

Oregon  
University  
System

# TDI GUIDE

403(b)  
Tax-Deferred Investment  
Program

**2007**  
Edition 1

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# Introduction

The Tax-Deferred Investment Plan is a tax-sheltered plan often referred to as a "403(b) plan" or simply as a "TSA plan". It permits you to exclude salary from current reportable income that would otherwise be subject to taxes. Participants do not include their contributions in taxable income until they begin to receive benefits from their retirement accounts. Because tax payment is postponed, this plan is described as "tax-deferred."

The Tax-Deferred Investment (TDI) program allows you, on a voluntary basis, to accumulate savings to supplement your employer retirement plan – OPSRP/PERS or the Optional Retirement Plan - and Social Security through your choice of annuities and mutual funds. The Oregon University System (OUS) does not currently offer group annuity plans under this program; all contracts are individually owned by the participants. Authority to offer the TDI is granted by the state of Oregon under ORS 243.810-.830 and Section 403(b) of the Internal Revenue Code. All employees, except FICA-exempt students, of OUS are eligible to participate in the TDI program. This includes full- and part- time employees.

## Using the TDI Guide

This guide introduces the OUS-sponsored 403(b) program. In the following pages, the guide:

- explains how the TDI program works
- explains OUS' limited role in the program
- provides basic information about different types of investments and about issues to consider as you choose investments
- outlines general provisions of 403(b) tax-sheltered annuity plans similar to the TDI
- explains how to enroll
- lists companies approved by OUS to offer investments through the TDI program

This TDI Guide is a general overview of the Tax Deferred Investment Program. It is not intended to be an exhaustive study of investments, nor does it provide investment or tax advice. The guide does not recommend that you participate in the TDI program. The decision to participate and selection of investment vehicles belongs to the participant, based on factors personal to the participant. In case of conflict between the Guide, official plan documents, and federal and state laws regulating IRC 403(b) plans, the official plan documents and laws will govern.

# TDI at a Glance

<b>Eligibility</b>	All OUS employees, except FICA-exempt students		
<b>Ownership</b>	Participant (contract) owns and controls investments		
<b>Waiting Period</b>	None; Eligible upon hire and any time thereafter		
<b>Investments</b>	Annuities and Mutual Funds		
<b>Contributions</b>	Voluntary salary deferral Non-taxable as income in the year deferred Not reported as W-2 wages, except for FUTA, Medicare, Social Security, and PERS		
<b>Annual Maximum Deferral</b>	<u>Age 50+ Catch –Up</u>	<u>General Limit</u>	<u>Year</u>
	\$4,000	\$14,000	2005
	\$5,000	\$15,000	2006
	<b>\$5,000</b>	<b>\$15,500</b>	<b>2007</b>
<b>Service Catch-Up</b>	Participant with 15 years OUS service and less than \$5,000 deferral per year may increase \$3,000/year to a lifetime		
<b>Earnings</b>	Not taxable to participant until distributed		
<b>Distributions</b>	Allowed at service separation, disability, death, age 59½ Taxed as ordinary income when received 10% early withdrawal penalty before age 59½ or age 55 retirement Minimum distribution required after age 70½ or post-70 ½ retirement		
<b>Loans</b>	Permitted as allowed by participant’s contract		
<b>Hardship</b>	Withdrawals permitted as allowed by participant’s contract		
<b>In-Service</b>	Withdrawals permitted after age 59½		
<b>Enrollment</b>	Enroll prior to 10th day of the month deferrals begin Permitted any month of the year Salary Reduction Agreement (SRA) form and investment company’s application required to complete enrollment		
<b>Changes</b>	Deferral amount may be changed throughout the year Rollovers among 403(b), 457, ORP, PERS, IRAs per contract SRA must be received by 10th of change month		
<b>Terminations</b>	SRA must be received by 10th of termination month		

# Section 1

## TDI - Roles and Responsibilities

### OUS' Role as Sponsor of the TDI Program

OUS' role in the TDI program is limited to enabling you to participate in the program by sending your deferred compensation to one or more of the investment companies approved to participate in the Tax-Deferred Investment Program. As sponsor of the program, OUS will:

- Provide a list of companies authorized to offer investments
- Allow approved companies to publicize their products in accordance with campus solicitation guidelines
- Deduct monies from your paycheck, based on instructions on your Salary Reduction Agreement (SRA)
- Forward your salary deferral to the company(ies) you designate

#### OUS' role does not include:

- Recommending participation in the TDI program
- Screening or evaluating TDI companies based on their investment performance records, credit ratings, or any other basis
- Advising employees about investments or the tax consequences of their investing decisions

### Participant's Responsibilities

The TDI program allows you to exercise a great amount of direction in your investments, and requires that you, as a participant, be solely responsible to:

- Decide whether to participate in the TDI program
- Decide what types of investments to use, and how much to invest
- Decide which company(ies) to choose
- Research and understand the provisions of investments you select
- Understand the tax impacts of investing through this program
- Correctly execute enrollment and change procedures

### Vendor Responsibilities

Insurance and mutual fund companies approved to offer investments through the TDI program agree to abide by OUS guidelines on minimum participation, on-campus solicitation, errors and omissions insurance of agents representing them, and compliance with federal and state regulations applicable to IRC 403(b) plans.

# Notes to Participants

The TDI GUIDE describes the Tax-Deferred Investment program in general terms applicable to IRC 3403(b) plans, and provides basic information you need to participate in OUS' Tax-Deferred Investment program.

If you have additional questions about the Tax-Deferred Investment program, contact your campus benefits office.

For information on investments or tax implications of participating in the TDI program, consult a financial or tax adviser.

This Guide relies on Treasury and IRS regulations. It does not outline specific investment or plan features offered by the approved investment companies, which are the responsibility of those companies to provide to participants.

OUS is not responsible for points not covered. OUS is not responsible in any way for an employee's choice to participate in the program or an employee's choices once in the program.

OUS maintains the right to amend or discontinue the Tax-Deferred Investment program if regulations or changes in the law or policy make it advisable to do so or to improve performance or operation of the plan.

Occasionally, TDI participants have problems with companies handling their accounts. These situations are rare, but if you experience any problems you should resolve them with the company's representative. If the problem cannot be resolved in this way, contact your campus benefits office.

## Section 2

# Investment Options

The TDI program offers you a range of investment options. You may invest using annuity contracts, mutual funds, or both. The following sections describe these types of investments and the companies that offer investments through the TDI program.

To help you select investments that meet your risk tolerance, the amount of direct involvement you desire in managing your investments, and your overall investment goals, sample questions are included in this section. Though not an exhaustive list, these are some questions you may wish to ask the sales representatives offering TDI investments or your own personal financial counselor.

# Annuities

An annuity contract is an arrangement in which you pay money to a company - usually an insurance company - over a certain period of time. The agreement provides that, at a future date, you receive monies based on your contribution and investment performance over time. Annuities typically pay out in monthly installments, but both the form of payment and the pay out period vary according to provisions of your contract with the company.

## Fixed annuities

Fixed annuities are long-term, fixed-return investments that have a stated interest earnings rate which changes periodically. The interest rate is made up of a guaranteed rate which is combined with other rates for annual earnings as quoted by the company. Fixed annuities generally offer safer investments, but often have lower earnings than other investments.

## Variable Annuities

A variable rate annuity is an investment package consisting of money market accounts, stock, and bonds which offer a range of funds to meet various investment goals. A contract holder may have flexibility to shift money among funds. These investments involve more risk than fixed annuities, but may offer greater returns.

## Pay Outs

In both fixed and variable annuities, the manner of payment is a major consideration. Some annuities pay only during your lifetime; at your death, the company keeps the remaining money. Others pay out during your lifetime and continue to make payments to your spouse or beneficiary for life. Still others pay during your lifetime and continue to pay what you would have received to your spouse or beneficiary for a stated period.

## Financial Objectives

As noted, annuities, especially fixed annuities, are conservative investments. If you want to place your savings into the hands of professional money managers and know precisely what your rate of return will be, then fixed annuities may be an appropriate investment choice for you. If you are willing to incur a greater degree of risk for a possibly greater return on your investment, then a variable annuity may be an appropriate investment for you.

## Questions to Ask – Annuities

The best way to completely understand the annuity you are considering is to read the contract carefully or to have someone you trust review it for you. In any case, there are questions you should ask a salesperson offering an annuity. Questions you might ask include the following:

- How long has the company been in business?
- What are the current credit ratings for the company?
- May a participant combine both fixed and variable annuities under the same contract?
- What is the interest crediting policy for fixed accounts?
- How often can the current interest rate change?
- If I had invested x amount of money in this fund five years ago, what would my account be worth today?
- What happens to my annuity if I die or become disabled?
- What kind of reports will I receive on the value of my account?
- Is it possible to roll or transfer my monies to another tax-deferred investment company prior to receiving my payout? What costs are involved?
- Are there penalties or fees for transferring or withdrawing my funds?

These are general questions about annuities.

For other specific questions, see the sections on Withdrawals, Loans, Sales and Management Fees.

or other questions, consult with your tax or financial advisor.

# Mutual Funds

Mutual funds invest money that has been pooled from many sources—individuals and groups. When you invest in a mutual fund, you are buying shares in the pooled assets of that fund. As the value of the fund rises or falls, the value of your shares of the fund rises or falls.

The several hundred mutual funds operating in the United States invest their assets in many different ways - in common stocks, corporate and domestic bonds, U.S. Treasury bills, certificates of deposit, and various other vehicles. Some mutual funds concentrate on one type of investment vehicle exclusively, such as common stocks; some concentrate on stocks within certain industries or sectors. Other mutual funds maintain diversified portfolios that represent a combination of stocks, stocks and bonds, and other investments that meet the goal of the fund.

Mutual funds choose their investments according to their investment objectives. A major difference between one mutual fund and another (apart from actual performance) is their investment objectives. When you consider investing in a mutual fund, you should know the fund's investment objectives to be sure they are consistent with your own.

## Financial and Investment Objectives

Mutual funds can be described in terms of the risks they take to achieve financial gains. At the lower end of the risk (the amount that returns vary - up or down) potential are funds that invest in, for example, U.S. Treasury bills, certificates of deposit, corporate notes, and money market funds. These funds offer no fixed rate of return themselves, but invest in vehicles that do offer fixed rates of return. If your financial objectives involve putting your money into the hands of professional money managers and incurring relatively low market risk to gain a competitive interest earnings rate, mutual funds that state their investment objectives and strategy in these terms may be attractive to you.

At the higher end of the risk spectrum are aggressive funds that strive for high performance and returns through vehicles that bear higher risk, for example, stocks with above-average growth potential. Aggressive funds can experience sharp ups and downs from one year to another as they attempt to maximize gains over the long term. If you are willing to incur substantial market risk for the possibility of better-than-average gains over the long term, you may want to invest in a mutual fund that describes itself as aggressive.

Between the conservative and aggressive mutual funds are funds with varying degrees of risk and return and moderate objectives - for example, accumulation of long-term capital gains. If you examine the stated objectives of a given mutual fund, you will be able to tell what risk is involved.

## **Diversifying Your Portfolio**

Many investment companies selling mutual funds offer a choice of funds that range from conservative to aggressive. This gives you the option of dividing your contributions among funds to balance your own investment risk - a concept called asset allocation. Or you may diversify your investments by more than one investment company to blend different funds with different objectives and investment strategies.

## **Questions to Ask - Mutual Funds**

Your choice of mutual funds should be based on a good match between a fund's financial objectives and your own, on historical performance of the fund, and on other information about the organization and management of the mutual fund (e.g., the qualifications and tenure of the fund manager). Much of this information is contained in the fund's Prospectus, which you should review before you sign an agreement. Before selecting a fund or investment company, you may want to ask the following questions:

- What are the financial objectives of the fund?
- What types of investments is the company authorized to make?
- What kind of risk is associated with investing in this fund?
- How has this mutual fund performed over the last ten years, year by year?
- How long has the company been in business?
- If I had invested x amount of money in this fund ten years ago, what would my account be worth today?
- What happens to my account if I die or become disabled?
- What kinds of reports will I receive on the value of my account?
- May I invest in more than one fund at a time?
- Is it possible to rollover or transfer my money to another tax-deferred investment company prior to receiving my payout? What costs are involved in rollovers and transfers?

These are general questions about mutual funds.

For other specific questions, see the sections on Withdrawals, Loans, Sales and Management Fees.

## Section 3

# TDI Program Provisions

The contract with your selected investment company outlines your rights and obligations as a participant in the Tax-Deferred Investment program. Contract provisions may vary from company to company as long as they comply with Internal Revenue Code, tax law, and the company's participation agreement with the Oregon University System. The TDI program offers, generally, the features of a 403(b) program, as described below.

Where this Guide varies from Internal Revenue Code, state and federal tax laws, or participant contracts, those documents prevail. Provisions noted in this Guide are subject to change to comply with law and as directed by the Oregon State Board of Higher Education.

## 403(b) Plans: General Rules

### Tax Treatment

OUS and its employees cannot advise you about the tax treatment of your TDI account. This Guide states only general rules, and tax rules are subject to periodic changes. For reliable tax information you should consult your tax advisor.

The income you defer as TDI contributions is subject to Social Security and Medicare taxes (FICA). Those taxes are withheld on your full compensation, before your payroll deduction to the TDI is made. Therefore, participation in the TDI program will not affect your Social Security or Medicare benefits.

Participation in the TDI program does not affect the calculation of your retirement benefits from other retirement programs, including the employer-provided Optional Retirement Plan and PERS. These retirement plans, as well as the Retirement Savings Growth Plan, calculate your benefit using your gross income, which includes your tax-deferred contributions to TDI program investments.

### “Saver’s Credit” for Mid-to-Low Income Investors

TDI participants with income less than \$25,000 (\$50,000 for joint filers) may be eligible for a tax credit. The Savers Credit provides up to a \$1,000 tax credit for middle to low income participants using an employer's retirement savings plan. This credit is in addition to the tax deferral advantage provided by the TDI program. The credit is indexed for inflation beginning in 2007. If you may qualify for the credit, information is available through any tax counselor, your TDI investment company, or the Internal Revenue Service.

# Elective Deferral Limits

Internal Revenue Code (IRC) places limitations on the amount that you may invest through the TDI program on a tax-deferred basis. In accord with your directions on the Salary Reduction Agreement (SRA), OUS transmits your deferred salary to the retirement investment company(ies) you select. These employer payments are called "elective deferrals" because you choose to set aside part of your pay, and tax on that part of your pay is delayed (deferred) until it is distributed to you. Maximum contribution limits are based on your includable compensation, which includes salary, bonuses and other wages received during a calendar year. Generally, your maximum contribution in any tax year is limited to the smaller of:

- a limit on your elective deferrals
- a limit on the total employer contributions OUS may make for you annually

## Employee's Elective Deferral Limits

Participants are responsible, in conjunction with their investment adviser(s) or company(ies), to determine their maximum permissible deferrals annually. If the total you defer for a tax year exceeds the limits contained in IRC 402(g) and other tax law related to this IRC 403(b) program, you must include the excess in your gross income for that year on Form 1040.

Your allowed elective deferral (salary reduction amount) may be adjusted for cost of living and announced by the IRS in years after 2007. In addition, two special catch-up provisions permit eligible participants to increase their deferrals even further.

### General Limit

IRC 402(g)	Year	Maximum Deferral
	2005	\$14,000
	2006	\$15,000
	2007	\$15,500

### Age 50-Plus Catch-Up Election

#### IRC 414(v)

Beginning in 2002, individuals age 50 and older who already made the maximum allowable deferral in the tax year may make an additional pre-tax catch-up contribution. The maximum catch-up contribution is the lesser of the participant's compensation, less any other elective deferrals for the year, or the dollar amounts shown below. This catch-up is not limited by any other contribution limit.

Year	Additional Deferral
2005	\$4,000
2006	\$5,000
2007	\$5,000

## **15 Year Service Catch-Up Election**

### **IRC 402(g)(7)**

If you have 15 years of service or more with OUS, and have deferred less than \$5,000 per year over that period, you may increase your deferral. By making this election you may defer up to an additional \$3,000 per year, to a lifetime total of \$15,000.

## **Monitor Total Deferrals to Avoid Tax Penalties**

If you contribute any amount in excess of the described Internal Revenue Code limits, you are responsible for taxes and penalties on the excess amount. OUS strongly suggests that you work with a tax consultant if you plan to maximize your deferrals to the extent that they begin to approach any of the described limits.

# **Distributions**

When you leave OUS employment, the money in your TDI account(s) can be handled in various ways, depending on your circumstances at the time you leave, the provisions of your TDI contract, and current IRS regulations. Some of the options that may be available are the following:

- You may begin to receive annuity benefits or withdraw funds according to the provisions of your investment contract. A 10% tax withholding is applied to distributions taken before age 59½ . If you retire, however, you may take a penalty-free distribution between ages 55 and 59 ½ .
- You may leave funds in your account and continue to participate in the investment results according to the provisions of your contract.
- You may roll TDI money into an IRA, the Optional Retirement Plan, or the Oregon Savings Program, or another 401(a) or 457 plan, subject to approval by those plans.
- If you become employed by another organization with a 403(b) plan like the TDI program, you may be able to transfer your money to that plan.

Your tax or financial adviser will be able to help you determine the best option for your circumstances. For information about rollovers to other plans, contact the receiving company first to verify that a rollover will be accepted.

# Changing Deferrals or Investments

Your Salary Reduction Agreement (SRA) may be changed at any time of the year. There are no open enrollment periods. However, no more than one SRA may be in effect at any one time, and the most recent SRA replaces all prior instructions to OUS.

## Increase or Decrease the Amount of Your Salary Reduction

1. Contact your investment company's representative for help to complete a new OUS Salary Reduction Agreement. The SRA form is available from your campus benefits office and on the TDI web page at [http://www.ous.edu/dept/hr/files/SRA\\_2006-07.pdf](http://www.ous.edu/dept/hr/files/SRA_2006-07.pdf).
2. Complete the SRA and make a copy for your records.
3. Send the new SRA to your campus benefits office (listed on the bottom of the SRA).

## Change Investment Company

1. Contact your new investment company's representative to the TDI program.
2. The company representative will help you complete the company's application forms and an SRA. You need to stop the prior salary reduction and start a salary reduction for the new company and/or investments. You may also keep your current plan(s) and add a new investment or company on the same SRA, but you must record all information on the new form.
3. Send the companies' application forms to the company(ies).
4. Complete a new SRA, make a copy for your records, and send the original to your campus benefits office. Your change will be printed on your earnings statement in the month the change is effective.

## Terminate a Contract

1. An employee may terminate participation with an investment company or in the TDI program at any time. Termination does not mean withdrawal of funds, but stops salary deferrals from being transmitted by OUS to the investment company(ies).
2. Contact your benefits office or print an SRA from the webpage at [http://www.ous.edu/dept/hr/files/SRA\\_2006-07.pdf](http://www.ous.edu/dept/hr/files/SRA_2006-07.pdf).
3. Complete the SRA, noting a "\$0" amount for the next month's deferral and checking the "Discontinue contributions" box, make a records copy for yourself, and send the completed SRA with our original signature to your campus benefits office.

## When Changes Become Effective

All Salary Reduction Agreement forms must reach the Controller's Division by the 10th of the month in which you wish to cancel participation in the program. Forms received after the 10th of the month will be effective the following month. Check your earnings statement to verify when your changes have been completed.

## Loans

Some annuity contracts provide loan options. If you wish to borrow money from your TDI account, you will have to seek out an annuity plan that offers loans. Among the questions you may wish to ask the company's representative are:

- Under what conditions may I borrow from my account?
- What costs are involved in borrowing money from my account?

## Rollovers

Beginning in 2002, rollovers to the Oregon Savings Growth Plan (IRC 457 plan), the Optional Retirement Plan (IRC 401(a) plan), and qualified IRAs are permitted, subject to approval by the receiving plans. Investment companies approved to offer 403(b) investment products through the TDI program may accept rollovers, but are not required to do so as a condition of participation in the Tax-Deferred Investment program. Investment companies may receive rollovers from qualified IRAs, 401(a), 403(B), and 457 plans.

Participants receiving distributions from other 403(b) and 457 plans, as well as qualified IRAs, as Qualified Domestic Relations Orders (QDROs) may receive rollover treatment for funds so received subject to the rules of the receiving company.

## Minimum Distributions

Distributions must begin April 1 of the calendar year following the year in which you achieve age 70 ½ or retire (if you retire after age 70 ½). Penalties are applied if you do not begin your distribution according to these rules.

## Section 4

# Managing Your Account

The Tax-Deferred Investment program provides a range of investment options, and allows you to manage your relationship with the investment companies you select. When considering an investment company or vehicle for your retirement savings, it is as important to think forward to the day you may want to transfer or withdraw your investments as it is to find a company with an investment style that suits you. This guide provides sample questions you should ask about moving your money before you invest.

### Transfers

The performance and goals of the plans you initially select, and your personal circumstances, may change over time. You may at some future time wish to transfer from one company to another, or from one fund or account to another within the same investment company.

### Transferring From One Company to Another Company

When you consider transferring your funds from one company to another, you should keep in mind the following:

- You should ask your investment company representative from which you want to transfer your funds if there will be any restrictions or fees involved. Many companies charge fees when you transfer your account.
- There are no federal tax consequences to most transfers as long as you follow prescribed procedures. Check with both the "sending" and "receiving" company about their procedures. In this matter and any others relating to taxes you should consult a tax adviser as well.

### Transferring Accounts Within a Company

Each investment company has its own rules for transferring funds among its different investment vehicles. Sometimes, fees are charged for transfers. You can determine the transfers rules for a plan before you invest in it by reading the company's materials or, if there is a salesperson, by asking questions. Among the questions you may wish to ask are the following:

- What is the procedure for transferring funds from one investment option to another?
- How often may I transfer among investment options?
- Do transfers involve any fees?
- Are the rules for future contributions the same as those for money already invested?

## Withdrawals

As with transfers, investment companies vary greatly in the handling of withdrawals. You should carefully review the withdrawal provisions of the contracts before selecting an option. Discuss tax consequences of withdrawing funds with your tax adviser if you are unsure what effect a withdrawal would have on your tax status. Generally, withdrawals before age 59 ½ are assessed a 20% income tax withholding and a 10% early withdrawal penalty. Exceptions to the 10% penalty exist for withdrawals due to disability, medical expenses, alternate payees and beneficiaries, and retirement at age 55, among other reasons.

Among the questions you may wish to ask a salesperson are:

- What are the early withdrawal restrictions?
- Is there a contingent deferred sales charge associated with that this investment, and if so, when does it expire?
- Will this investment be subject to a market value adjustment if I withdraw or transfer the funds in it? If so, when would this requirement expire?
- If I am allowed to withdraw my money, will there be a penalty?
- What fees are involved in withdrawing money from my account?
- What options are available to a participant upon retirement?
- Are there any specific charges associated with a lump sum withdrawal of my account balance if I choose to do that rather than to annuitize my distribution?

# Sales and Management Fees

Several companies are available through the OUS Tax-Deferred Investment program. OUS does not advise you regarding the merits of any company, but as part of your own evaluation efforts, you should consider fees charged by the companies.

Some companies provide information and materials but do not employ sales representatives. Some companies have sales representatives who represent the company exclusively. Some of the companies are represented by brokers who do not work for the companies. It is a good idea to know the relationship of the salesperson to the company you are considering.

## Annuities

If you are speaking to an annuity salesperson, you may wish to ask the following questions:

- What is your relationship to the company selling the annuity?
- What percentage of my contributions will be paid as sales commissions?
- Will I pay a commission rate for only the first year or in future years too? If there will be fees in the future, what will they be?
- Does this annuity offer a death benefit and what would it cost?
- Does this variable annuity offer any guarantee I will receive at least the amount I contributed, regardless of investment returns over time?
- How often are interest rates changed on the fixed annuity I am considering?
- Are there any management fees? How much are they? Is the rate the same each year?
- If I contribute \$100 a month for the next 10 years, how much of that money will I have paid in commissions and management fees at the end of that time?
- How much would I pay in expenses for this investment if I transferred \$10,000 into this investment and held it for one year?

## Mutual Funds

Mutual funds are divided into "load" (commission) and "no-load" (no commission) funds. Load funds typically are sold by an investment company's sales force or brokers. No-load funds may require that you seek out information about the funds on your own since there will be no salesperson. A few companies have both load and no-load products. You will probably pay management fees on either a load or no-load fund.

When you speak to the salesperson representing a load fund, you may wish to ask the following questions:

- What is your relationship to the mutual fund you represent?
- How much is the load on the fund?
- How much is the management fee?

- What is the fund's performance net of expenses, over the last year, the last three years, and since the funds' inception?
- How much would I pay in expenses for this fund, if I transferred \$10,000 into this investment fund and held it one year?
- Have there been significant changes in the fund's management objectives in the last 3-5 years that have a potential to change the historical performance of the fund?

## Section 5

# Enrollment Instructions

Setting up a TDI account is a two-part process. You need to send your completed application form to the investment company(ies) you have selected. Then, a Salary Reduction Agreement (SRA) is sent to the Controller's Division to instruct OUS where to send your deferral.

You must choose your investment(s) with your TDI company, return the application to the company, and obtain an account verification before filling out the SRA. If you complete the SRA without opening an account, your TDI cannot be processed. Investment companies are required to return your money if they have no application on file for you.

The SRA authorizes OUS to reduce your salary on a monthly basis by the amount you specify and to send that money to the company(ies) with whom you have opened a TDI account. The SRA form is available from your company representative or your campus benefits office or printable at [http://www.ous.edu/dept/hr/files/SRA\\_2006-07.pdf](http://www.ous.edu/dept/hr/files/SRA_2006-07.pdf).

You must name the company(ies) designated to receive your deferred wages from OUS.

The minimum amount you may contribute is \$25 per month; the maximum contribution is an annual amount, divided into monthly fixed dollar or percentage of salary amounts, described in Section 3 of this guide.

To enroll in the TDI program, you must:

1. Open an account with an approved company offering TDI investments. Refer to the OUS Tax-Deferred Investment Program vendor list. Approved vendors periodically change, so you should consult the list posted at <http://www.ous.edu/dept/hr/files/TDI-ANNOUNC-LTR2007.pdf>
2. Return the company application form(s) directly to the company(ies) you have selected.
3. Complete an OUS Salary Reduction Agreement (SRA) and make a copy for your records.
4. Submit your completed SRA to your campus benefits office, shown at the bottom of the form.

Your completed SRA must be received by the OUS Controller's Division by the 10th day of the month in which you wish your deferrals to begin. For example, if you want your TDI contribution to be deducted from your salary starting with your March paycheck, you must submit your completed SRA to your campus benefits office in time for it to be received by the Controller's Division by March 10th.

# Salary Reduction Agreement

## Employee Information

Be sure to provide all necessary information, including your name, mailing address, Social Security number, birthdate, and the effective date of your deferral. The effective date is the month in which you want your salary deferral to begin.

## Elective Deferral Amounts - IRC402(g)

The maximum amount you may defer in a calendar year is called the General Limit (IRC 402(g)) and is shown on the back of the SRA form. Enter the total dollar amount you wish to defer in the calendar year, beginning on your effective date, on the line labeled "A. \_\_\_ General Limit."

**If you participate for less than a full calendar year due to enrolling later than January or stopping participation before December, you will need to submit a new SRA in the next year to request a full year maximum contribution.**

## Special Elections

You may defer more than the IRC 402(g) General Limit if you are age 50 or older, or if you have at least 15 years of service with OUS. Special elections are permitted only after you exceed the General Limit. You must meet the maximum deferral under the the IRC 414(v) Age 50 Catch-Up Election before you request the IRC 402(g)(7) Service Catch-Up Election.

### 50-Plus Catch Up Election

IRC414(v)

Refer to the current calendar year's deferral limit on the SRA instructions to determine how much you may defer in addition to the General Limit. Write the total amount you wish to defer in the current calendar year on line "B. \_\_\_ Catch-Up for Age 50+."

**You must submit a new SRA, to take advantage of the increased contributions permitted annually for participants age 50 and older. Until you change your SRA, the amount you indicate on the most recent form applies.**

### Service Catch-Up Election

IRC 402(g)(7)

The table on the back of the SRA shows the simplest service catch-up limit. However, you must use the calculation that yields the lesser of the three methods.

If you have participated in the TDI program in previous years, the catch-up limit is based on your prior years of service and your prior contributions. **To calculate the correct service catch-up, contact your investment company representative or financial adviser.**

Enter the maximum service catch-up amount you wish to defer on line "C. \_\_\_ Catch -up with 15 year s of Full Time Service."

The amount you indicate for a Service Catch-Up election is used only in the year of the effective date on your most recent SRA. **You must submit a new SRA to request a Service Catch-Up in a following year.**

## **Salary Reduction Directions Table**

This section shows your monthly deduction. List all companies, even if NOT changed from a previous SRA.

1. List your investment company(ies) in the table.
2. Decide if you want your deduction to be a fixed dollar amount or a percentage. Add the dollars (\$) shown in lines A, B, and C. The Total Annual Salary Reduction is the full amount, from all three elections combined, that you authorize OUS to deduct from your salary until the end of the calendar year.
3. Show the monthly dollars or percentage of your Total Annual Salary Reduction to be deducted for each investment company.

## **Certification**

Sign and date your form. Write in your campus, and the name and address of the person (if any) who helped you complete the SRA form.

Make a photocopy of your completed SRA, and send the original to your campus benefits office listed on the SRA.

## Section 6

# Resources and Contact Information

### TDI 403(b) Investment Companies\*

For Information On	Call	Web <a href="http://www.">http://www.</a>
The American Funds	(800) 441-7291	<a href="http://www.edwardjones.com">edwardjones.com</a>
Ameriprise (IDS /American Express )	(541) 757-7102	<a href="http://www.americanexpress.com">americanexpress.com</a>
AIG VALIC	(866) 211-9686	<a href="http://www.aigvalic.com">aigvalic.com</a>
Calvert Funds	(800) 537-1036	<a href="http://www.calvertgroup.com">calvertgroup.com</a>
DWS Scudder	(800) 541-7705	<a href="http://www.university.dws-scuuder.com">university.dws-scuuder.com</a>
Fidelity Investments	(800) 343-0860	<a href="http://www.fidelity.com">fidelity.com</a>
First Investor's Corporation	(800) 394-6620	<a href="http://www.firstinvestors.com">firstinvestors.com</a>
ING (AETNA)	(800) 835-9966	<a href="http://www.aetnafinancial.com">aetnafinancial.com</a>
ING Retirement Plans (Northern Life)	(877) 844-5050	<a href="http://www.northernlifetsa.com">northernlifetsa.com</a>
Lincoln National/Lincoln Cascades	(800) 348-1212	<a href="http://www.lincolnlife.com">lincolnlife.com</a>
Metlife (Travelers' /Copeland/CitiStreet )	(888) 255-3307	<a href="http://www.metlife.com">metlife.com</a>
Nationwide Life Insurance Company	(800) 848-6331	<a href="http://www.nationwide.com">nationwide.com</a>
New York Life and Annuity Company	(800) 637-9196	<a href="http://www.finchamcompany.com">finchamcompany.com</a>
Standard Life Insurance Company	(800) 368-7505	<a href="http://www.standard.com">standard.com</a>
TIAA-CREF, online code OR2179	(888) 842-5350	<a href="http://www.tiaa-cref.org">tiaa-cref.org</a>
Waddell & Reed, Inc.	(800) 683-5575	<a href="http://www.waddell.com">waddell.com</a>

\*January 2007

### Campus Benefits Offices

Contact your Benefits Officer for general information about the Tax-Deferred Investment program and enrollment materials.

<b>Eastern Oregon University</b>	Tracy Wyllie: (541) 962-3033
<b>Southern Oregon University</b>	Barb Marah: (541) 552-8508
<b>Portland State University</b>	Joanne Clancy: (503) 725-3749
<b>University of Oregon</b>	Ernie Pressman: (541) 346-2967
<b>Oregon Institute of Technology</b>	Sandy Setters: (541) 885-1028
<b>Western Oregon University</b>	Alice Sprague: (503) 838-8139
<b>Oregon State University</b>	Pam Broadus: (541) 737-2806

# Notes

Some TDI investment companies also offer investments under the OUS Optional Retirement Plan. These companies can serve you better if you tell them your call is in reference to the 403(b) Tax-Deferred Investment Program.

## **Important Note About Americans with Disabilities Act**

In accordance with the *Americans with Disabilities Act*, if you need an accommodation to attend any employee meetings, or if you need to receive this booklet in an alternative form, please call (541) 346-5766.

Prior to 1998, the Oregon University System (OUS) was known as the Oregon State System of Higher Education (OSSHE). Some companies may list this program as the OSSHE Optional Retirement Program.