

GUIDE TO PLANNING FOR RETIREMENT

Overview of Retiree Benefits | Resources to Plan Your Retirement | Steps to Take and Issues to Consider

Thinking about retirement now or in the near future? There are steps you can take today to plan for a successful retirement. Review the information in this guide, access the resources on the university Human Resources website, and register for classes to help you prepare.

Please keep in mind that everyone's situation is different and that not every scenario is covered in this material. These resources provide general guidelines for informational purposes only. Always consider your unique situation and consult with a qualified financial planner or tax adviser, as well as the Social Security Administration regarding your retirement planning issues.

As with any big decision, it is a good idea to consult your financial team, including TIAA and Fidelity Investments retirement specialists, to consider all options. Think about other aspects of retirement, as well: Will less professional interaction affect you? Do you have meaningful activities planned to keep busy and balanced? How will retirement affect your social relationships? Think about the big picture of retirement and what it means for you.

Where to Find Information

- Planning for Retirement: hr.umich.edu/retirement-planning
- Retirement Eligibility: hr.umich.edu/retirement-eligibility
- Your Benefits in Retirement: hr.umich.edu/retirement-benefits
- Rehired Retirees: hr.umich.edu/rehired-u-m-retirees

For answers to benefits questions or your steps to retirement, call Shared Service Center (SSC) HR Customer Care at 5-2000 from the Ann Arbor campus, (734) 615-2000 locally, or (866) 647-7657 toll free, Monday through Friday, from 8 a.m. to 5 p.m.



BEFORE YOU RETIRE

PLANNING FOR RETIREMENT CLASS

This class covers eligibility to retire, retiree benefits, Medicare, retiree contributions to health care, steps to take as you plan to retire, Employee Shared Responsibility, and additional retiree privileges. The video for the class is also available on-demand.

hr.umich.edu/retirement-classes

RETIREMENT BENEFITS Q&A

Schedule an individual retirement benefits Q&A session if you still have questions after attending the Planning for Retirement class and you are within six months of retiring.

hr.umich.edu/individual-retirement-qa-sessions

WHEN ARE YOU ELIGIBLE TO RETIRE?

Use the estimated retirement eligibility date calculation in Wolverine Access, which also displays the U-M retiree health plan contribution:

[Employee Self-Service > Benefits > Retirement Self-Service > Est. Retirement Eligibility Date](#)

WHEN TO ENROLL IN MEDICARE PARTS A & B

Your Age at Retirement	Your Retirement Date	When You Should Apply*
Under 65	Any day of the month	3 months before your 65th birthday
65 or older	First day of the month	No later than the month before you retire.
65 or older	Second day of the month or later	No later than the month you retire.

Your Spouse's Age at Your Retirement	Your Retirement Date	When Your Spouse Should Apply*
Under 65	Any day of the month	3 months before the 65th birthday
65 or older	First day of the month	No later than the month before you retire
65 or older	Second day of the month or later	No later than the month you retire

Other Qualified Adult (OQA)	An OQA must enroll within 3 months before their 65th birthday, or whenever first eligible, no matter how old you are or if you are still working at U-M or retired.
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** It is strongly recommended to apply before these deadlines to better ensure timely processing of Medicare enrollment.*

hr.umich.edu/medicare

MEDICARE AND SOCIAL SECURITY

Contact Social Security to enroll in Medicare and to begin income payments.

Social Security | (800) 772-1213 | ssa.gov

Medicare | (800) 633-4227 | medicare.gov

LONG-TERM DISABILITY (LTD)

Generally, LTD benefits are paid to age 65. If you become disabled on or after age 62, the length of time you can receive LTD benefits is limited. Based on this limited period of LTD benefits, you may wish to consider whether to continue enrollment in the maximum level of Expanded LTD coverage.

Some factors to consider include: your health status, how long you plan to continue working, the balance available in your extended sick time pay banks, and/or the cost to continue enrollment at the maximum level of Expanded LTD coverage.

hr.umich.edu/expanded-ltd-eligibility

OPEN ENROLLMENT

There is extremely limited ability to add benefits or dependents to coverage once you have retired. Open enrollment before the year you retire is generally the last opportunity to add benefits and dependents you want to continue into retirement.

PHASED RETIREMENT

Reduce your appointment effort by any amount all at once or in stages from its current level to gradually transition into retirement. While on phased retirement, you are still a U-M employee. Please note the following:

- You must be eligible to retire before entering phased.
- There is no minimum or maximum phased duration.
- It must have an end date declared at its beginning; you must retire once you reach it.
- Your unit has sole discretion to approve or deny a request for a phased retirement.
- U-M contribution for your health plan while on phased is based on the pre-phased appointment salary band.
- You maintain eligibility for benefits (health plan, dental, etc.) even if your phased appointment is below 50% effort.
- You must maintain eligibility for sick and vacation or paid time off (PTO) for accrual to continue. Accrual and maximum accrual are pro-rated, according to your phased appointment effort.
- Contributions for the Basic Retirement Plan, as well as coverage for Life Insurance and Long-Term Disability, are pro-rated based on your phased appointment effort.
- Basic Retirement Plan withdrawals or a TIAA lifetime annuity may be taken starting at age 59½. Withdrawals may also be taken from the 403(b) SRA and 457(b) starting at age 59½.

hr.umich.edu/phased-retirement

WHEN YOU RETIRE

YOUR BENEFITS IN RETIREMENT

- Coverage for Health Plan, Dental Plan, Vision Plan, and Legal Services Plan for yourself, covered spouse or OQA, and eligible dependents in effect at retirement continues.
- You are enrolled in Retiree Life Insurance if you are enrolled in the University Life Insurance at retirement.
- The following plans stop at retirement: Long-Term Disability, Flexible Spending Accounts, all retirement savings plans, University Life Insurance, Optional Life Insurance, Dependent Life Insurance and Business Travel Accident Insurance.
- If you contribute to a Health Savings Account (HSA), you must stop your contributions six months prior to retiring and applying for Medicare. The ability to contribute to an HSA in retirement depends on several factors.

hr.umich.edu/consumer-directed-health-plan

- During Open Enrollment each year, you may change your choice of health plans, change between Dental Plan I, II or III, and enroll or cancel the Vision Plan and Legal Services Plan.
- Unused accrued vacation or paid time off (PTO) is paid to you shortly after you retire.
- You must change to another health plan within 30 days of moving out of a managed care plan service area.
- Keep your address and beneficiaries current.
- Benefits can continue to the surviving spouse or OQA of a retiree if eligibility is met.

hr.umich.edu/life-events-death

OTHER RETIREE PRIVILEGES

- *The University Record* is mailed to all retirees, you can keep your U-M email address, use campus computing centers, libraries, and the Faculty and Staff Counseling and Consultation Office.
- You may use recreational facilities by purchasing a membership. recsports.umich.edu
- You may obtain a retiree ID card. myumi.ch/BenefitsMcardForm
- You may purchase athletic tickets. mgoblue.com
- You may obtain a free Retiree After Hours virtual parking permit for Ann Arbor Blue lots valid for use after 3 p.m. ltp.umich.edu
- You may join the U-M Retirees Association. umra.hr.umich.edu

RETIREE COMPUTING SERVICES

Your access to cloud storage, U-M Dropbox, U-M Google Services, videoconferencing, computers and software, LinkedIn Learning, and other general services will vary.

its.umich.edu/accounts-access/leaving/retirees

COST AND PAYING FOR RETIREE BENEFITS

The U-M contribution for your retiree health plan is based on the year you retire, your age, and your date of service. If you return to work after you retire and become eligible for coverage under ESR, you will pay ESR health plan rates and not the retiree health plan rates, and your health plan may be changed.

hr.umich.edu/retiree-health-plan-rates

You can pay your monthly benefit premiums by check or electronic funds transfers (EFT). Premiums are due by the 20th of each month to pay for coverage for the following month.

hr.umich.edu/paying-benefits-retirement

WAIVING COVERAGE

You pay the full cost of benefits until age 62 if your date of service is July 1, 1988, or later. You may waive Health Plan and/or Dental Plan coverage at retirement and enroll again at age 62 if you have continuous, comparable coverage through another source.

If you and/or your dependents are covered by another health plan, there are opportunities to enroll in U-M coverage due to an involuntary loss of the other health plan coverage. If you have Medicare Advantage or a Medicare supplemental plan elsewhere, you can enroll through Open Enrollment if certain criteria are met.

hr.umich.edu/waiving-coverage-retirement

WHAT TO DO WHEN YOU RETIRE

- Notify your unit of your planned retirement and arrange to pay your monthly benefit premiums by check or EFT.
- Request a Retirement Checkout Kit from SSC HR Customer Care 60-90 days before you retire. It will contain your Medicare enrollment form (if applicable) and other materials for your retirement. You can also have a consultation with an SSC HR Customer Care benefits counselor to go over the kit with you.
- Apply for Social Security and Medicare, if applicable. Submit your elections to TIAA and Fidelity to start income payments.
- Set up your Ann Arbor After Hours virtual parking permit, obtain your retiree ID card, and join the U-M Retirees Association.
- Once Medicare enrollment has occurred, complete the Medicare Information Form (ssc.umich.edu/medicareinformation). Your health care coverage will not be changed to Medicare Advantage, and you will continue to pay a higher premium until Medicare enrollment has been verified. If Medicare Part B enrollment does not occur, you risk losing your U-M retiree health plan coverage.

hr.umich.edu/retirement-checklist

MEET WITH TIAA OR FIDELITY INVESTMENTS

Free consultations can provide financial guidance about saving for retirement, investment strategy, retirement income options, income estimates, and tax considerations.

TIAA | (800) 732-8353 | tiaa.org/umich

Fidelity | (800) 642-7131 | netbenefits.com/uofm

AFTER YOU RETIRE: IF YOU RETURN TO WORK AT U-M

BECOMING ELIGIBLE (OR INELIGIBLE) FOR BENEFITS

Depending on your job title and appointment effort, if you return to work at U-M after you retire it may affect your benefits. This can include paying ESR rates instead of retiree rates for your health plan, becoming ineligible to take withdrawals from the retirement plans, needing to postpone, suspend, or cancel Medicare, or becoming newly eligible for active employee benefits.

hr.umich.edu/benefits-eligibility

HEALTH PLAN COVERAGE IF REHIRED

You are no longer eligible for retiree health plan coverage if you are rehired as a regular faculty or staff member with a 50% or greater effort. Your retiree health plan coverage will stop at rehire if this happens. This applies to both pre-Medicare and Medicare Advantage coverage in effect at the time of rehire.

Enroll in Active Employee Coverage

You must enroll in active employee health plan coverage within 30 days of rehire as a regular faculty or staff member with a 50% or greater effort. If you do not, you will have no university health plan coverage while you are a rehired retiree.

Evaluate Medicare Enrollment

You may want to evaluate if you will continue your enrollment in Medicare (if applicable) and continue paying for Medicare Part B while you have active employee health plan coverage. Other options include postponing Medicare or suspending it and then enrolling back into Medicare when you return to retiree status.

Resumption of Retiree Health Plan

Retiree health plan coverage will resume when your post-retirement appointment ends, and you return to retiree status.

Retirement Date and Years of Service Do Not Change

You do not acquire a new date of retirement when your post-retirement appointment ends, and you return to retiree status. A post-retirement appointment also does not increase your total years of service that determines the amount of the university contribution for your retiree health plan.

RETIREMENT SAVINGS PLANS

You may take cash withdrawals or rollovers from the Basic Retirement Plan, 403(b) SRA, and 457(b) as a rehired retiree at age 59½ or older.

If you will not be eligible for a withdrawal as a rehired retiree but will need access to your assets, consult with TIAA, Fidelity, or a qualified financial planner or tax advisor. Actions such as cash withdrawals or an IRA rollover prior to rehire can provide access to your retirement savings. However, there can be tax implications and the loss of important retirement plan features.

hr.umich.edu/rehired-u-m-retirees

EMPLOYER SHARED RESPONSIBILITY

You may become eligible for health coverage under the Employer Shared Responsibility (ESR) provision of the Affordable Care Act if you come back to work after you retire. Retirees are treated the same as other employees for the purposes of ESR. If you have health plan coverage as a retiree but you become eligible under ESR coverage, depending on your age and the date you return to work, the university may change the health plan and amount you pay accordingly. If so, the university will send you a confirmation statement at your current address on file. In addition, your unit will be charged for the university contribution for ESR coverage if you are paying the ESR rate as a rehired retiree.

Call SSC HR Customer Care for an ESR Evaluation

You may become eligible for benefits under ESR if **any** of the following applies to you:

- You return to work as a temporary, contingent, or regular employee within 26 weeks of retirement.
- You return to work in a temporary or contingent position for at least 30 hours per week.
- You return to work and you average more than 30 hours per week over 12 months in one or more positions.

Does a retiree who becomes eligible under ESR have to accept the coverage? Can a retiree maintain retiree health benefits instead of ESR?

A retiree may not elect to continue retiree health benefits upon becoming eligible as an employee under ESR. Upon becoming eligible under ESR, the individual's retiree health plan will be converted to ESR coverage as of the date of service or eligibility. Retiree health benefits will be reinstated when ESR eligibility or employment ends.

Note: ESR applies only to health plan and prescription drug coverage. All other retiree benefits would continue without interruption for an ESR eligible retiree.

How much do health benefits cost under ESR?

A retiree may pay more or less for health benefits under ESR, depending on individual circumstances. ESR health plan rates may be viewed at the link below.

How will I pay for my ESR coverage as a retiree?

If you previously set up electronic funds transfer to pay for your retiree benefits and you become eligible for ESR, your monthly ESR premiums will be automatically deducted from your checking or savings account each month. Otherwise, you will receive a monthly billing statement. If you would prefer to pay for your coverage via payroll deduction, please contact SSC HR Customer Care.

Does ESR health coverage impact Medicare enrollment for a retiree who returns to work at the university?

If you return to active employment with the university and become eligible under ESR after enrolling in Medicare, U-M will provide coverage during your period of eligibility instead of Medicare Advantage. Once your eligibility under ESR or your employment ends, your retiree benefits will be reinstated. Your health plan coverage will then be provided through Medicare Advantage.

hr.umich.edu/esr

POST-RETIREMENT APPOINTMENTS AND YOUR BENEFITS

ELIGIBILITY FOR BENEFITS	REGULAR APPOINTMENT 49% OR LESS ¹ Includes LEO and Adjunct <i>Note: Adjunct are not eligible for the Basic Retirement Plan if the effort is 49% or less.</i>	REGULAR APPOINTMENT 50% OR MORE ¹ Includes LEO and Adjunct	TEMPORARY EMPLOYEE	EMERITUS WITH FUNDING
Active employee health plan coverage	N/A	Eligible ²	N/A	N/A
ESR health plan coverage	You may be eligible ³	N/A	You may be eligible ³	N/A
If 65 or older, is health plan retained through Medicare Advantage or does U-M active employee coverage apply?	If ESR eligible, U-M active employee coverage ⁴	U-M active employee coverage ⁴	If ESR eligible, U-M active employee coverage ⁴	Medicare Advantage
Long-Term Disability (Expanded and Basic plans)	For eligibility, visit: hr.umich.edu/ltd	For eligibility, visit: hr.umich.edu/ltd	N/A	N/A
Life Insurance, Dental, Vision, Legal, Flexible Spending Accounts, HSA	N/A	Eligible ⁵	N/A	N/A
403(b) SRA	Eligible	Eligible	Eligible	Eligible
457(b)	Eligible	Eligible	N/A	Eligible
Basic Retirement Plan	Eligible, except Adjunct ⁶	Eligible ⁶	N/A	N/A
Cash Withdrawals	At 59½ or older ⁷	At 59½ or older ⁷	At 59½ or older ⁷	At 59½ or older ⁷

- Appointment must be 4 months or longer with university funding. Appointment duration to be eligible for Long-Term Disability will vary by job title.
- If you already have retiree health plan coverage, it will cease upon rehire. You must enroll in active employee health plan coverage within 30 days of rehire or you will not have health plan coverage while rehired. Retiree health plan coverage will resume when your post-retirement appointment ends, and you return to retiree status.
- You are not eligible for active employee health plan coverage. However, you may be eligible for coverage through ESR. Depending on your age and the date you return to work, the university may change the health plan and amount you pay for the coverage.
- U-M active employee health plan coverage applies if you are a faculty or staff member with 50% or greater effort or through ESR, and not through Medicare Advantage if 65 or older. You may want to evaluate when to enroll in Medicare, postpone enrollment, or possibly suspend it. If you are not eligible for active employee health plan coverage as a rehired faculty or staff member at 50% or greater effort or coverage through ESR, Medicare Advantage applies. Coverage for an OQA is always Medicare Advantage starting at age 65 (earlier, if due to disability) even if you are still working.
- If you have Dental, Vision, and Legal Services Plan coverage as a retiree, you do not need to re-enroll upon rehire; coverage automatically continues. You must enroll in Flexible Spending Accounts, HSA (with the CDHP) and Optional and Dependent Life Insurance within 30 days of rehire to have coverage while you are rehired. University Life (\$30,000 university-paid coverage) resumes upon rehire if you have retiree life insurance. If you contribute to a Health Savings Account (HSA), you must stop your contributions six months prior to retiring and applying for Medicare.
- Eligibility is 1% effort (Adjunct need at least 50% effort) and you do not need to fulfill the waiting period as a rehired retiree. You must enroll to contribute 5% and receive the U-M 10% using a paper form by contacting the SSC. Generally, you cannot enroll using Wolverine Access Self Service as a rehired retiree. Adjunct and supplemental (Visiting and Clinical I titles) are not eligible for the Basic Retirement Plan with an effort of 49% or less).
- Cash withdrawals from the Basic Retirement Plan, 403(b) SRA, and 457(b) may be taken starting at age 59½. The 403(b) SRA also offers loans, and hardship and disability withdrawals. The 457(b) also offers loans and withdrawals due to an unforeseeable emergency.

Call the Shared Services Center (SSC) HR Customer Care for an analysis of your situation at (734) 615-2000 locally, or (866) 647-7657 toll-free, Monday through Friday from 8 a.m. to 5 p.m. Not every scenario is covered in this table, such as holding two or more appointments concurrently, or changes in appointment that make you lose eligibility for active employee health plan coverage but make you eligible for ESR coverage.

RETIREMENT PLANNING TIMELINE

5–7 YEARS BEFORE RETIREMENT

- Confirm you are eligible to retire and verify the university contribution toward your retiree health plan coverage.
- Meet with TIAA or Fidelity to discuss retirement income payment options, budgeting for retiree health benefits, tax considerations and estate planning.
- Get Social Security income estimates online at [socialsecurity.gov](https://www.socialsecurity.gov) or by calling 800-772-1213.
- Evaluate reducing or cancelling Long-Term Disability and Optional Life Insurance as you approach retirement; consider putting those funds into retirement savings instead.

1–2 YEARS BEFORE RETIREMENT

- Attend a Planning for Retirement class.
- Add any dependents you want to cover in retirement to your benefits during the open enrollment before you retire if they aren't already there.
- Faculty—Follow your department's process for developing a retirement agreement.

3 - 6 MONTHS BEFORE RETIREMENT

- Staff—Notify your supervisor of your retirement date in writing so that it can be processed and input into the HR Records system. Once entered, the retirement date is sent to various offices around the university to begin the retirement process, such as issuing payout of unused vacation or PTO and notifying TIAA and Fidelity of your retirement.
- Join the University of Michigan Retirees Association.
- If you contribute to a Health Savings Account (HSA), you must stop your contributions six months prior to retiring and applying for Medicare.
- Apply for Social Security, if applicable based on your age and plan for retirement income.
- Meet with TIAA or Fidelity to review your options and to start income payments, direct deposit, and income tax withholding. Review your beneficiary designations to ensure they reflect your interests.
- Review your life insurance beneficiary designation and make any necessary updates.
- Contact ITS to arrange computing services you wish to continue and download files you wish to keep before access is removed when you retire.
- Make sure your home address is current with the university, TIAA and Fidelity. For the Medicare Advantage plans, you cannot have a PO box as your current address. If you are enrolled in a managed care plan (ex. U-M Premier Care) and move out of the plan's service area, you must change your health plan by submitting a form to the SSC within 30 days of the move.

2 MONTHS BEFORE RETIREMENT

Contact the Shared Services Center to request your Retirement Checkout Kit. It contains the form to enroll in Medicare and the Medicare Information Form (if applicable), Medicare FAQs, Rx Credible Coverage notice, retiree ID card memo, parking information, the EFT authorization form to pay for benefits, and other materials to assist with retiring from the university.

1 MONTH BEFORE RETIREMENT

- Submit the EFT form to the Payroll Office to pay for your retiree benefit premiums. Write your date of retirement on the form so the Payroll Office will know when to start the EFT. The Payroll Office must receive your EFT form by the 10th day of the month to start on the 20th of the month that will pay for the benefit costs for the following month.

EXAMPLE:

- You retire on **March 31**
- Payroll must receive your form by **March 10**
- The EFT starts on **March 20**
- To pay for **April** benefit coverage

- Submit your elections to TIAA or Fidelity to begin retirement income payments.
- Apply for Medicare if your retirement date is on the first day of the month. It is recommended to apply sooner to better ensure timely processing of Medicare enrollment.
- Submit the Request to Waive Insurance form to the SSC if you are under age 62 and waiving benefits.

DURING THE MONTH YOU RETIRE

- Apply for Medicare if you retire on the second day of the month or later. It is recommended to apply sooner to better ensure timely processing of Medicare enrollment.
- Pick up your retiree ID card and set up your virtual parking permit.

1 MONTH AFTER RETIREMENT (sooner, if possible)

Complete the Medicare Information Form to confirm Medicare enrollment has occurred.

- *Your health care coverage will not be changed to Medicare Advantage until Medicare enrollment is confirmed.*
- *In addition, you will continue to pay the higher active employee health plan rate instead of the Medicare Advantage rate until confirmation of Medicare enrollment is received.*

The Medicare Information Form is included in the Retirement Checkout Kit or may be completed online at:

ssc.umich.edu/medicareinformation

Limitations

The University of Michigan in its sole discretion may modify, amend, or terminate the benefits described in this booklet with respect to any individual receiving benefits, including active employees, retirees, and their dependents. Although the university has elected to provide these benefits, no individual has a vested right to any of the benefits provided. Nothing in these materials gives any individual the right to continued benefits beyond the time the university modifies, amends, or terminates the benefit. Anyone seeking or accepting any of the benefits provided will be deemed to have accepted the terms of the benefits programs and the university's right to modify, amend or terminate them.

Statement of Intent

This booklet describes the benefits available to University of Michigan faculty and staff members who have met the age and service requirements to retire with benefits under Standard Practice Guide (SPG) Section 201.83. Information on benefits and eligibility for benefits as a rehired retiree is based on current university policies. Every effort has been made to ensure the accuracy of information in this booklet. However, if statements in this booklet differ from applicable university policies, contracts, certificates, or riders, then the terms and conditions of those documents, as interpreted by the Benefits Office, prevail. Internal Revenue Code regulations, as well as University of Michigan and investment company policies, are subject to change and/or correction without notice. Possession of this material does not constitute eligibility to retire.

Published by

Benefits Administration Office
University of Michigan
1000 Victors Way
Ann Arbor, MI 48108

hr.umich.edu/benefits-wellness | hr.umich.edu/retirement-benefits

The Benefits Office is a unit of University Human Resources (UHR)

Richard S. Holcomb, Jr., *Associate Vice President for Human Resources*

Brian Vasher, *Assistant Vice President for Benefits and Well-being programs*

Kent Seckinger, *Senior Director for Benefits*

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Updated June 2026 for digital accessibility.