

SRA Frequently Asked Questions (FAQs)

How do supplemental retirement accounts work?	<p>Contributions saved through a supplemental retirement account (SRA) are conveniently made as pre-tax deductions made from your salary. This reduces your taxable salary for federal and state income taxes.</p> <p>These contributions are then deposited for you in an account that you establish with one of the approved supplemental retirement account carriers available through The Ohio State University.</p> <p>Contributions to these programs are your funds only. There are no university contributions to these programs since the university contributes to the state retirement systems and/or the ARP.</p>
What are the advantages of supplemental retirement accounts?	<p>Not only are your contributions made on a before-tax basis, but the earnings are also compounded on a tax-deferred basis until you receive the benefits. By utilizing tax-deferral, you can save more money with less impact on your take-home pay.</p>
Who is eligible to enroll in the supplemental retirement accounts?	<p>All faculty, staff, graduate associates, and student employees may elect to participate in an SRA. Post-Doctoral Fellows are not eligible.</p>
How are my supplemental retirement account funds invested?	<p>You may invest your contributions with any of the Ohio State approved SRA carriers in investment funds/accounts that you select.</p>
How do I choose a carrier with whom I can invest my contributions?	<p>There is an extensive list of Ohio State approved SRA carriers from which you can choose. The university does not endorse any one carrier. The following are some facts that you may wish to consider when choosing an SRA carrier:</p> <ul style="list-style-type: none"> • Investment Choices: Most of the approved carriers offer you a choice of a variety of investment accounts. The choices range from fixed accounts that have guarantees of principal and minimum interest rates to variable accounts that offer returns based upon portfolios of stocks, bonds, and other types of securities. • Historical Investment Return: Although past performance is not an indication of future results, all of the approved carriers can provide you with historical performance of the available investment choices. • Pay-Out Options: Most of the approved carriers offer a variety of methods for you to receive your benefits. These may include lifetime annuities, partial withdrawals, and/or lump-sum payments. • Loans: Many of the 403(b) carriers offer various loan options against your account. • Fees: Certain fees imposed by the approved carriers may be applied to your account. These may include surrender charges, account administration fees, asset management fees, or front-/back-end premium loads. • Customer Services: All companies should provide periodic statements and opportunities for you to obtain additional information about your account.
How do I enroll in the supplemental retirement accounts?	<p>To begin tax-deferred contributions, you must open an account with an approved SRA carrier (contact list is available online at http://hr.osu.edu/benefits/sra.htm) by completing all necessary paperwork and complete the university's <i>SRA Salary Reduction Agreement Form</i>, available online at: http://hr.osu.edu/benefits/sra.htm. This form indicates the tax-deferred contribution you wish to make each pay period.</p> <ul style="list-style-type: none"> • SRA contributions are deducted from <u>each</u> pay. • Contact a representative from your chosen SRA carrier to assist you with the enrollment process (contact list is available online at http://hr.osu.edu/benefits/sra.htm). <p>Completed <i>SRA Salary Reduction Agreement Forms</i>, including SRA agent's signature, must be returned to the Office of Human Resources Customer Service Center at least 30 days prior to the desired deduction payday.</p>
When are my contributions forwarded to the carrier?	<p>Biweekly and monthly deductions are sent to the SRA carriers on the first business day after the payday. The SRA carriers generally use the date received as the deposit date.</p>

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How much may I contribute? You may contribute any dollar amount per pay within the following limits:

- **Minimum:** Contributions per pay may be started for as little as:
 - 403(b): \$7 biweekly, \$15 monthly
 - 457: \$15 biweekly, \$30 monthly
- **Maximum:** 100% of compensation¹ or \$14,000² (whichever is less) to both plans (see chart below). The limit increases by \$1,000 through 2006 and then will increase with the cost of living. Your SRA carrier will calculate and inform you of your maximum contribution level.
 - ¹ The percentage of compensation is calculated after your base retirement contribution (ARP/PERS/STRS-OH) has been deducted from your salary. Other paycheck deductions (e.g. health care, parking and local taxes) may impact your contribution amount.
 - ² Maximum SRA contribution amount per account for 2005.
- **Catch-up:** Under certain conditions, you may qualify, through either plan, for a "catch-up" provision. Catch-up contributions are amounts in addition to the plan limits (see chart below). If you have already met the maximum contribution amounts under the plans and are age 50 or over, you may make additional contributions. In 2005, the catch-up amount is \$4,000. The catch-up amount for 2006 is \$5,000.

Note: You may also be eligible for additional catch-up provisions under both plans. Check with your carrier for more information.

Annual Contribution Limit ¹			
Year	403(b)	457	Both
2005	\$14,000	\$14,000	\$28,000
2006	\$15,000	\$15,000	\$30,000

¹ or 100% of salary, whichever is less.

Catch-Up Provisions ²	
Year	Additional Annual Contribution
2005	\$4,000
2006	\$5,000

² Catch-up elective deferral contributions for eligible individuals age 50 and over. Cannot be in conjunction with other 457 "catch-up" provisions.

May I change the amount of my contribution? You may increase or decrease the amount of your SRA contribution once each calendar quarter by completing the university's *SRA Salary Reduction Agreement Form* and having your SRA account representative sign the form. This form is available online at: <http://hr.osu.edu/benefits/sra.htm> or from the Office of Human Resources Customer Service Center.

How do I stop my contributions? You may discontinue your contributions at any time by submitting the university's *SRA Salary Reduction Agreement Form* to the Office of Human Resources (OHR) Customer Service Center. This form is available online at: <http://hr.osu.edu/benefits/sra.htm> or from the Office of Human Resources Customer Service Center.

Do I need to do any additional filing with my Federal Tax Return (Form 1040) in order to have the contributions excluded from my taxable income? No. Because your participation in a Supplemental Retirement Account (SRA) is a pre-tax salary reduction, your contributions are reflected on your W-2.

What happens when I leave employment with the university? Funds may be left on deposit, withdrawn, transferred, or cashed-out. Please discuss details with your Account Representative or tax consultant.

When must I start receiving distributions from my SRA? Under current law, distributions from your SRA, if you are retired, must begin no later than the April 1st following the date you reach age 70 1/2.

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How are distributions from my supplemental retirement account taxed?	<ul style="list-style-type: none">• Distributions from your tax-deferred account are taxed as ordinary income.• Funds withdrawn from your 403(b) plan may be subject to a 10% penalty. You may be eligible to avoid this penalty if you meet one of the following conditions:<ul style="list-style-type: none">– Termination from service after you reach age 55– Attainment of age 59^{1/2}– Death– Disability– Financial hardship– Retirement• Consult your SRA account representative or tax consultant for assistance.
Can student employees enroll in an SRA even if they are not contributing to OPERS?	Yes. A student employee can be exempt from contributing to OPERS and still participate in an SRA.
For More Information	<ul style="list-style-type: none">• SRA carrier of your choice from the attached list• Office of Human Resources Customer Service Center E-mail: service@hr.osu.edu, Internet: http://hr.osu.edu (614) 292-1050, 1-800-678-6010, Fax: (614) 292-6235• http://hr.osu.edu/benefits/retire.htm—retirement planning worksheet to estimate needed retirement savings