

# ***VOLUNTARY RETIREMENT PLANS***

## ***(1) Tax Sheltered Annuities***

University personnel have a means of deferring federal income tax that is unique to colleges, universities and other non-profit organizations. Under section 403(B) of the Internal Revenue Code, tax deferred annuity plans are made available to make up for the tax and retirement benefit advantages that are lost by not working in private industry. These plans reduce the employee's gross wages before federal taxes are computed. Theoretically when these funds are withdrawn later in life, the employee is in a lower income tax bracket.

### ***A. Eligibility***

All full-time, qualified (as defined in the plan), regular employees are eligible to participate. Full-time temporary employees are also eligible if their employment period is for a minimum of one year.

### ***B. University's Contribution and Additional Amount That Can Be Invested***

Auburn University will match up to 5% of gross salary of a qualified employee with a maximum covered salary of \$24,000 per year. Accordingly, the maximum dollar amount that the University can match is \$1200 per year.

All employees enrolling in the University's tax deferred annuity plans vest in the University's matching portion after the completion of five years of full-time continuous service. Upon completion of the five year requirement, the University's matching contribution and interest earned will be credited (or vested) to the participant's accounts. Non-participating employees with continuous service will be provided credit toward the five year requirement upon joining the tax deferred annuity program.

There may be instances where a participant wishes to contribute to the plan in excess of the amount matched by the University. In such cases, the applicable approved company, as noted below, will compute the maximum amount that may be tax sheltered through payroll deduction in accordance with IRS regulations.

### ***C. Investment Options Available***

There are several investment options available providing the investor a wide spectrum of opportunities ranging from fixed and variable annuities to mutual funds. Detailed information is provided by the approved companies listed below.

<u>Company</u>	<u>Local Representative</u>	<u>Phone</u>
1. VALIC <a href="http://www.valic.com">www.valic.com</a>	Cindy Haynes Sarah Fucci	887-5520
2. TIAA-CREF <a href="http://www.tiaa-cref.org">www.tiaa-cref.org</a>	None	1-800-842-2003
3. Johnson, Sterling, Paul & Company Fidelity Vanguard Invesco Lincoln Life	Cathy Slaminka <a href="http://www.300.fidelity.com">www.300.fidelity.com</a> <a href="http://www.flagship.vanguard.com">www.flagship.vanguard.com</a> <a href="http://www.invesco.com">www.invesco.com</a> <a href="http://www.lincolnlife.com">www.lincolnlife.com</a>	887-5533

## ***(2) Deferred Compensation Plan***

The Retirement Systems of Alabama have implemented a Deferred Compensation Plan available to all members of the Teachers' and Employees' Retirement Systems. According to federal law, annual

contributions may not exceed \$7,500 or 25% of your compensation whichever is less. The amount must be coordinated with any Tax Deferred Annuity contributions.

PEIRAF & RSA-1 Deferred Compensation Plan website –  
[http://www.rsa.state.al.us/RSA-1/peiraf\\_&\\_rsa-1.htm](http://www.rsa.state.al.us/RSA-1/peiraf_&_rsa-1.htm)