



Important Information About Eligibility

TEXAS TECH UNIVERSITY 403(B) TAX DEFERRED ACCOUNT (TDA)

New contribution levels for 2014

All employees, except students performing services exempt from FICA, are eligible to participate in a voluntary 403(b) program, referred to as a Tax Deferred Account (TDA).

What is a 403(b) plan?

A 403(b) plan is a tax-deferred retirement account available to employees of educational institutions and certain non-profits, and governmental organizations. In this plan, you can make pre-tax contributions for retirement savings through payroll deduction.

Distributions are generally only available when you reach age 59½ or experience a severance of all employment. However, distributions may also be available in the event of financial hardship, death, or disability. Penalties may apply on withdrawals prior to age 59½.

Why contribute to a 403(b)?

Participation in the plan may provide a tax savings— 403(b) contributions may be made on a pre-tax basis which can reduce your current income tax liability. An after-tax option, called Roth, is another way to have additional savings for retirement.

For example, a before-tax contribution of \$100 per month actually costs only \$72 out of your paycheck (assuming you are in the 28% tax bracket).

Roth Contributions – a participant may choose to make after-tax contributions to a Roth account. The account will have tax-deferred growth.

2014 Contribution Levels – Tax law allows savings up to \$17,500 in 2014 or 100% of compensation, whichever is less. If you are age 50 or over, you may be able to contribute an additional \$5,500 as catch-up.

Note to ORP participants: These limits may be reduced for individuals participating in the Optional Retirement Plan (ORP). The annual combined limit for ORP and TDA is \$52,000 for 2014.

Tax-Deferred Growth – Participant accounts in the 403(b) plan are tax-deferred. This means the growth and interest accrued is tax-free, until time of withdrawal.

Enhanced Retirement – Other sources of retirement income – including state plans like the Teacher Retirement System of Texas (TRS), ORP, and Social Security – often do not adequately replace a person's salary upon retirement. A 403(b) TDA can provide a supplement to an employee's retirement income.

Enroll now or change your current enrollment – Enrollment is always "OPEN" for the TDA plan. More information regarding the Texas Tech 403(b) plan and the approved vendor list is available from human resources or on the website: www.depts.ttu.edu/hr. Enrollment is available on-line at the Retirement Manager website: www.myretirementmanager.com/?ttu