

Choosing a Supplemental Tax-deferred Investment Plan 403(b) and/or 457(b)

This is a generalized comparison for CMU's plans. For specific details, refer to retirement plan documents available at: www.cmich.edu/fas/hr/HRRetirement/Pages/Retire_Plan_Documents.aspx.

Note: Due to the passage of EGTRRA, participants may contribute the maximum allowed to both plans.

403(b) Plan	457(b) Plan
<u>Tax Advantages</u> <ul style="list-style-type: none"> Tax savings on contributions Tax-deferred earnings until time of withdrawal 	<u>Tax Advantages</u> <ul style="list-style-type: none"> Tax savings on contributions Tax-deferred earnings until time of withdrawal
<u>Eligibility</u> <ul style="list-style-type: none"> All Faculty and Staff employees (including those less than half-time). 	<u>Eligibility</u> <ul style="list-style-type: none"> All benefit eligible faculty and Staff employees (1/2 time or greater).
<u>Contributions</u> <ul style="list-style-type: none"> No Minimum contribution required Effective the next available pay period after the date the completed salary reduction forms are received in CMU Benefits & Wellness Office Vested immediately Defer on a % only basis 	<u>Contributions</u> <ul style="list-style-type: none"> Minimum contribution: \$25.00/pay period Effective the next available pay period after the first of the month following the date completed salary reduction forms received in CMU Benefits & Wellness Office Vested immediately Defer on a % only basis
<u>Investment Vehicles</u> <ul style="list-style-type: none"> TIAA 	<u>Investment Vehicles</u> <ul style="list-style-type: none"> TIAA
<u>Maximum Deferral</u> (all that apply are allowed to be combined) <ul style="list-style-type: none"> 100% of includible compensation up to \$19,000. Age 50+ catch-up contributions: \$6,000. 	<u>Maximum Deferral</u> <ul style="list-style-type: none"> 100% of includible compensation up to \$19,000. And only one of the following: <ul style="list-style-type: none"> Age 50+ catch-up contributions: \$6,000. Catch-up provision if within three years of normal retirement age. (the lesser of two options-see rules)
<u>Loans</u> <ul style="list-style-type: none"> Permitted 	<u>Loans</u> <ul style="list-style-type: none"> Not available
<u>Taxes Withheld</u> <ul style="list-style-type: none"> Federal and State Withheld 	<u>Taxes Withheld</u> <ul style="list-style-type: none"> Federal and State Withheld
<u>Distributions are available in the following situations</u> <p>After Separation from Service:</p> <ul style="list-style-type: none"> Any age (10% tax penalty applies if left employment prior to year participant turns age 55 and withdrawing before age 59½) Minimum distribution required at age 70 ½ (CMU's plan) <p>While Actively Working at CMU:</p> <ul style="list-style-type: none"> Cannot withdraw monies until age 59½ - then no 10% tax penalty May withdraw monies at any age with a 10% tax penalty if it is: <ul style="list-style-type: none"> Due to a severe financial hardship resulting from medical expenses, purchase of a principal residence, payment of tuition and fees, or to prevent eviction or foreclosure from principal residence. Effective October 1, 2009, employees must certify hardships with vendor. 	<u>Distributions are available in the following situations</u> <p>After Separation from Service:</p> <ul style="list-style-type: none"> Any age (10% tax penalty does NOT apply) Minimum distribution required at age 70 ½ (CMU's plan) <p>While working at CMU:</p> <ul style="list-style-type: none"> Cannot withdraw monies at any age if actively working May withdraw monies at any age without a 10% tax penalty if it is: <ul style="list-style-type: none"> Due to unforeseeable emergency defined as a severe financial hardship for specific reasons, such as: <ul style="list-style-type: none"> sudden illness or accident to participant or dependents loss of participant's property due to casualty (not covered by insurance)

**Choosing a Supplemental Tax-deferred Investment Plan
403(b) and/or 457(b)**

<ul style="list-style-type: none"> • Minimum distribution at age 70 ½ not required if actively working at CMU. 	<ul style="list-style-type: none"> • funeral expenses for participant or dependents • property foreclosure or eviction from principal residence . ○ <u>OR</u> if the employee meets all the criteria below: <ul style="list-style-type: none"> • No previous in-service distribution • The plan accumulated benefits are less than • \$5,000 • No deferral contributed in past two years ○ Effective October 1, 2009, employees must certify in-service withdrawals with vendor. • Minimum distribution at age 70 ½ not required if actively working at CMU.
<p><u>Rollovers</u></p> <ul style="list-style-type: none"> • Rollovers from other 403(b) plans are allowed (may be subject to different rules in the new plan). • Also permitted to purchase service credit under a defined benefit governmental plan. Must be completed prior to termination of employment. • You cannot roll over your CMU 403b monies to the CMU 457b GSRA. 	<p><u>Rollovers</u></p> <ul style="list-style-type: none"> • Rollovers from other 401(k) and 403(b) plans are allowed (may be subject to different rules in the new plan). • Also permitted to purchase service credit under a defined benefit governmental plan. Must be completed prior to termination of employment. • You cannot rollover your CMU 457b monies to the CMU 403b GSRA.