Does the 403(b) option make sense for me?

- At retirement if you expect to be in the same tax bracket as your current income then the pre-tax or the Roth after-tax plan might be same from a tax perspective.

- At retirement if you expect to be in a higher tax bracket, the Roth after-tax plan may be the better choice. Your qualified distributions from the Roth after-tax will not be taxable earnings, since you have already paid taxes on these Roth contributions.

The decision to contribute to a pre-tax 403(b) and the Roth 403(b) after tax option depends on your own situation. A Certified Financial Advisor or a Tax Consultant can assist you with making your decision.
NIU Supplemental Retirement 403(b) Tax Deferred and Roth Plan

Employees may enroll in the NIU Supplemental Retirement 403(b) Tax-Deferred or after-tax Roth Plan at any time.

Your contributions to the 403(b) Tax-deferred Plan are made on a pre-tax basis and are not reported on your W-2 statement, which will reduce your taxable income for the year. That means your current taxable income is reduced. A qualified distribution can be obtained at age 59 1/2 and is taxable at the time of the distribution.

“Tax deferral” means you pay no income taxes on the money your account earns until you receive a qualified distribution from the NIU Supplemental Retirement Plan.

Your contributions to the 403(b) NIU Supplemental Retirement Roth Plan are made on an after-tax basis and are included in your current taxable income. Earnings are tax free if they are part of a “qualified distribution.” A qualified distribution can be obtained after age 59 1/2 and it can be taken at least 5 years from the year of the first Roth 403(b) contribution.

“403(b) Roth” means contributions are made on an after-tax basis and are included in your current income.

You may contribute to both the 403(b) Tax Deferred and the 403(b) Roth After-tax Plan within the IRS calendar year contribution limit. The IRS calendar year contribution limit for both contribution plans together for 2017 is:

Pre-Tax and Roth Limit Over age 50 catch-up Limit:
$18,000 $6,000

Steps to begin participation in a 403(b) plan:

403(b) Tax-Deferred and Roth:
• Choose an approved vendor (one Vendor allowed)
• Same Vendor for Tax-Deferred and Roth
• Meet with the approved vendor representative or complete the approved vendor’s online application
• Complete the NIU Salary Contribution Agreement Form
• Send the completed NIU Salary Contribution Agreement Form (all three pages) to Human Resource Services

403(b) Approved Vendors:
• Fidelity Investments (800) 835-5097
  Bob Intoccia, Director, Retirement Planner
  (630) 360-5979
  bob.intoccia@fmr.com
  Hayden Lackey, Retirement Planner
  (405) 394-9525
  hayden.lackey@fmr.com
  On-line enrollment: www.fidelity.com
  Enrollment Information: https://nbacctopen.fidelity.com
  Enter Plan #54296
  To make an appointment please call the 800 number listed below or schedule an appointment on-line:
  Phone Consultation: To speak with a Planning & Guidance Consultant call 800-328-6608 (M–F, 7:00am–7:00pm)
  In-Person Consultation: To schedule on-site appointment call 800-642-7131 or go to: www.fidelity.com/atwork/reservations

• TIAA-CREF (800) 842-2252
  Patrick Windle, Consultant Individual Client Services
  (312) 345-5666
  pwindle@tiaa-cref.org
  On-line enrollment: www.tiaa-cref.org
  Plan Access Code 103375
  To schedule an individual appointment call: 800-732-8353

Steps to begin participation in a 403(b) plan:

457(b) Vendor:
• State of Illinois/Central Management Services
  Deferred Compensation Office
  201 E. Madison, Suite 1C
  Springfield, IL 62794-9208
  www.state.il.us/cms/employee/defcom/default.htm
  800-442-1300

457(b) Special Features:
• Administered by the State of Illinois/Central Management Services
• Pre-Tax and Roth Contributions Available
• Contributions Payroll Deduction
• Minimum contribution is $10.00 per pay period
• Flat dollar amount contribution only
• Exempt from 10% federal penalty under section 72(t) of the IRS code for eligible withdrawals made prior to age 59 1/2
• Variety of Investment Funds
• T. Rowe Price Retirement Funds

Steps to begin participation in a 457(b) plan:

457(b)
• Complete the CMS Deferred Compensation Enrollment Form and CMS Deferred Compensation Beneficiary Form.
• Send completed forms to Human Resource Services.

For company/representative information packets, NIU Salary Reduction Agreement, and the CMS Enrollment Forms please contact:

Human Resource Services
(815) 753-6000

Or

www.hr.niu.edu