Human Resources

Benefits and You

403(b) Supplemental Tax-Deferred Annuities

Supplemental tax-deferred annuities (TDAs) offer OSU employees an opportunity to set aside additional retirement savings on a voluntary basis. You decide how much money to contribute within the guidelines set by the Internal Revenue Service. These contributions will be deducted from your regular paycheck on a pre-tax basis (federal and state but not FICA). Contributions are remitted to your insurance or investment companies. Contributions and earnings grow on a tax-deferred basis until withdrawn. 100% vesting occurs with your first contribution.

Eligibility: All employees paid through the OSU payroll system are eligible to participate regardless of classification, percent of time employed, or length of appointment.

Minimum Contribution: $25 per month.

Maximum Contribution: The maximum tax-deferred contribution limit is established by Internal Revenue Service regulations and indicated in the table below. Any employee may contribute the standard amount as long as you have enough includable OSU pay to contribute at the maximum limit. Employees who are at least age 50 may contribute at the Age 50+ limit, providing you have adequate OSU compensation.

Calendar Year	Standard	Additional Age 50 Limit	Additional Contributions if 15 + Years OSU Service *
2005	$14,000	$4,000	$3,000
2006	$15,000	$5,000	$3,000
2007	$15,500	$5,000	$3,000

*Requires Maximum Tax-Deferred Contributions Limit Letter

TIAA-CREF Maximum Tax Deferred Contributions Limit Letter: Any employee wishing to contribute based on the 15+ Years of Service Catch-Up limit will need to contact Employee Services to obtain a *Maximum Tax Deferred Contributions Limit Letter* from TIAA-CREF. The calculation will determine if you are eligible to contribute at the higher level. You will need to obtain the calculation letter for each calendar year for which you wish to consider contributing at the higher level.

Salary Reduction Agreement: To begin contributions, change the amount of contributions, or change vendors, you will need to complete an *OSU 403(b) Salary Reduction Agreement*. This form can be obtained from the web at *www.okstate.edu/osu*_per*/benefits/benforms.html* or from Employee Services, 106 Whitehurst, (405) 744-5449. The form authorizes OSU to reduce your pay by the amount specified and to forward the contributions to the appropriate vendor. For employees paid monthly, the contribution is taken from each regular payroll. For employees paid biweekly, the contribution is taken from each regular biweekly check. Contributions will cease when you reach the annual amount specified. If you receive fewer paychecks than originally anticipated, the annual goal amount may not be reached. If your pay for any given payroll is insufficient to take the full contribution, no contributions will be made for that payroll.

To stop contributions, complete a *Voluntary 457(b) Salary Reduction Agreement* indicating “zero” contributions to the investment sponsors you are currently using. You may complete more than one agreement per year.

Other Retirement Plan Contributions: If you contribute to another employer’s 401(k), 403(b), or to the Federal Thrift Savings program plan within the same calendar year in which you contribute to your TDA with OSU, be sure to inform Employee Services of the amount contributed. Failure to coordinate all your pre-tax savings plans with Internal Revenue Code annual maximum limits will result in refunds of excess contributions to you as well as the likelihood of tax penalties. Note that you may contribute to the OSU 403(b) Tax Deferred Annuity Plan and the OSU 457(b) Plan either independently or simultaneously. Contributions to one of the two OSU plans do not affect your contribution limits on the other plan.

Effective Date: The *OSU 403(b) Salary* Reduction *Agreement* may become effective no earlier than the first day of the month following execution of the form and delivery at Employee Services, 106 Whitehurst. You may want to copy the form for your files.

403(b) Investment Sponsors: The companies listed below are available to receive contributions.

AIG-VALIC	**AXA Equitable**	**New York Life & Annuity**
American Century	**Capital Guardian Trust**	**TIAA-CREF**
Ameritas	**Fidelity Group**	

New companies may be added by enrolling at least 25 employees. Companies lose active status if they do not maintain accounts with at least 10 participating employees.

OSU does not make vendor recommendations. If you need assistance to choose a company, you should contact an investment counselor. OSU offers no assurances and assumes no responsibility as to the financial stability of any annuity carrier or the performance of its investment programs.

Enrollment with Investment Sponsor: Each vendor has an enrollment form that you complete and return to the vendor to open an account. You may be able to complete this form on-line at your vendor's website. This form is in addition to the *OSU 403(b) Salary Reduction Agreement* that you complete to notify OSU to begin withholding contributions from your paycheck. OSU will send your contributions to the vendor based upon the *OSU 403(b) Salary Reduction Agreement*. If you fail to open an account, the vendor cannot accept the money and it may be returned to you or to OSU. You also choose investment options, designate beneficiaries and change allocations through your vendor (or agent for the vendor) rather than through OSU.

Transfers: While still employed at OSU, you may transfer 403(b) Tax Deferred Annuity balances from your current vendor to a different OSU approved 403(b) vendor. 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 in a 403(b) Tax Deferred Annuity account.

Distributions and Rollovers: You may withdraw contributions or rollover to another retirement plan prior to separation from employment provided you have a triggering event such as attaining age 59 ½, death, disability, or financial hardship, without penalty.

You may receive a distribution of your account upon separation from employment, but you may incur a 10% tax penalty if distributions are made directly to you and you separated employment prior to reaching age 55. If you separate prior to reaching age 55, you may avoid the 10% penalty by waiting until age 59 ½ to receive a distribution. The 10% penalty may also be avoided if you rollover the withdrawal to a similar qualified retirement plan or an Individual Retirement Account within the Internal Revenue Code guidelines. However, the penalties may apply if you roll money into 457(b) plans (or from 457(b) plans). If not rolled over to another tax qualified plan, the distribution is also subject to 20% withholding for federal taxes. You will want to check with your tax advisor, especially if you consider rolling over into a 457(b) plan.

Because of the IRS Code that governs retirement programs, you should begin receiving minimum distributions by April 1 following the calendar year that you turn age 70½ or separate employment, whichever is later. You may incur tax penalties if you do not begin receiving minimum distributions timely. You may wish to discuss the tax consequences of withdrawal options with your vendor or tax advisor.