

Michigan Tech Supplemental Retirement Accounts (SRA) Comparison between voluntary 403(b) & 457(b)

403(b) Voluntary Plan

457(b) Voluntary Plan

<p>Tax advantage:</p> <ul style="list-style-type: none"> • Tax savings on contributions • Tax deferred earnings until time of withdrawal 	<p>Tax advantage:</p> <ul style="list-style-type: none"> • Tax savings on contributions • Tax deferred earnings until time of withdrawal
<p>Eligibility:</p> <ul style="list-style-type: none"> • All eligible employees per Plan provisions 	<p>Eligibility:</p> <ul style="list-style-type: none"> • All eligible employees per Plan provisions
<p>Contributions:</p> <ul style="list-style-type: none"> • No minimum contribution required • Effective the next available pay period after the payroll deduction form is received in Benefits • Vested immediately • May defer a percentage or dollar amount 	<p>Contributions:</p> <ul style="list-style-type: none"> • No minimum contribution required • Effective the next available pay period after the payroll deduction form is received in Benefits • Vested immediately • May defer a percentage or dollar amount
<p>Investment Vehicles:</p> <ul style="list-style-type: none"> • TIAA, Fidelity 	<p>Investment Vehicles:</p> <ul style="list-style-type: none"> • TIAA, Fidelity
<p>Distribution Events:</p> <ul style="list-style-type: none"> • After severance from employment: Penalty for withdrawal prior to age 59 ½ may apply. • Minimum distribution required after age 70 ½ unless actively at work • In-Service withdrawals allowed post age 59 ½ • Hardship withdrawals: Penalty applies. Must meet definitions of hardship • Death or disability • May transfer funds to purchase service credit under a defined benefit government plan • As provided for a former spouse in an eligible Domestic Relations Order issued upon divorce 	<p>Distribution Events:</p> <ul style="list-style-type: none"> • After severance from employment: any age, penalty does not apply • Minimum distribution required after age 70 ½ unless actively at work • Unforeseeable Emergency Withdrawal: Must meet definition of qualified unforeseeable emergency • Death or disability • May transfer funds to purchase service credit under a governmental defined benefit plan • As provided for a former spouse in a qualified Domestic Relations Order issued upon divorce

<p>Available Forms of Payment upon qualified distribution event. (May vary based on specific vendor offerings):</p> <ul style="list-style-type: none"> • Lump sum • Installments • Rollover to an IRA, retirement plan, a 403(b) plan or another governmental 457(b) plan • Lifetime annuity • Direct transfer to a defined benefit governmental plan (for the purchase of service credit) 	<p>Available Forms of Payment upon qualified distribution event. (May vary based on specific vendor offerings):</p> <ul style="list-style-type: none"> • Lump sum • Installments • Rollover to an IRA, retirement plan, a 403(b) plan or another governmental 457(b) plan • Lifetime annuity • In the case of severance from employment, direct transfer to another governmental 457(b) plan in which participating as an employee, if the other plan agrees to accept the funds
<p>403(b) Voluntary Plan</p>	<p>457(b) Voluntary Plan</p>
<p>Rollovers In:</p> <ul style="list-style-type: none"> • Rollovers from other plans are allowed but may be subject to limitations in the Michigan Tech plan 	<p>Rollovers In:</p> <ul style="list-style-type: none"> • Rollovers from other plans are allowed but may be subject to limitations in the Michigan Tech plan
<p>Maximum Deferral (all that apply may be combined): Amounts may change each calendar year.</p> <ul style="list-style-type: none"> • 100% of includible compensation for the calendar year, up to \$18,500 in 2018 • Age 50+ catch-up provision: \$6,000 in 2018 • Must include employee contribution in the matching program • 15 years of service catch up rule allows up to a maximum of an additional \$3000 per year subject to a lifetime maximum of \$15,000 	<p>Maximum Deferral (all that apply may be combined): Amounts may change each calendar year.</p> <ul style="list-style-type: none"> • 100% of includible compensation for the calendar year, up to \$18,500 in 2018 • Age 50+ catch-up provision: \$6,000 in 2018 • Special catch-up provision – Within each of the 3 years prior to retirement, an additional amount can be contributed that is equal to the lesser of A) twice the normal annual limit or B) the normal limit plus the unused amounts of the limits from prior years. You cannot use the age 50 catch up if using this provision.
<p>Loans: Permitted</p>	<p>Loans: Permitted</p>
<p>Taxes: Contributions are made on a pre-tax basis, except FICA. Distribution is taxable when taken.</p>	<p>Taxes: Contributions are made on a pre-tax basis, except FICA. Distribution is taxable when taken.</p>

Eligible employees may choose to participate in the 403(b) Plan, the 457(b) Plan, or both. With these options, eligible employees may be able to substantially increase their total deferrals for retirement.