



Optional Retirement Plan Informational Handout

(to be given to employees with the [Optional Retirement Plan Salary Reduction Agreement](#))

Description of the Plan

The Research Foundation's Optional Retirement plan allows you to voluntarily make *pre-tax* contributions to retirement annuity contracts or mutual fund custodial accounts during your active employment years. The Research Foundation (RF) plan is a defined contribution plan under section 403(b) of the Internal Revenue Code (IRC). The benefit is fully funded by your contributions. Refer to the RF Benefits Handbook for complete information regarding the plan and all the information contained in this handout.

Eligibility

All regular employees are eligible to participate in the Optional Retirement plan. Fellows and students are *not* eligible.

Waiting and Vesting Period

There is *no* waiting period nor do employees have to be participants in the Basic Retirement Plan. All contributions to the Optional Retirement Plan are immediately vested.

Annual limits

You are required to make certain that salary excluded from income does *not* exceed the amounts permitted under Section 415, 403(b) and 402(g) of the Internal Revenue Code. Reduction amounts **with all employers** during the 2012 calendar year are limited to \$17,000 under IRC Section 402(g) if you are under age 50. If you will be age 50 or older by the end of 2012, your reduction amount limit is increased by \$5,500 for a total maximum limit of \$22,500.

In addition, any employee who is participating in this plan and meets both of the following criteria is required to report to the Research Foundation the amount of outside contributions:

1. Owns controlling interest (over 50%) of an outside, for-profit business
2. Makes contributions to a qualified retirement plan, simplified employee pension (SEP) or IRA under the outside business.

To report outside contributions, you must complete the "[Outside Retirement Plan Contributions Worksheet](#)" for each calendar year.

Taxability and Reporting on Form W-2

Salary reductions under this plan reduce your taxable income for the year in Box 1 of Form W-2. Therefore these contributions are exempt from federal and state income tax at the time contributions are made. See the chart under "Withdrawals from the Plan" for information about taxation when you withdraw these contributions. Salary reductions under this plan **do not** impact your Social Security and Medicare wages (Boxes 3 and 5), and therefore these taxes are withheld on your contributions. Finally, the total reduction amount for the year is reported in Box 12a and Box 13 "Retirement Plan" will be checked.

How to Enroll

Complete the Salary Reduction Agreement and return to your campus benefit office. A Salary Reduction Agreement is a written agreement you make with the Research Foundation (RF) to direct a portion of your salary to a retirement fund. The agreement allows you to specify the percentage of salary or dollar amount to be contributed to the Optional Retirement Plan.

There is no limit to the number of salary reduction agreements you may complete each year.



You may change the amount of your salary reduction at any time by completing a new Salary Reduction Agreement form. Any change you make will be effective only with respect to salary earned after receipt of the Salary Reduction Agreement by your Campus Benefits Office.

A Salary Reduction Agreement remains in effect until a new agreement is submitted to your campus benefit office changing your reduction amount. To terminate your participation in the plan, the new agreement should indicate zero as a deduction. Other times a Salary Reduction Agreement will terminate or change are:

- If you are *not* actively employed by the RF at the end of the calendar year, your Salary Reduction Agreement will be terminated. If you choose to defer salary in a subsequent year, you are required to complete a new Salary Reduction Agreement.
- If you terminate employment or have a leave of absence during the calendar year and you return to employment prior to the end of the calendar year, the same reduction amount will resume. If you do not want the salary reduction to resume, a new Salary Reduction Agreement indicating zero as a deduction must be submitted to your campus benefits office.

Determining the amount to contribute

When completing the agreement, ask yourself the following questions:

Do I want a specific percentage contributed each payroll?	This will result in the dollar amount increasing when your pay increases, and decreasing when your pay decreases.
Do I want a specific dollar amount contributed each payroll?	This will result in the dollar amount remaining the same, even if your pay increases or decreases. If you subsequently have a significant change in your pay, you may want to reevaluate whether this amount still meets your needs.
Do I want to defer the maximum allowed under the annual limit? If yes, do I want the contributions spread evenly throughout the year, or made as quickly as possible until the annual limit is reached?	To spread evenly throughout the year, you should divide the annual amount by the number of remaining payrolls in the calendar year, or choose the appropriate percentage of pay to accomplish this. To make contributions as quickly as possible, choose the highest % of pay or dollar amount you can afford, leaving enough to cover all payroll taxes and other payroll deductions for employee benefits, parking, etc. Contributions will automatically stop when the annual limit is reached. The annual limit is based upon your age as discussed above. NOTE: Deductions will automatically begin again in the next plan year and continue until the limit has been reached. As these limits, set by the IRS, change from year to year it is important to evaluate your salary reduction amount on a yearly basis to be sure it is still meeting your needs.

Allocation of Your Deductions

The Research Foundation contracts with The TIAA-CREF family of companies to provide investment options and administer optional retirement benefits. They can be reached at 800-842-2776 or www.tiaa-cref.org



Funds

Upon new enrollment in this plan for the first time, contributions will automatically be sent to an age appropriate JPMorgan SmartRetirement target date retirement fund administered by TIAA-CREF. You can read more about these funds and other funds offered as well as the applicable fees and restrictions in the enrollment materials or on the [TIAA-CREF](http://tiaa-cref.org/rfsuny) website (tiaa-cref.org/rfsuny)

If you determine that a target retirement fund is not the investment for you, please complete a TIAA-CREF enrollment form with your investment fund choices and send the enrollment form directly to TIAA-CREF in the envelope provided in the enrollment packet or you may fax to 800.914.8922. These enrollment forms are also available online. If this enrollment form does not arrive at the investment company prior to the first deduction, deductions will go to the default fund until the enrollment form is processed.

Once you are enrolled you can change your allocation at any time by contacting them directly.

Collecting Benefits from the plan

There are several ways to gain access to the funds in your account. The types of withdrawals and rules regarding them are shown in the chart below. For more details please refer to the Benefits Handbook or contact TIAA-CREF directly.

Type of withdrawal allowed	When you can make the withdrawal	Tax and Penalties
Rollover	Must be age 59 ½ or no longer employed by the Research Foundation. Requires employer confirmation of termination and/or “Unmarried Determination”	If the rollover is to another qualified plan there are no taxes or penalties assessed at the time of the rollover. If the rollover is to an individual IRA, taxes will be assessed but no penalties.
Cash Withdrawal	Must be age 59 ½ or no longer employed by the Research Foundation. Requires employer confirmation of termination and/or “Unmarried Determination”.	If you take cash withdrawal from your account prior to age 59-1/2, taxes and penalties will be assessed. If you take a cash withdrawal from your account after age 59-1/2, just taxes will be assessed. At the time of withdrawal, TIAA-CREF can process tax withholdings according to your instructions Note: When taking cash withdrawals you should be aware of the penalties each fund you are invested in may assess.



Type of withdrawal allowed	When you can make the withdrawal	Tax and Penalties
Other Payment Options See the benefit handbook or contact TIAA-CREF to find out about all the options available depending on contract type and funds	Must be age 59 ½ or no longer employed by the Research Foundation. Requires employer confirmation of termination. and/or “Unmarried Determination”	If you collect benefits from your account prior to age 59-1/2, taxes and penalties will be assessed. If you collect benefits from your account after age 59-1/2, just taxes will be assessed. At the time of withdrawal, TIAA-CREF can process tax withholdings according to your instructions Note: When taking cash withdrawals you should be aware of the penalties each fund you are invested in may assess.
Hardship withdrawal	Demonstration of a financial need. Requires CO approval.	Contact your campus office or RF Benefits Handbook for information regarding hardship withdrawals.
Loan-GSRA account only See the benefits handbook or contact TIAA-CREF for more information.	At any time If active employer confirmation of “Unmarried Determination” is required.	There are no taxes or penalties unless you default on (fail to pay back) the loan. If you default on the loan, it will be treated as a cash withdrawal for tax purposes.
Qualified Domestic Relations Order (QDRO)	At any time with the proper documents	For instructions and information regarding QDRO refer to TIAA-CREF directly.

NOTE: If you have previously enrolled in this plan under the TDA option through TIAA-CREF, you should refer to the RF Benefits Handbook for information regarding the withdrawal options and restrictions.