

Tax Sheltered Annuity 403(b) Plan & Deferred Compensation 457 Plan

THE UNIVERSITY OF ARIZONA is pleased to offer employees an opportunity to increase their retirement savings through Tax Sheltered Annuity (TSA) and Deferred Compensation programs. With these types of programs, you can set aside a portion of your current earnings to purchase traditional annuity or mutual fund products through the university's approved vendors. Contributions are tax-deferred until withdrawal.

When you enroll, you authorize The University of Arizona to set aside a portion of your salary and place it in an investment program under your direction. The special tax treatment of your contributions and earnings makes the TSA and Deferred Compensation programs uniquely effective ways to boost your long-term savings.

When you contribute to a TSA and/or Deferred Compensation program, your contributions come from your

salary automatically, before you receive your paycheck and before taxes are taken out, which lowers your current taxable income. You also postpone taxes on the interest your account earns and earnings that accumulate in your account.

CONSIDER PARTICIPATION IN THE TSA AND/OR DEFERRED COMPENSATION PROGRAM(S) IF...

- You want to lower your current taxable income while setting aside money for the future.
- You want a long-term savings plan where earnings grow tax-deferred.
- You want an automatic, convenient way to save money for retirement.
- You want investment flexibility.

IT'S EASY!

Contact Human Resources and ask for the State of Arizona Deferred Compensation (administered by Nationwide) packet. For Deferred Compensation plan information visit our website at www.hr.arizona.edu. Review the packet and contact the Nationwide representative to set up your account. The Nationwide representative will provide the necessary documentation to the University of Arizona to begin your payroll deduction.

HOW DO I START A TSA ACCOUNT?

The University provides a list of approved tax sheltered annuity companies and their agents at www.hr.arizona.edu. After reviewing the list, you may contact one or more of the agents who will be happy to assist you in completing the enrollment form and Salary Reduction Agreement form.

SUPPLEMENTAL RETIREMENT PLANS cont.

WHAT'S THE NEXT STEP?

You will work with your agent to complete the information required on the Salary Reduction Agreement (SRA) form. The form must be signed by both you and your agent for new accounts. (Exception: TIAA-CREF and Fidelity do not require agent signatures.)

Upon completion of the form:

- Keep a copy of your SRA form for your records and send or deliver the original to Human Resources.
- If you choose Fidelity or TIAA-CREF, you will attach an enrollment form as well.

Upon receipt of your completed SRA form, Human Resources will request a payroll deduction in the amount you indicated on your SRA form. We also arrange for the monies to be sent directly to the tax sheltered annuity company you selected.

TSA & DEFERRED COMPENSATION PROGRAM FACTS:

EFFECTIVE WITH TAX LAW CHANGES

January 1, 2002, you may be able to maximize your tax deferred savings by participating at the maximum levels in **BOTH** the TSA and Deferred Compensation plans.

- **Minimum Contribution** –
TSA Plan: \$15 per pay period
Deferred Compensation: \$10 per pay period

- **Maximum Contribution** – \$15,500 (\$20,500 if age 50+) or 100% of includable compensation – whichever is less, in each plan.
- **Changes Permitted** – Unlimited
- **Normal Distribution** – TSA Plan: Age 59 ½ or later

Deferred Compensation: no minimum age (Both plans require that distribution begins by age 70 ½ or separation of employment, whichever is later.)

- **Administrative Fees, Loan Provisions & Deferred Sales Charges** – Vary with each company
- **Catch-up provision** – Qualification and maximums differ between plans. Please consult your TSA agent and Deferred Compensation representative to see if you qualify for this provision.

FREQUENTLY ASKED QUESTIONS

How do I know what my earnings are on my account(s)?

You will receive quarterly statements from your TSA and/or Deferred Compensation company(ies). You may also contact your agent for additional information, or for a more detailed explanation of your statement.

What if I want to stop or change my contribution?

- Contact your Deferred Compensation representative to make changes to your Deferred Compensation account.
- To *stop* your TSA deduction, just complete another SRA form, zero out your election amount, sign, date, and return the form to Human Resources.
- To *change* your TSA deduction, please complete a new SRA form, sign, date, and return the form to Human Resources.
- Agent signatures are not necessary when stopping or changing your TSA deduction.

For more information, visit our website at www.hr.arizona.edu or stop by our offices located in Room 114 of the University Services Building. Information can be sent to you by calling our offices at (520) 621-3662.

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