

## **Notice of the Opportunity to Make Elective Deferrals to the St. Joseph's College Retirement Annuity Plan**

A 403(b) plan allows you to contribute a portion of your compensation on a pre-tax basis in order to save for your retirement. You have the right to elect to defer a portion of your compensation and contribute the amount to the St. Joseph's College Retirement Annuity Plan. These contributions are known as "elective deferrals" and will help ensure that you will have funds to provide yourself with an income during retirement. Contributions are made to the plan by payroll deduction. If you are already contributing to the 403(b) Plan, you may want to increase your deduction.

### **What are the benefits of contributing to a 403(b) plan?**

- The pre-tax elective deferrals that you make to the plan now are not taxed until you withdraw them. This means you are lowering your taxable income now, and will potentially lower the amount of income tax you will pay on those funds at the time of withdrawal when you may be in a lower tax bracket.
- Both your pre-tax elective deferrals and earnings grow tax-free until they are withdrawn.

### **What do I need to do in order to start making elective deferrals?**

You will need to make an election regarding how much of your compensation you wish to defer to the 403(b) plan. You will also need to determine where you want to invest your contributions. To obtain the forms needed to enroll in the plan for the first time, please contact your human resource, benefits or payroll departments to obtain copies of the Enrollment/Change Investment Election Form and the Beneficiary Designation Form. Once you have completed this paperwork, you will need to return the completed copies to your human resource, benefits or payroll departments. You can make this election at anytime during the plan year.

### **What do I need to do in order to change the amount of my elective deferral?**

To obtain the forms needed to change the amount of your elective deferral, please contact your human resource, benefits or payroll departments. Once you have completed this paperwork, you will need to return the completed copies to your human resource, benefits or payroll departments. You can make the election to change the amount of your elective deferral at anytime during the plan year.

### **How much can I contribute to a 403(b) plan?**

In 2010, you can make elective deferrals up to \$16,500. This amount is subject to cost of living increases established by the government and will increase over time.

If you have completed at least 15 years of service with St. Joseph's College Retirement Annuity Plan you may be eligible to contribute up to \$3,000 a year above the elective deferral limit until the amount of the cumulative annual additional contributions made using this special rule equals \$15,000. If you have 15 years of service with your employer and want to utilize this additional 15 year of service catch-up contribution no action is required now. Once you have exceeded \$16,500, we will request additional information from you in order to determine the amount you are able to contribute due to the 15 year of service catch-up.

**For more information on enrolling in your 403(b) Plan or making changes to your current  
deferral amount, please contact Heidi Jacques at 893-7756**