

Contact: Thomas Evans

**REQUEST FOR EXCEPTION TO BOARD POLICY**

**Action Requested:** Consider recommending to the Board that it authorize the Executive Director to grant an exception to the Board's Policy (Section 4.17 (B) (2)) regarding convertibility of TIAA-CREF accounts for a former employee who is less than age 55.

**Executive Summary:**

A 49-year old former Regent institution employee has requested that the Board grant her a hardship exception to the current Board policy regarding convertibility of TIAA-CREF accounts of former employees less than age 55, due to: 1) a medical/disability condition that necessitated her early retirement, and 2) her detrimental reliance upon representations by TIAA-CREF that she was eligible to convert her entire account to a Transfer Payout Annuity (TPA).

Iowa Regent institution TIAA-CREF programs are governed by Board of Regents policy in regards to distributions. More specifically, Section 4.17 (B) (2) of the Board's Policy Manual permits convertibility of up to one-third (1/3) of the TIAA-CREF accounts of former employees who terminated employment with a Regent institution **and are less than 55 years of age**. This allows convertibility of all the employee's contributions and accumulations made by the employee from the employee's own funds. At or after age 55, the remaining portion of the TIAA-CREF account is available for the convertibility distribution.

TIAA-CREF has opined that the Board can grant exceptions to its policy on a case-by-case basis; and that any exception will be limited to the circumstances of the case. They also offered that the Board's conversion policy was restrictive compared with most other public university policies.

If the Board authorizes the Executive Director to grant the medical/disability hardship exception, the former employee will be able to convert the entire balance of her TIAA-CREF account to a Transfer Payout Annuity (TPA) and withdraw the funds in ten annual installments over nine years retroactive to September 2005.