

Over the past few years there have been several legislative changes regarding pension/retirement plans. The changes include the Pension Protection Act which went into effect in 2009 and the “Maximum Exclusion Allowance” (MEA) was eliminated from Code Section 403(b) several years ago and replaced with the easy to understand Annual Dollar Limits under Section 402(g). These changes can be confusing and we want to make sure you understand the opportunities as well as the Internal Revenue Service limits of investing in a retirement plan. Your retirement plan is your future financial security and Human Resources wants to provide you with as many tools as possible to assist you in planning for your future. Because we are not financial professionals we cannot provide investment advice and strongly recommend that you speak with a financial or tax advisor. If you have any further questions, or need any assistance, please feel free to call us and we will be happy to help you. The following is a list of the most frequently asked questions about our 403(b) Retirement Plan.

FREQUENTLY ASKED QUESTIONS:

UNIVERSITY OF DENVER

403(b) RETIREMENT PLAN

What is the 403(b) Basic/Match Retirement Plan and how does it work?

When an employee contributes (tax defers) 4% of his/her gross appointed monthly or biweekly salary into a retirement account with one of our approved investment companies, the university will contribute or “match” 8% of his/her gross appointed salary into this retirement account as well. Employees must contribute the Basic 4% to receive the 8% match from the university.

Who is eligible to participate in the Basic/Match Retirement Plan?

Any employee who is in a benefited/appointed position and has completed at least 1,000 hours of service and one year of continuous employment with the University of Denver is eligible to enroll in the Basic/Match Retirement Plan.

Can the one year/1,000 hour eligibility period for the Basic/Match Plan be waived?

Yes, this service requirement may be waived if a benefited employee has been previously employed by a qualified educational institution for a minimum of one year (12 consecutive months) and worked at least 1,000 hours in that period. Individuals wishing to waive this waiting period must

submit a *Retirement Plan Eligibility Form* to the Human Resources Benefits Office, which can be found at: <http://www.du.edu/hr/forms/documents/RetirementPlanEligibilityForm.pdf>.

Is it mandatory that I enroll in the Basic/Match Plan when I reach my one year anniversary at DU? Will I be automatically enrolled?

No, the University of Denver does not have mandatory retirement plan enrollment; enrollment in both our Basic/Match and Supplemental Plan is entirely voluntary. You will not be enrolled automatically when you reach your one year anniversary; you will need to initiate your enrollment by completing all necessary enrollment forms (see below for required forms) and returning them to the Benefits Office.

What is the Supplemental 403(b) Retirement Plan and how does it work?

The Supplemental retirement plan allows an employee to contribute a percentage of gross monthly or biweekly salary to the University's Supplemental Retirement Plan on a tax-deferred basis, but Supplemental contributions are not matched by the university. Non-appointed employees are also eligible to participate in our Supplemental Retirement Plan. These contributions may be made regardless of whether an employee is enrolled in the Basic/Match Plan, but may also be made on top of contributions made to the Basic/Match Plan.

Who is eligible to participate in the 403(b) Supplemental Retirement Plan?

All employees are eligible to participate in the 403(b) Supplemental Retirement Plan with regard to making elective deferrals as of their hire date with the university. There is no waiting period to enroll in the Supplemental 403(b) Plan; employees may enroll any time during benefited or non-benefited employment.

What is a tax sheltered plan?

A tax sheltered plan is one that allows you to save money and tax dollars by contributing to your retirement account(s) before taxes are calculated and deducted from your paycheck. Taxes are then paid when funds are withdrawn from the retirement account.

How do I sign up/enroll in either the Basic or Supplemental Retirement Plan?

Please contact the Benefits Office at Ext. 17420 for a Retirement Enrollment and Information packet. This packet should have all the materials and instructions necessary to enroll in our plan.

Where can I invest my 403(b) Basic and/or Supplemental Retirement contributions?

For the Basic/Match Plan you may direct contributions to one of (or all) three different companies:

TIAA-CREF: 1-800-842-2776 or www.tiaa-cref.org

Fidelity Investments: 1-800-343-3548 or www.fidelity.com

American Century Investments: 1-800-345-3533 or www.americancentury.com

For the Supplemental Plan, you may direct contributions to any of the above companies and also to MetLife Resources (303-758-7800). All four of these companies offer a full range of diversified conservative to aggressive investment funds. *Employees who do not select an investment fund(s) upon enrollment will have contributions directed to the investment company's applicable lifecycle fund.

When am I fully vested?

You are 100% vested immediately on all contributions to our plan; there is no vesting schedule.

What types of pay are eligible for 403(b) retirement contributions?

For appointed employees: retirement contributions will only come from your appointed or benefited pay. This does not include: adjunct pay, temporary pay or any non-benefited pay that you earn in addition to your appointed pay. (However, for non-exempt staff members this will include any overtime that is paid on a benefited position.)

For non-appointed employees: retirement contributions will come from your non-appointed pay if contributing to the Supplemental Plan.

Will retirement contributions come from any vacation or severance payouts?

Yes, generally retirement contributions do pull from vacation or severance payouts. If you do not wish for this to occur please contact the Benefits Office and let us know as soon as is feasible.

How often can I change the amount that I am contributing to my retirement account each year? Are changes limited to a certain time of the year?

Changes may be made to the amount you are contributing to your retirement plan up to 3 times per year. This can be done at any time during the year and is not limited to a certain period of time (i.e. an open enrollment period).

How do I change how much I am contributing to my retirement account from each paycheck?

Just fill out a new *Retirement Salary Reduction Agreement* form (found at: <http://www.du.edu/hr/benefits/documents/SalaryReductionAgreement.pdf>) indicating what you want to change your contribution percentages to and return it to the Benefits Office.

What is the maximum amount allowed by the IRS that I can contribute to my 403(b) account in 2010?

Employee total contribution limit (Basic and Supplemental): *\$16,500*

Age 50 & over additional employee contribution limit (Basic and Supplemental): *\$5,500*

Eligible annual salary limit for 403(b) employer contributions: *\$245,000*

Employee and employer aggregate contribution limit: *\$49,000*

What are Roth (post tax) contributions, and can I make Roth contributions to my 403(b) retirement plan?

Roth contributions are retirement contributions that are taken from your paycheck after taxes are calculated and deducted. When funds are withdrawn, taxes do not need to be paid. We do have the option to make Roth 403(b) contributions, however we are currently set up to make Roth contributions only to TIAA-CREF, but will soon be ready to send Roth contributions to Fidelity Investments as well.

Are there limits to how much I can contribute to a Roth 403(b)?

The limits for 403(b) Roth contributions are the same as they are for pre-tax 403(b) contributions (see above). Whether your contributions go in as pre- or post-tax, the limits remain the same.

If I want to contribute the up to the maximum amount I am allowed by the IRS to my 403(b) retirement account this year (either pre- or post-tax), how do I determine what percentage of my gross salary per paycheck this will be?

Just fill out a *Maximum Calculation Request* form which can be found on the HR Benefits online forms page at: <http://www.du.edu/hr/forms/documents/MaxCalcRequestForm.pdf> and submit by email. This is a calculation that will estimate for you what percentage of your remaining paychecks for the current tax year you will need to contribute to hit right at the maximum (or slightly under). The Human Resources Benefits Office will do this calculation for you and email it back for your review. **PLEASE NOTE:** *The estimates that the Benefits Office provides are estimates only as we in the Benefits Office are not licensed to give tax or financial advice. It is strongly advised that you consult with a trained tax or financial advisor if you have any questions or concerns regarding your retirement contributions and limits.*

Once I have the calculation, what do I need to do if I want to go ahead and implement the contribution changes so I reach the maximum?

You will need to fill out a *Retirement Salary Reduction Agreement* form, found at: (<http://www.du.edu/hr/benefits/documents/SalaryReductionAgreement.pdf>) with the corresponding contribution percentages on page 2 and return it to the Benefits Office. Please note: Salary Reduction Agreements must be returned to the Benefits Office by applicable payroll deadlines.

What if I turn 50 at the end of the tax year, for example on December 20th? Would I be considered “age 50 and over”?

Yes, as long as you are age 50 by December 31st of any tax year you can contribute the additional \$5,500 catch-up amount to your retirement account.

What happens if I accidentally go over the IRS limits before the end of the year?

The Benefits Office will be monitoring all retirement contributions throughout the tax year. If you are at the point where you are going to over-contribute, your retirement contributions will be stopped for the remainder of the year and any over-contributions will be requested back from your account and returned to you, minus taxes. You will receive notice from the Benefits Office if this is to occur with as much advance notice as possible. However, the Benefits Office will be making every effort throughout the year to ensure that this does not occur. It is the responsibility of the employee to request that contributions be restarted at the beginning of the next tax year.

If I reach my contribution limit prior to the end of the year and my contributions are stopped, will I continue to receive the 8% employer match?

If you reach IRS contribution limits prior to the end of the tax year and the Benefits Office needs to stop your contributions to the point where you are no longer able to contribute 4% to the Basic Plan, you will not continue to receive the 8% employer match. In order to receive the 8% employer match, the employee must be contributing the Basic 4%.

Can I take a loan on my 403(b) retirement account?

Yes, loans are generally available through both TIAA-CREF and Fidelity Investments. To initiate the loan process, participants should contact the retirement vendor directly by phone or online at the vendor website (please see above for vendor contact information).

What are primary and contingent beneficiaries and why am I asked for this information when I enroll?

It is essential that you specify who should receive your accumulated retirement plan funds in the event of your death. Your primary beneficiary is the individual(s) who you designate to receive your retirement funds and the contingent beneficiary is the individual(s) who would receive these funds should your primary beneficiary not survive your death. You may change your designated primary or contingent beneficiary at any time by contacting your retirement vendor directly.

Can I roll over funds that I have in another retirement account from a previous employer into my 403(b) account with DU?

As long as those funds are in a qualified retirement account (i.e. 401k, 403b or IRA) you can roll them into your 403(b) account with DU. To do this, just fill out the Transfer or Rollover paperwork that is included in each of our vendor enrollment packets and return to the Benefits Office along with your other enrollment materials. We will forward this request to your DU retirement vendor and they will initiate the process with your prior investment company.

What if I am not happy with the performance of the funds that I have with the investment company I have chosen...can I move the funds to one of the other approved investment companies that our plan uses while I am still an active employee?

Yes, you may move your money from one of our approved vendors to another while you are still actively employed (TIAA-CREF, Fidelity Investments or American Century Investments for the Basic/Match Plan and also MetLife for the Supplemental Plan). You may contact the Benefits Office for any necessary forms needed to move funds from one approved vendor to another.

What happens to my retirement plan funds after I leave active employment with the university?

As stated above, the money that you have contributed to your retirement plan belongs to you and is immediately vested at 100%. When you leave the university, you have several options which are detailed in our hand out titled “*Retirement Funds After Separation From Service*”.

This handout can be found on the DU HR website at:

<http://www.du.edu/hr/benefits/documents/RTFundsAfterSeparationFromService.pdf>.

For further information about the DU 403(b) Retirement Plan please contact the Human Resources Benefits Office at Ext. 17420.