

Student Employment Payroll Services

SERP & MEDICARE Q&A

Q: What is SERP?

A: The **Student Employee Retirement Plan** is a Colorado State mandated retirement plan requiring contributions from gross pay by all “eligible” student employees in lieu of traditional Social Security contributions.

Q: What is Medicare?

A: Medicare is a federal government health insurance program that also requires contributions from gross pay that provides health insurance for people:

- Age 65 or older
- Under age 65 with certain disabilities

Q: What is Social Security?

A: Social Security is a federally mandated supplemental retirement system in the US.

- Established in 1939 as part of President Franklin D. Roosevelt’s “New Deal”
- Intended to counter conditions witnessed during the Great Depression
- Ensures that retired/disabled citizens are not left in dire poverty by providing monthly subsistence
- **Important:** If we didn’t have SERP, you would have to pay into Social Security

Q: How much is deducted from my pay?

A: Total of 8.95% from your gross pay.

- SERP – 7.5%
 - A retirement savings account will be established in the student’s name at TIAA/CREF for all SERP contributions
- Medicare – 1.45%
 - Contributions made to Medicare go to support that fund for current recipients of Medicare

Q: Is participation mandatory?

A: Yes, unless certain conditions are met.

Q: What conditions must I meet to be exempt?

A: Summer Semester:

- Undergraduate & Graduate Students – officially admitted as a degree-seeking student at UNC and enrolled at least half-time (defined as **3 credits**) for a summer term running concurrently with your work schedule

B. Fall and Spring Semesters

- Undergraduate Students – officially admitted as a degree-seeking student and enrolled at least half-time (6 credits)
- Graduate Students – officially admitted as a degree-seeking student and enrolled at least half-time (5 credits)

Q: How and when is my SERP/Medicare contribution eligibility determined?

A: Enrollment is checked prior to each Semi Monthly Payroll

- If not enrolled at least half-time at the time of SERP enrollment check, student is assessed SERP/Medicare
- No exceptions

Q: Do I have access to the money contributed to SERP or Medicare?

A: SERP:

- Allows for a refund of your contributions and any interest upon termination of employment AND departure from the University as a student
 - Warning: If you withdraw your funds, those funds will likely be taxed as ordinary income in the year it is withdrawn and may also be subject to an additional 10% early withdrawal penalty
 - Note: You cannot withdraw any Social Security contributions

Medicare:

- Not allowed to withdraw the contributions made to Medicare

Other options available when managing my SERP contributions after graduation or leaving the University:

- Maintain the retirement account with TIAA-CREF
- Roll over the account to an IRA with TIAA-CREF or another firm, or another employer sponsored retirement plan

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