

University of Colorado

Student Employee Retirement Plan (SERP)

Frequently Asked Questions (FAQ)

This guide answers some of the most frequently asked questions about the University of Colorado Student Employee Retirement Plan (SERP). You will find additional information, including an introductory video, on the Student Employee section of the [Employee Services website](#) (external link).

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General SERP Questions

1. Q. What is the SERP?

- A. The SERP is a 403(b) defined contribution retirement plan that replaces social security for eligible student employees of the university. Instead of contributing to Social Security, eligible student employees automatically contribute 7.5% of their compensation to the SERP. This contribution is made on a pretax basis and any earnings accumulated tax deferred until withdrawn.

For additional information about the SERP, please reference the [Summary Plan Document](#) (external link) and [APS 5011- Student Employee Retirement Plan](#) (external link).

2. Q. Why is the SERP a mandatory retirement plan for some student employees?

- A. IRS regulations exempt certain students employed by the university from FICA (Social Security and Medicare) taxes. Student employees who do not meet the conditions for this IRS exemption are required to participate in the SERP.

3. Q. Who is eligible for or required to participate in the SERP?

- A. Student employees enrolled in course work for the fall, spring and summer semesters and meet one of the following criteria are required to participate in the SERP:
- Undergraduate student employees enrolled in fewer than 6 credit hours;
 - Graduate student employees enrolled in fewer than 3 credit hours unless enrolled in only 1 credit hour to complete a thesis or dissertation after completing all required classroom work;
 - Student employees not enrolled during the summer semester, but who were enrolled in courses during the spring semester and will be enrolled in the fall semester;
 - Any student employee, undergraduate or graduate, that consistently works 40 hours per week in any given semester, regardless of the number of enrolled credit hours.

Student employees who are enrolled in university courses that meet or exceed the credit hours listed above are not eligible for the SERP.

Eligibility for SERP is evaluated each pay period and may change within the term based on credit hours. Determination of student status is made by the campuses. Please contact your department with questions about your status.

Nonresident student employees with F-1 or J-1 visas are not eligible to participate in the SERP.

4. Q. Who is TIAA?

- A. TIAA is the service provider for the SERP. TIAA is a financial services organization that provides retirement plan services that include administration and recordkeeping services, employee education, and investment advice. For additional information regarding TIAA, visit the [TIAA](#) website (<https://www.tiaa.org/public>).

5. Q. What can I expect as a SERP participant?

- A. If you are required to participate in the SERP, the university will make a pretax deduction of 7.5% of your compensation as a contribution to the SERP. This contribution will be sent to TIAA, and you will be automatically enrolled in an account. You may choose how your contributions are allocated. If no choice is made, your contributions will be invested in a Target Date Fund. For more information, visit [The University of Colorado Investment Options](#) website.

6. Q. How might the timing of enrolling in classes affect eligibility for the SERP and are students eligible for a refund?

- A. Eligibility for the SERP is evaluated each pay period and may change within the term based on credit hours. Determination of student status is made by the student's campus.

There is a 5-week SERP grace period between semesters. However, due to the timing of when payroll is processed and when a student enrolls in classes, a SERP deduction may incorrectly process on a student employee's check. For example, if a student paid monthly begins working on August 1 but is not enrolled in classes until August 22, the student incorrectly appears eligible for the SERP when payroll processes on August 20. In instances such as this, the student will be eligible for a refund. A student should contact their employing department to request a refund.

7. Q. Does the SERP apply to graduate students paid for through Professional Research Experience Program (PREP) or Cooperative Institute for Research in Environment Sciences (CIRES)?

- A. All eligible university employees hired into student positions and who meet eligibility requirements are subject to the SERP.

8. Q. Are we able to contribute/participate in SERP if we are paid through a fellowship?

- A. The SERP does not apply to fellowships paid through stipends. Only students that are university employees are eligible for the SERP.

9. Q. Is there an opportunity to waive this plan or defer it to an existing account?

- A. No. During the time that you are employed as a student and are eligible for the SERP, participation is mandatory and cannot be waived or re-directed to another account.

10. Q. What is the value in having a retirement plan?

- A. Employer-provided retirement plans help employees save for retirement, often with tax advantages such as contributions and investment gains are not taxed until distributed.

11. Q. Is there an employer match to my contributions?

- A. No, there is not an employer match.

12. Q. What is the potential for growth? How do I maximize my return?

- A. The SERP provides investment options to meet your retirement goals, time horizon, and risk tolerance. For more information, visit [The University of Colorado Investment Options](#) website.

13. Q. When do I have access to the funds?

- A. Upon termination of your student status and all employment from the university, you may access your funds. See [Leaving CU](#) section (internal link) for more information.

14. Q. Did I sign any paperwork that allows CU to take money out of my paycheck?

- A. No. The deductions are based on your student employee status. If you meet the eligibility requirements, participation is mandatory and a condition of your employment.

15. Q. Would a Roth IRA or an employer plan like a 401k or 403(b) make more sense for the average student?

- A. The SERP is a mandatory 403(b) Plan that serves as a replacement for Social Security. Student employees are eligible to contribute to the voluntary University of Colorado 403(b) Plan and PERA's voluntary 401(k) and 457 Plans.

Contribution Questions

16. Q. Am I able to contribute year-round to the SERP? Can I contribute more to the SERP than the mandatory summer contribution?

- A. Participation in the SERP is based on credit hours and student status. In general, more student employees participate in the SERP in the summer because they are not taking any classes or are taking fewer classes making them eligible for the SERP. While participating in the SERP, you may not contribute more than 7.5% of your compensation.

Plan Management

17. Q. How do I choose where to invest the money?

- A. Your contributions will be invested in a Target Date Fund unless you choose specific investments. TIAA provides resources that can help guide the selection of investment options. For more information, visit [The University of Colorado Investment Options](#) website.

18. Q. Is there an optimal amount of my paycheck that should be put into the SERP each month?

- A. The SERP is an alternative to Social Security. Contributions are limited to 7.5% of compensation.

Leaving CU

19. Q. What happens to my SERP account if I am no longer contributing to it? (i.e., I leave the university, or I started a fellowship in my 3rd year, so I am no longer eligible to contribute but I have money in it.)

- A. The account will remain open and maintained by TIAA as long as you are a student and/or actively employed by the university.

Upon ending your student status and terminating employment with the university, you have several options which may include:

- Maintain your account with TIAA;
- Rollover to an Individual Retirement Account (IRA);
- Rollover to your new employer's retirement plan;
- Receive a cash distribution.

If you request a cash distribution:

- Proceeds are considered taxable income in the year received;
- Federal income tax equal to 20% of distribution will be withheld;
- A 10% early withdrawal penalty may apply if you are younger than age 59 ½.

20. Q. Is it possible to roll this fund over to a Roth IRA after graduation?

- A. It may be possible to rollover your account and convert the accumulations to a Roth IRA upon termination of student status and all employment with the university. Income taxes may apply on the amount you convert.