeit all funds from UK's 10% employer contributions. All contributions from UK will be accounted for separately from the employee's contributions, including gains and losses. If you separate prior to being vested, the funds from University contributions will be forfeited to UK.

11) When money is forfeited back to UK, how will those funds be used?

Answer: The contributions forfeited will be used to offset future employee benefits costs.

12) I work less than full time. Will my service time be prorated?

Answer: No, your service time will not be prorated in regards to vesting. However, service time may be prorated when calculating years of eligible service toward retirement health benefits (as it always has).

13) I'm a regular full-time Faculty member at UK, but on a 9 month contract. Will my 9 month contract prorate each year of vesting?

Answer: No, you will vest at the end of your 5th academic year.

14) I'm currently in an eligible regular position and will remain so through 1/1/2010. I may be going to an ineligible position in 2010, but returning to an eligible regular position sometime thereafter. Would I be subject to 5 year vesting when I move back into my eligible position even though I had no break in service?

Answer: In this situation, since you were actively employed prior to 1/1/2010 and had no subsequent break in service, you would be eligible for immediate vesting and not subject to 5 year cliff vesting.