

# THE CLAREMONT COLLEGES

## Tax Deferred Annuity Plan

### **Plan Overview:**

- ❖ The Tax Deferred Annuity Plan (TDA) is available for elective deferrals only
- ❖ The TDA Plan is a defined contribution plan qualified under IRC Section 403(b)
- ❖ Fidelity and Vanguard are available as investment options
- ❖ The Claremont Colleges do not monitor the investment options in the TDA, and therefore, TDA participants must sign a statement acknowledging that it is their responsibility to monitor the performance and expenses of the funds they choose to invest in

### **Plan Eligibility:**

- ❖ All Faculty and staff (excluding students) are eligible to participate through elective deferrals upon date of hire

### **Plan Enrollment:**

- ❖ To enroll in the TDA Plan, completion of an enrollment form for Fidelity or Vanguard is required
- ❖ Enrollment forms can be requested from the CUC Benefits Office
- ❖ Completion of a Salary Reduction Agreement is required to begin making voluntary elective deferrals through payroll deduction
- ❖ Salary Reduction Agreements are available on the CUC Benefits website at <http://www.cuc.claremont.edu/benefits/forms.asp>

### **Voluntary Elective Deferrals:**

- ❖ Pre-tax deferrals:
  - Lower taxable income in the year of the deferral
  - Accumulated deferrals and earnings are taxable upon withdrawal at retirement
- ❖ Roth after-tax deferrals (Available with Fidelity only):
  - No effect on taxable income in the year of the deferral
  - Accumulated deferrals and earnings are not taxed upon withdrawal at retirement
  - Deferrals must be in the plan for at least five years to receive favorable tax treatment
- ❖ Deferrals can be made in any combination of pre-tax or Roth after-tax
- ❖ Minimum elective deferral is \$25 per month
- ❖ Maximum elective deferral depends on IRS limits for the calendar year
  - Basic Maximum - \$17,500 for 2013
  - Age 50+ Catch Up - \$5,500 for 2013
  - 15 Year Rule Catch Up - \$3,000 for 2013 (\$15,000 lifetime maximum)
- ❖ Elective deferrals are remitted to Fidelity and Vanguard after every pay period

### **Investment Choices:**

- ❖ Dependent on Investment Option (Fidelity or Vanguard)

- ❖ Investment options offered in the TDA Plan are not monitored by The Claremont Colleges
- ❖ It is your responsibility to monitor the performance and expenses of the funds you invest in
- ❖ You may obtain extensive information from each investment company to evaluate investment fund performance and expenses

### **Distributions:**

- ❖ Available upon termination of employment from the institution
- ❖ Available upon attainment of age 59 ½
- ❖ Loans are not available
- ❖ Hardship Withdrawals
  - Must qualify under IRS Safe Harbor guidelines
    - Expenses for medical care previously incurred by the employee, spouse, dependents or beneficiary or is now necessary for these persons to obtain medical care
    - Costs directly related to the purchase of a principal residence (excluding mortgage payments)
    - Tuition, related educational fees and room and board expenses for the next 12 months of postsecondary education for the employee, spouse, dependent children or beneficiary of the employee
    - Payments necessary to prevent the eviction of the employee from principal residence or mortgage foreclosure
    - Funeral expenses for the employee, spouse, dependents, or beneficiary of the employee
    - Certain damage repair expenses for the employee's principal residence
  - Hardship withdrawals cannot be repaid back to the plan and you are not permitted to contribute to the plan for six months after the withdrawal
  - Hardship withdrawals are subject to income taxes and a 10% additional tax on early distributions
- ❖ Death of employee

### **Plan Resources:**

- ❖ CUC Benefits Administration
  - Tony Romero – Retirement Analyst
    - (909) 621-8805
    - [tony\\_romero@cuc.claremont.edu](mailto:tony_romero@cuc.claremont.edu)
  - Loo Hsing – Senior Benefits Analyst
    - (909) 607-3780
    - [loo\\_hsing@cuc.claremont.edu](mailto:loo_hsing@cuc.claremont.edu)
- ❖ Investment Provider Information
  - Fidelity Investments
    - (800) 343-0860
    - [www.fidelity.com](http://www.fidelity.com)
  - Vanguard
    - (800) 662-2003
    - [www.vanguard.com](http://www.vanguard.com)