

1. Title

Employee Benefits

2. Rule and Regulation

Sec. 1 Optional Retirement Program. As authorized by [Texas Government Code, Chapter 830](#), eligible employees may participate in the Optional Retirement Program (ORP) administered by the U. T. System and established pursuant to [Section 403\(b\)](#) of the *Internal Revenue Code*.

1.1 Delegation of Authority. The Board of Regents delegates to the Chancellor authority to approve the ORP employer contribution rates for all institutions and U. T. System Administration in accordance with rules issued by the Texas Higher Education Coordinating Board. The Board of Regents further delegates to the Executive Vice Chancellor for Business Affairs the authority to sign and amend the ORP plan documents consistent with applicable law and to take all actions and make all decisions and interpretations necessary or appropriate to administer and operate the ORP consistent with the plan documents. The Executive Vice Chancellor for Business Affairs will perform, or cause to be performed, such record keeping functions as necessary to administer and maintain the Program in accordance with [Section 403\(b\)](#) of the *Internal Revenue Code*, consistent with [Texas Government Code Section 830.001 et seq.](#)

Sec. 2 Excess Benefits Plan. The Board of Regents authorizes the establishment of a "governmental excess benefits plan" for the Optional Retirement Program, authorized under *Internal Revenue Code Section 415(m)* and *Texas Government Code Section 830.004* and designated as The University of Texas Governmental Retirement Arrangement (UTGRA).

2.1 Eligibility. Eligibility for participation shall be based on an employee's date of initial participation in the Optional Retirement Program and the employee's level of earnings. Participation in the program and all subsequent distributions shall be in accordance with the plan documents.

- 2.2 Delegation of Authority. The Board of Regents delegates to the Executive Vice Chancellor for Business Affairs the power and authority to amend the plan documents consistent with applicable law and to take all actions and make all decisions and interpretations necessary or appropriate to administer and operate UTGRA consistent with the plan documents.
 - 2.3 Ownership. All funds participating in UTGRA including the monthly State contribution, amounts reduced from each participant's salary, and any subsequent investment earnings are the property of the Board of Regents until such time as an authorized distribution is executed in accordance with the plan documents.
 - 2.4 Trustee and Record Keeper. The University of Texas M. D. Anderson Cancer Center Physicians Referral Service Retirement Board (PRS Retirement Board) shall serve as trustee and record keeper for UTGRA.
- Sec. 3 Group Insurance Plans. The Chancellor on behalf of the Board of Regents shall administer all group insurance, health benefit programs, and cafeteria plans authorized by law for employees of the U. T. System and any of the institutions.
- 3.1 Administration. The Chancellor shall provide for the planning, implementation, management, and administration of the employee group insurance and health benefit programs through such U. T. System committees and administrators, as the Chancellor deems appropriate.
- Sec. 4 Workers' Compensation Insurance. Pursuant to *Texas Labor Code* Section [503.001 et seq.](#), a self-insured Systemwide Workers' Compensation Insurance (W.C.I.) Program will provide certain benefits for injuries sustained in the course and scope of employment.
- 4.1 Investigation of Injuries. The Office of Risk Management shall investigate injuries, with the assistance of other appropriate U. T. System institutions offices.
 - 4.2 Reporting. The institutions of the U. T. System shall be responsible for reporting all work-related injuries to the Office Risk Management. The Office of Risk

Management shall file reports of lost time injuries and occupational diseases with the Texas Department of Insurance - Division of Workers' Compensation (TDI-DWC).

- 4.3 Safety Activities. The Office of Risk Management shall coordinate occupational safety and health activities.
- 4.4 Funding. A percentage of annual payroll, as approved by the Executive Vice Chancellor for Business Affairs, shall be set aside to fund the Workers' Compensation Insurance Fund (W.C.I. Fund).
 - (a) Each institutional chief business officer shall be responsible for the transmission of amounts to be added to the W.C.I. Fund for all salaries paid, as instructed by the Office of Risk Management, for receipt into the W.C.I. Fund no later than 20 days after the end of each month.
 - (b) The W.C.I. Fund must be deposited or invested in the same manner as other local institutional funds as specified in these *Rules and Regulations*.
- 4.5 Processing of Claims. The Office of Risk Management shall be responsible for processing all W.C.I. claims for medical care and compensation.
- 4.6 Report on Fund. The Office of Risk Management shall prepare an annual report on the status of the W.C.I. Fund for the Board of Regents.

Sec. 5 Unemployment Compensation Insurance. The Unemployment Compensation Insurance (U.C.I.) Fund is established by the Board of Regents to be deposited or invested in the same manner as other local institutional funds. The Office of Risk Management shall administer funding by assessment on all salary sources that are eligible for benefits from the Systemwide U.C.I program.

- 5.1 Reimbursements to the State. The Systemwide U.C.I Program will reimburse the State from the U.C.I. Fund for claims charge-backs paid by the State Comptroller for former employees in accordance with *Texas Labor Code Section 205.001 et seq.*

- 5.2 Assessed Rates. Assessment rates shall be calculated to provide minimum U.C.I. Fund balance fluctuations and maximum rate stability. Each institutional chief business officer shall be responsible for the transmission of such assessed amounts, as instructed by the Office of Risk Management, for receipt into the U.C.I. Fund no later than 20 days after the end of the month.
- 5.3 Administrator. The Office of Risk Management, working in coordination with appropriate System and institution offices, shall administer the U.C.I. Program and provide assistance as necessary to the institutions of the U.T. System.
- 5.4 Annual Report. The Office of Risk Management shall prepare an annual report on the status of the U.C.I. Fund for the Board of Regents.
- Sec. 6 UTSaver Deferred Compensation Plan. As authorized by *Texas Government Code*, [Chapter 609](#), any employee may participate in the UTSaver Deferred Compensation Plan administered by the U. T. System and established pursuant to [Section 457\(b\)](#) of the *Internal Revenue Code*.
- 6.1 Delegation of Authority. The Board of Regents delegates to the Executive Vice Chancellor for Business Affairs the power and authority to amend the UTSaver Deferred Compensation Plan consistent with applicable law and to take all actions and to make all decisions and interpretations that may be necessary or appropriate to administer and operate the UTSaver Deferred Compensation Plan, as further provided in the UTSaver Deferred Compensation Plan. The Executive Vice Chancellor for Business Affairs will perform, or cause to be performed, such record keeping functions as necessary to administer and maintain the Plan in accordance with [Section 457\(b\)](#) of the *Internal Revenue Code*, consistent with *Texas Government Code*, [Chapter 609](#).
- Sec. 7 Discretionary Bonus Plans. As authorized by *Texas Revised Civil Statutes Annotated* [Article 6228a-5](#), Section 3(a), the Board approves the establishment of deferred compensation – Section 457(f) discretionary bonus plans.

- 7.1 Purpose of the Plans. Such plans provide financial incentives in recruiting highly qualified candidates for employment and encouraging existing qualified employees to continue to devote their best efforts to the service of the institutions of the U. T. System.
- 7.2 U. T. System Plan. The Board has established a deferred compensation – Section 457(f) discretionary bonus plan pursuant to [Section 457\(f\)](#) of the *Internal Revenue Code*, for the benefit of a select group of employees as defined by the Board.
- (a) Delegation of Authority. The Board of Regents delegates to the Executive Vice Chancellor for Business Affairs the power and authority to amend the U. T. System Deferred Compensation Plan consistent with applicable law and to take all actions and to make all decisions and interpretations that may be necessary or appropriate to administer and operate the U. T. System Deferred Compensation Plan as further provided in such Plan.
- (b) Record Keeping. The Executive Vice Chancellor for Business Affairs will perform, or cause to be performed, such record keeping functions as necessary to administer and maintain such Plan in accordance with [Sections 457\(f\)](#) and [409A](#) of the *Internal Revenue Code*, consistent with *Texas Revised Civil Statutes Annotated* [Article 6228a-5](#), Section 3(a).
- 7.3 Institution Prototype Plan. The Board of Regents has promulgated a prototype deferred compensation – Section 457(f) discretionary bonus plan which may be adopted by the various academic or health institutions. Only employees of the adopting institution with the appropriate approvals may participate in the Prototype Plan as adopted.
- (a) Administration of the Plan. The Board of Regents delegates to the Executive Vice Chancellor for Business Affairs the authority to amend the Prototype Plan consistent with applicable law and to take all actions and to make all decisions and interpretations

that may be necessary or appropriate to administer and operate the Prototype Plan.

(b) Delegation to the Executive Vice Chancellor. The Board of Regents delegates to the Executive Vice Chancellor for Academic Affairs or the Executive Vice Chancellor for Health Affairs, as appropriate, the authority to approve an institution's adoption of the Prototype Plan, designation of an eligible employee to participate in such Plan, and the setting of the amount of deferred compensation to be made available to the eligible employee under such Plan.

(c) Delegation to the President. The Board of Regents delegates to the President of the adopting institution the authority to designate eligible employees of such institution to participate in the Prototype Plan and the amount of deferred compensation with the approval of the appropriate Executive Vice Chancellor. The President will perform, or cause to be performed, such record keeping functions as necessary to administer and maintain the institution's adoption of the Institution Deferred Compensation Prototype Plan in accordance with [Sections 457\(f\)](#) and [409A](#) of the *Internal Revenue Code* consistent with *Texas Revised Civil Statutes Annotated* [Article 6228a-5](#), Section 3(a).

7.4 Not Eligible for Retirement Benefits. Deferred compensation is not part of the base salary and shall be reported as a separate element of the employee's cash compensation. Deferred compensation is not eligible for Teacher Retirement System or Optional Retirement Program retirement benefits or other retirement benefits.

Sec. 8 Tax-Sheltered Annuities (T.S.A.) – Voluntary [Section 403\(b\)](#) Plan. As authorized by *Texas Revised Civil Statutes Annotated* [Article 6228a-5](#), Sections 1 and 2, the Board has established a voluntary program pursuant to [Section 403\(b\)](#) of the *Internal Revenue Code*, for the benefit of all employees.

8.1 Delegation of Authority. The Board of Regents delegates to the Executive Vice Chancellor for Business Affairs the power and authority to amend the UTSaver Tax-Sheltered Annuity Program consistent with applicable law

and to take all actions and make all decisions and interpretations that may be necessary or appropriate to administer and operate the UTSaver Tax-Sheltered Annuity Program. The Executive Vice Chancellor for Business Affairs will perform, or cause to be performed, such record keeping functions as necessary to administer and maintain the Plan in accordance with [Section 403\(b\)](#) of the *Internal Revenue Service Code*, consistent with *Texas Revised Civil Statutes Annotated* [Article 6228a-5](#), Sections 1 and 2.

8.2 Authorized Companies. An employee may purchase annuities or any investment authorized in [Section 403\(b\)](#), *Internal Revenue Code of 1986*, as amended from a company authorized to provide T.S.A. products and services to employees of the U. T. System.

8.3 Listing of Companies. The University of Texas System Office of Human Resources, in consultation with the Office of Business Affairs shall maintain a listing of companies authorized to offer annuities or other investments under the UTSaver Tax-Sheltered Annuity Program.

Sec. 9 Payroll Deductions. As authorized by Section 51.9611 of the *Texas Education Code*, the Board of Regents finds that a public purpose is served by and that employees are benefitted by allowing a payroll deduction for Educational Investment Programs.

9.1 Delegation. The Board delegates authority to the Chancellor to (1) establish a payroll deduction for Educational Investment Programs, (2) implement policies and procedures for the deduction, and (3) approve the collection of a fee to cover the costs of making the deduction.

9.2 Compliance. An authorized payroll deduction for any Educational Investment Program must comply with applicable State and federal laws. The proposed deduction must be at the written request of the employee and must state the amount to be deducted and the entity to which the deducted amount is to be transferred. The deduction will be in effect until revoked in writing by the

employee, but the Chancellor may provide for enrollment periods.

Sec. 10 The adoption of any type of retirement benefit plan not listed in this Rule or mandated by State law requires the approval of the Board.

3. Definitions

Educational Investment Programs – accounts funded with after-tax dollars that permit an employee to either prepay or contribute to an account for paying a student's qualified education expenses at an eligible education institution as authorized under the *Internal Revenue Code* of 1986, as may be amended.

4. Relevant Federal and State Statutes

Internal Revenue Code [Section 403\(b\)](#)

Internal Revenue Code [Section 409A](#)

Internal Revenue Code [Section 415\(m\)](#)

Internal Revenue Code [Section 457\(b\)](#)

Internal Revenue Code [Section 457\(f\)](#)

Texas Government Code, [Chapter 609](#) – Deferred Compensation Plans

Texas Government Code [Section 830.001 et seq.](#) – Optional Retirement Program

Texas Government Code [Section 830.004\(c\)](#) – Administration

Texas Labor Code [Section 207.001 et seq.](#) – Payment of Benefits

Texas Labor Code [Section 503.001 et seq.](#) – Workers' Compensation Insurance

Texas Revised Civil Statutes Annotated [Article 6228a-5](#) – Annuities or Investments for Certain Public Employees

5. Relevant System Policies, Procedures, and Forms

None

6. Who Should Know

Chief Business Officers
Chief Human Resources Officers
Risk Managers
Administrators
Employees

7. System Administration Office(s) Responsible for Rule

Office of Human Resources
Office of General Counsel
Office of Risk Management
Office of Business Affairs

8. Dates Approved or Amended

Editorial amendment to Section 4.2 made March 21, 2018
Editorial amendments to Section 8.3 and Number 7 made March 7, 2017
Editorial amendment to Section 8.3 made June 12, 2013
May 9, 2013
February 9, 2012
Editorial amendments made September 1, 2010
November 13, 2008
Editorial amendment to add Section 1.1 made September 10, 2008, in
accordance with Board action August 14, 2008
February 7, 2008
Editorial amendments to Sections 7 and 8 made January 13, 2008.
May 10, 2007
December 10, 2004

9. Contact Information

Questions or comments regarding this Rule should be directed to:

- bor@utsystem.edu