

31.02.12 Supplemental Optional Retirement Program

Approved August 20, 1999
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Regulation Statement

The Supplemental Optional Retirement Program (SORP) was created to provide additional tax sheltering opportunities for employees whose Optional Retirement Program (ORP) contributions exceed the normal limits imposed by the Internal Revenue Service (IRS). It is a mandatory, rather than an optional, program for such individuals. Although managed at The Texas A&M University System (system) level, the system has designated a trustee to administer the program.

Reason for Regulation

Since this program is mandatory for a specific group of individuals, it is important for the system members to understand their responsibilities.

Procedures and Responsibilities

1. GENERAL

- 1.1 The system provides automatic participation in the SORP to eligible employees as an enhancement to ORP participation. The SORP is a defined contribution retirement plan that allows employer and employee contributions to exceed the federal tax code's Section 415 (c) maximum contribution limit imposed on ORP participants.
- 1.2 The responsibility and duty to obtain legal and/or investment advice rests solely with the participant for issues concerning income tax effects of plan participation, contracts issued to participants, stability of carriers, market conditions of investments, etc.

2. PLAN ADMINISTRATION

- 2.1 The SORP is administered in accordance with terms established and approved by the System Board of Regents (board). The System Benefits Administration Office provides the plan document containing the terms of the program.
- 2.2 The plan administrator is the chancellor of the system.

- 2.3 The system has designated a trustee to administer the SORP program and provide investment options to the participants.
- 2.4 The distribution option election is a one-time irrevocable choice and cannot be changed once participation commences.

3. ELIGIBILITY

- 3.1 To be eligible to participate in SORP, an employee must:
 - (a) have been enrolled in ORP prior to September 1, 1995, currently receive an employer contribution rate of 8.5 percent and receive an annual fiscal-year salary which would yield employee and employer contributions in excess of the 415(c) maximum contribution limit, or
 - (b) have been enrolled in ORP between September 1, 1995, and August 31, 1996, currently receive an employer contribution rate of 6.4 percent and receive an annual fiscal-year salary which would yield employee and employer contributions in excess of the 415(c) maximum contribution limit.
- 3.2 Participation in the program is mandatory once eligibility criteria are met.

4. PROCESS

- 4.1 The plan administrator or designee is responsible for notifying each newly eligible employee of his/her required participation.
- 4.2 The plan administrator or designee will provide the participant with a copy of the SORP plan document, the election forms and other information as appropriate.
- 4.3 Eligible employees must complete election forms once notified of SORP eligibility. Since participation is mandatory, failure to submit election forms prior to the first contribution will result in default elections for investment options and distribution options.
- 4.4 At the time of enrollment, the participant must select investment option preferences for the contributions and the distribution option for future SORP benefits.
- 4.5 While the distribution option election is a one-time irrevocable choice, the investment option may be changed after initial enrollment in the program.
- 4.6 The participant will return the completed election forms to the plan administrator, who will send the participant's paperwork to the appropriate personnel/human resources or payroll office.

Related Statutes, Policies, or Requirements

Texas Government Code, Title 8, Section 830.004(c)

Internal Revenue Code, Section 415(m)

Index of Dollar Limitations – 415(c)(1)(A)

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