

## Optional Retirement Plan Informational Handout

### Description of the Plan

The Research Foundation's Optional Retirement plan allows you to voluntarily make *pre-tax* contributions to retirement annuity contracts or mutual fund custodial accounts during your active employment years. The Research Foundation (RF) plan is a defined contribution plan under section 403(b) of the Internal Revenue Code (IRC). The benefit is fully funded by your contributions. Refer to the RF Benefits Handbook for complete information regarding the plan and all the information contained in this handout.

### Eligibility

All regular, summer, and postdoctoral employees are eligible to participate in the Optional Retirement plan. Fellows and students are *not* eligible.

### Waiting and Vesting Period

There is *no* waiting period nor do employees have to be participants in the Basic Retirement Plan. All contributions to the Optional Retirement Plan are immediately vested.

### Annual limits

You are required to make certain that salary excluded from income does *not* exceed the amounts permitted under Section 415, 403(b) and 402(g) of the Internal Revenue Code. Reduction amounts **with all employers** during the 2016 calendar year are limited to \$18,000 under IRC Section 402(g) if you are under age 50. If you will be age 50 or older by the end of 2015, your reduction amount limit is increased by \$6,000 for a total maximum limit of \$24,000.

In addition, any employee who is participating in this plan and meets both of the following criteria is required to report to the Research Foundation the amount of outside contributions:

1. Owns controlling interest (over 50%) of an outside, for-profit business
2. Makes contributions to a qualified retirement plan, simplified employee pension (SEP) or IRA under the outside business.

To report outside contributions, you must complete the "[Outside Retirement Plan Contributions Worksheet](#)" for each calendar year.

### Taxability and Reporting on Form W-2

Salary reductions under this plan reduce your taxable income for the year in Box 1 of Form W-2. Therefore these contributions are exempt from federal and state income tax at the time contributions are made. See the chart under "Withdrawals from the Plan" for information about taxation when you withdraw these contributions. Salary reductions under this plan **do not** impact your Social Security and Medicare wages (Boxes 3 and 5), and therefore these taxes are withheld on your contributions. Finally, the total reduction amount for the year is reported in Box 12a and Box 13 "Retirement Plan" will be checked.

### How to Enroll

Login to [Employee Self Service](#) at [www.rfsuny.org](http://www.rfsuny.org) (Navigate to Information for Employees and select the "Self Service" button). Please refer to page 2.7 of the [Employee Self Service Guide](#) for detailed instructions. The disclaimer is the agreement you make with the Research Foundation

(RF) to direct a portion of your salary to a retirement fund. The agreement allows you to specify the percentage of salary to be contributed to the Optional Retirement Plan.

There is no limit to the number of changes you may complete each year. You may change the amount of your percentage at any time by logging into Employee Self Service under My Benefits and any change you make will be effective only with respect to salary earned after the change is made in Employee Self Service. The percentage you choose remains in effect until you make a change. To terminate your participation in the plan, you will need to log in again and change your percentage to 0.

**Determining the amount to contribute**

Ask yourself the following questions:

<p>What percentage should I contribute each payroll?</p>	<p>You can choose any percentage out to 2 decimal places up to 100% but keep in mind you must still have sufficient earnings for your other deductions such as health, parking etc. For example you can choose whole percentages such as 1.00%, 5.00% or 10.00% Or 1.25%, 5.60% or 10.90% The amount deducted each payroll will fluctuate based on your gross earnings, meaning the dollar amount increases when your pay increases, and decreases when your pay decreases.</p>
<p>Do I want to defer the maximum limit for the calendar year: If yes, do I want the contributions spread evenly throughout the year, or made as quickly as possible until the annual limit is reached?</p>	<p>If yes, divide the annual limit (based on your age) by the number of remaining payrolls in the calendar year, then divide by your biweekly gross.  NOTE: You must ensure that the calculated percentage leaves sufficient earnings for your taxes and other deductions.  To make contributions as quickly as possible, choose the highest % of pay you can afford, leaving enough to cover all payroll taxes and other payroll deductions for employee benefits, parking, etc. Contributions will automatically stop when the annual limit is reached. The annual limit is based upon your age as discussed above. NOTE: Deductions will automatically begin again in the next plan year and continue until the limit has been reached. As these limits, set by the IRS, change from year to year it is important to evaluate your contribution percentage on a yearly basis to be sure it is still meeting your needs.</p>



## **Investment of Your Deductions**

### Administrator

The Research Foundation contracts with TIAA to provide investment options and administer optional retirement benefits. They can be reached at 800-842-2252 or [www.tiaa.org](http://www.tiaa.org)

### Funds

Upon new enrollment in this plan for the first time, contributions will automatically be sent to an age appropriate JPMorgan SmartRetirement target date retirement fund administered by TIAA. You can read more about these funds and other funds offered as well as the applicable fees and restrictions in the enrollment materials on the TIAA website ([www.tiaa.org/rfsuny](http://www.tiaa.org/rfsuny))

**If you determine a target date retirement** fund or the default beneficiary of your “estate” is not for you, TIAA offers on-line enrollment. You can log onto the TIAA website ([www.tiaa.org/rfsuny](http://www.tiaa.org/rfsuny)) and click Enroll Now. If you need assistance with enrolling on-line, call TIAA-CREF at 800 842-2888.

**Once you are enrolled you can change your allocation at any time by contacting them directly.**

Collecting Benefits from the plan

There are several ways to gain access to the funds in your account. The types of withdrawals and rules regarding them are summarized in the chart below. For more details please refer to the Benefits Handbook or [www.tiaa.org/rfsuny](http://www.tiaa.org/rfsuny) or your tax advisor.

Type of withdrawal allowed	When you can make the withdrawal	Tax and Penalties
Rollover	Age 59 ½ <b>or</b> No longer employed by the Research Foundation	If the rollover is to another qualified plan or individual IRA there are no taxes or penalties assessed at the time of the rollover.
Loan-GSRA account only See the Benefits Handbook or contact TIAA for more information.	At any time, if actively employed by the RF as long as you do not already have more than 2 outstanding loans.	There are no taxes or penalties unless you default on (fail to pay back) the loan. If you default on the loan, it will be treated as a cash withdrawal for tax purposes.
Cash Withdrawal	Age 59 ½ <b>or</b> No longer employed by the RF <b>or</b> Have a financial hardship as defined by the IRS <b>or</b> Become disabled <b>or</b> You die and your beneficiary makes a withdrawal	Withdrawals are subject to income tax, as well as a 10% tax penalty if taken before age 59 ½. Refer to the RF Benefits Handbook for details, and contact TIAA-CREF to determine if the fund you are invested in will assess a withdrawal penalty. <b>Note: Cash withdrawals from a TDA account, TIAA Traditional Annuity are not allowed. Withdrawals may be taken in 10 annual installments.</b>
Hardship withdrawal	Demonstration of a financial hardship as defined by the IRS. Contact TIAA for more information.	See the Benefits Handbook or contact your campus benefits office for information on the process. <b>Note: You must exhaust the loan option on the GSRA account before you can apply for this Hardship</b>
Qualified Domestic Relations Order (QDRO)	At any time with the proper documents	For instructions and information regarding QDRO refer to TIAA directly.
Annuity Options Refer to the Benefits Handbook or go to <a href="http://www.tiaa.org/rfsuny">www.tiaa.org/rfsuny</a>	No longer employed by the RF	Subject to ordinary income tax. Some state taxes may be waived depending on the state of residence.