Voluntary 403(b) and 457(b) Retirement Plans

for the Oklahoma Agricultural & Mechanical Colleges

Plans offer OSU/A&M employees an opportunity to set aside retirement savings on a voluntary basis. OSU/A&M employees have three options: 403(b) Plan, Roth 403(b) Plan, and 457(b) Plan.

You decide how much money to contribute within the guidelines set by the Internal Revenue Service. Elected contributions will be deducted from your regular paycheck on a pre-tax basis (federal and state withholdings but not FICA), or you may contribute on an after-tax basis with the Roth 403(b) Plan. Contributions are remitted to TIAA-CREF. All contributions are immediately vested.

Eligibility: All employees paid through the OSU/A&M payroll system, including student and temporary employees, are eligible to participate regardless of classification, percent of time employed, or length of appointment.

Contributions: Minimum contribution is $15 per month for each plan. Maximum tax-deferred contribution limit is established by Internal Revenue Service regulations and is $18,000 for 2015. Employees who are at least age 50 may contribute an additional $6,000 for 2015. You may contribute the maximum amount for both a 403(b) plan and a 457(b) plan.

Salary Reduction Agreement: To begin contributions, change the amount of contributions or cancel participation, you will need to complete a *Salary Reduction Agreement* form. Forms can be obtained from your local human resources office, on the web at *http://hr.okstate.edu/benefits/vrp.php* or from OSU Employee Services, 106 Whitehurst, Stillwater, (405) 744-5449. Each form authorizes your employer to reduce your pay by the amount specified and to forward the contributions to TIAA-CREF. Contributions are taken from each regular paycheck and cease when you reach the specified annual goal amount. If your pay for any given payroll is insufficient to take the full contribution, no contributions will be made for that payroll. If you receive fewer paychecks than originally anticipated, the annual goal amount may not be reached. You may complete more than one agreement per year. To discontinue contributions, you must complete a new agreement, indicating to “stop” contributions. Your last contributions will occur in the month you submit the agreement form.

Other Retirement Plan Contributions: If you contribute to another employer’s 401(k), 403(b), Federal Thrift Savings program plan, physicians private practice plan, and/or other non-OSU/A&M retirement plan within the same calendar year in which you contribute to your OSU/A&M Plan, be sure to inform your human resources office of the amount contributed and declare it on the *Salary Reduction Agreement* form. Failure to coordinate all your pre-tax savings plans with Internal Revenue Code annual maximum limits may result in tax penalties and refund of excess contributions.

Effective Date: The *Salary Reduction Agreement* may become effective no earlier than the first day of the month following receipt of the form by your local payroll or human resources office. If you are employed by OSU, the form must be received by Employee Services, 106 Whitehurst, Stillwater. You may want to copy your executed form for your files.

Provider: TIAA-CREF is the sole approved provider.

Enrollment with Provider: In addition to the *Salary Reduction Agreement*, you must open an account directly with the provider, or the funds sent by OSU/A&M payroll offices will be returned and your election may be cancelled. You may be able to complete this form on-line at your provider's website. You also choose investment options, designate beneficiaries and change allocations through your provider (or agent for the provider) rather than through your Human Resources or Payroll office.

Exchanges: While still employed at OSU/A&M, you may transfer balances from your previous OSU/A&M provider to TIAA-CREF. Such action is not considered a distribution or a rollover because you have received no funds (distribution) and you are keeping all of your accumulations within the OSU/A&M plan.

Loans: Loans are permissible under the plan while still employed at OSU, if allowed by your provider. Availability and conditions are governed by your provider, the plan document, and by Internal Revenue Code restrictions.

403(b) Distributions: Upon attaining age 59 ½, regardless of employment status, you may withdraw contributions or roll funds to another retirement plan without penalty. If funds are paid to you directly, the distribution is subject to a 20% withholding for federal taxes.

Upon separation of service from OSU/A&M, you may withdraw contributions or roll funds to another retirement plan. If funds are paid to you directly, the distribution is subject to 20% withholding for federal taxes and you are potentially subject to a 10% early withdrawal penalty assessed by the IRS. Depending on the state where you reside, you may also be subject to mandatory state tax withholding. Exceptions to the 10% early withdrawal penalty include:

- Distributions made after you reach age 59 ½.
- Distributions made prior to reaching 59 ½, if you separate from service during the year in which you turn 55, or after.
- Distributions in which you roll funds to a similar qualified retirement plan or an Individual Retirement Account within the Internal Revenue Code guidelines.

Please contact your tax advisor to discuss the tax consequences of any distribution you are considering.

457(b) Distributions: Upon separation of service from OSU/A&M you may withdraw contributions or roll funds to another retirement plan. If funds are paid to you directly the distribution is subject to 20% withholding for federal taxes. Depending on the state where you reside you may also be subject to mandatory state tax withholding. In contrast to some other types of retirement plans, there is no 10% tax penalty on distributions regardless of your age at the time of distribution. *Please contact your tax advisor to discuss the tax consequences of any distribution you are considering.*

Minimum Distributions: IRS provisions require that you begin receiving minimum distributions by April 1 following the calendar year that you turn age 70 ½ or separate employment, whichever is later. You may incur tax penalties if you do not begin receiving minimum distributions timely.

Comparison Chart: 403(b); Roth 403(b); and 457(b)

	OSU/A&M 403(b)	OSU/A&M Roth 403(b)	OSU/A&M 457(b)
Eligibility	All employees	All employees	All employees
Immediate vesting	Yes	Yes	Yes
Contributions tax-sheltered from federal and state income tax	Yes	No	Yes
Minimum monthly contribution	$15	$15	$15
Maximum contribution limits	Total of both plans is $18,000 in 2015, plus $6,000 if age 50+		$18,000 in 2015 plus $6,000 if age 50+
Additional $3000 contribution if employee worked at OSU/A&M at least 15 years and meets other conditions	No	No	No
Earnings are tax-deferred	Yes	Yes	Yes
Hardship withdrawal available	Yes, if provider offers	Yes, if provider offers	Yes, if provider offers
Unforeseeable emergency withdrawal available	No	No	Yes
Tax-free qualified distribution*	Not available. All distributions are taxed as ordinary income	Provided: 5 year holding period and attainment of age 59 ½ OR disability OR death	Not available. All distributions are taxed as ordinary income
Distributions permitted (maybe subject to taxation if the distribution is not a qualified distribution)	Age 59 ½ OR death OR disability OR separation from service OR financial hardship	Age 59 ½ OR death OR disability OR separation from service OR financial hardship	Death OR disability OR separation from service OR qualified unforeseeable emergency
10% IRS premature distribution penalty tax	Applicable to all amounts distributed prior to age 59 1/2, unless an exception applies	Applicable to earnings distributed prior to age 59 1/2, unless an exception applies	No
Loan availability	Yes, if provider offers	Yes, if provider offers	Yes, if provider offers
Required minimum distribution	Yes	Yes	Yes
Withdrawal of funds upon reaching age 59 ½ while still employed	Yes	Yes	No
Rollovers allowed into the Plan if within IRC guidelines	No	No	Yes

Note: distributions from the Roth 403(b) and Roth IRA are subject to taxation on the portion attributable to earnings made before qualified distribution provisions are satisfied.
OSU Human Resources developed this information for the convenience of OSU employees. It is a brief interpretation of more detailed and complex materials. If further clarification is needed, the actual law, regulation(s), policy, and contract should be consulted as the authoritative source. OSU continually monitors benefits, policy, and procedures and reserves the right to change, modify, amend, or terminate benefit programs at any time.