

## Gonzaga Human Resources

Human Resources  
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Benefits/Environmental Health & Safety  
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**TO:** All Benefits-Eligible Employees  
**FROM:** Debbie Cerenzia, Associate Director  
**SUBJ:** New 457(b) Retirement Plan  
**DATE:** April 2, 2004

**GREAT NEWS!** I am pleased to announce that Gonzaga University has provided a new way for you to save for retirement through the establishment of a 457(b) Deferred Compensation Plan. Effective April 1, this new 457(b) plan is available on a voluntary basis to all benefits-eligible employees. You must first maximize on your voluntary contributions to the University's 403(b) Retirement Plan before contributing to the 457(b) plan.

### **A 457(b) Deferred Compensation Plan Offers Several Important Benefits**

- Increased contribution limits – \$13,000 in addition to the 403(b) limits for 2004.
  - The 403(b) annual voluntary contribution limits for 2004 are: \$13,000; \$3,000 for 50 years of age and above; \$3,000 for 15 or more years of service (not to exceed \$15,000 total lifetime limit).
- The ability to make *before-tax contributions* so you can set aside a portion of your salary before income taxes are taken out of your paycheck.
- An opportunity to further supplement your retirement savings: 403(b); 457(b); social security.
- Contributions and earnings that are not taxable until the funds are withdrawn from your account.

We have selected TIAA-CREF as our exclusive vendor for the 457(b) Deferred Compensation Plan. For more information on TIAA-CREF programs and investment choices visit their website at [www.tiaa-cref.org](http://www.tiaa-cref.org) or call the phone center at (800) 842-2776.

### **Unique Provisions of 457(b) Plan For Private Employers**

Different from a 403(b) Retirement Plan, a 457(b) plan has some unique provisions, specifically:

- Funds are only available upon attainment of retirement age, termination of employment, or unforeseeable emergency. Funds cannot be rolled into an IRA plan at this time (legislation may change in the future), but they may be rolled into another employer plan that accepts 457(b) funds;
- When you reach retirement, or otherwise terminate employment, you must select the time and manner of payment of your benefits under specific IRS requirements;

- There is no early withdrawal penalty for funds that are withdrawn prior to age 59 ½, as would be applicable in a 403(b) plan;
- While money is voluntarily withheld from your compensation, by law the funds are considered assets of the university until they are distributed to you, and they are, therefore, subject to the claims of the university's creditors.

### **TIAA/CREF Group Meeting - Saving More for Retirement with a 457(b) Plan and New Investment Solutions Funds**

Wednesday, April 21, 2004  
10:00 a.m. OR 2:00 p.m.  
Foley Teleconference Center

It's more important than ever to put aside extra money for the future, but we always seem to find reasons for putting off building that nest egg. Join us to find out why your TIAA-CREF funded 457(b) plan may be a terrific way to build the additional funds you'll need later. Topics to be discussed:

What a 457(b) plan is, and how it works for you

Why new features and higher contribution limits can have a big impact on your savings

How 457(b) and 403(b) savings work together

Expanded pension portability

The benefits of early planning and tax-deferred savings using an interactive calculator

### **Here's How To Get Started**

You may need to increase your 403(b) plan contribution by completing a new 403(b) Plan Salary Reduction Form in order to reach your maximum voluntary contributions. Once the 403(b) voluntary contribution limits are met, you will need to also complete a 457(b) Plan Salary Reduction Form and TIAA-CREF 457(b) Plan enrollment form. You may go to our website at [www.gonzaga.edu/benefits](http://www.gonzaga.edu/benefits) to obtain Salary Reduction Forms, or contact the Benefits Office. TIAA-CREF 457(b) enrollment packets are also available in the Benefits Office.

Please feel free to contact me at ext. 5997 if you have any questions.