

Western Michigan University Voluntary Tax Deferred Savings Program

The Voluntary Tax Deferred Savings Program [403(b)] is a way for you to save for retirement in addition to your base pension. Regardless of whether your base pension is TIAA-CREF or MPERS, you can invest your Tax Deferred contributions with TIAA-CREF or Fidelity Investments. To review the details of each company, a comparison sheet is included.

Investments

You are able to choose more than one investment company and/or fund. These allocations can be changed anytime during the year by phone or through internet access. Information on the funds available is included in the informational packets for each company. There are several tools available to help you make an informed decision about your investments and your contribution level. There is a website for each company where you can find additional information and planning tools. You can even enroll online.

Contributions

Contributions must be made through payroll deduction and are taken from your paycheck before Federal or State taxes. This reduces your taxable income while allowing you to save for retirement. The earnings also grow tax deferred and are not taxed until you receive a distribution. All tax reporting is done on your W-2. There is no special schedule that must be filed with your tax return.

For 2009 and 2010, you can contribute 75% of your gross compensation up to a maximum of \$16,500. In addition, if you will be 50 years or older by December 31 of that year, you can contribute an extra \$5,500.

Withdrawals

There is a penalty for withdrawals made before age 59½. The IRS restricts withdrawals from a retirement plan while still employed. You may receive distributions from your account before age 59½ if one or more of the following triggering events occurs: loans (from TIAA-CREF GSRA only), separation from service, death, disability or financial hardship. Financial Hardship withdrawals are restricted to the following events: (1) To prevent eviction from your home, (2) for a down payment on your primary residence, (3) for unreimbursed medical expenses, or (4) tuition for you or your immediate family. According to IRS regulations, you must exhaust the loan provision before being allowed to take a hardship withdrawal.

457(b) Plan

Western Michigan University also offers a 457(b) Plan for salary reduction contributions over and above the limit for the 403(b). You can contribute up to \$16,500 to the 457(b) for 2009 and 2010 and also have the option of contributing an additional \$5,500 if you will be 50 by December 31 of that year. You can choose between TIAA-CREF and Fidelity Investments. If you would like information about this plan, contact Sanford Advisory Services at 488-6900. This plan is intended for use by employees who are contributing the maximum allowed to the 403(b) but still want to defer more income.

For More Information

Sanford Advisory Services staff is available for individual appointments to assist with enrollment and to answer any questions you may have. Please call 488-6900 for more information.