

## for 403(b) Plan and 457(b) Deferred Compensation Plan

The 403(b) and 457(b) Plans are valuable retirement savings options available through Henry Ford College, MI. This notice provides a brief explanation of the provisions, policies and rules that govern the 403(b) and 457(b) Plans.

Plan administration services for the 403(b) and 457(b) plans are provided by TSA Consulting Group, Inc. (TSACG). Visit the TSACG website ([tsacg.com](http://tsacg.com)) for information about enrollment in the plan, investment product providers available, distributions, exchanges or transfers, 403(b) and/or 457(b) loans, and rollovers.

### Eligibility

All Employees, except student workers, are eligible to participate in the 403(b) plans as soon as they are hired. Employees may make voluntary elective deferrals to the 403(b) plan. Participants are fully vested in their contributions and earnings at all times

### Employee Contributions

#### Traditional 403(b) and 457(b)

Upon enrollment, participants designate a portion of their salary that they wish to contribute to their traditional 403(b) and/or 457(b) account(s) up to their maximum annual contribution amount on a pre-tax basis, thus reducing the participant's taxable income. Contributions to the participant's 403(b) or 457(b) accounts are made from income paid through the employer's payroll system. Taxes on contributions and any earnings are deferred until the participant withdraws their funds.

#### Roth 403(b)

Contributions made to a Roth 403(b) account are after-tax deductions from your paycheck. Income taxes are not reduced by contributions you make to your account. All qualified distributions from Roth 403(b) accounts are tax-free. Any earnings on your deposits are not taxed as long as they remain in your account for five years from the date that your first Roth contribution was made. Distributions may be taken if you are 59½ (subject to plan document provisions) or at separation from service.

The Internal Revenue Service regulations limit the amount participants may contribute annually to tax-advantaged retirement plans and imposes substantial penalties for violating contribution limits. TSACG monitors 403(b) plan contributions and notifies the employer in the event of an excess contribution.

### **The 2015 Basic Contribution Limit for each plan is \$18,000.**

Additional provision allowed if selected by the employer:

#### **The Service-Based Catch Up Amount**

The 403(b) special catch-up provision allows participants to make additional contributions of up to \$3,000 to the 403(b) account if, as of the preceding calendar year, the participant has completed 15 or more full years of employment with the current employer, not averaged over \$5,000 per year in annual contributions, and has not utilized catch-up contributions in excess of the aggregate of \$15,000. For a detailed explanation of this provision, please visit <https://www.tsacg.com>.

#### **Age-Based Amount**

Participants who are age 50 or older any time during the year qualify to make an additional contribution of up to \$6,000 to the 403(b) and/or 457(b) accounts.

#### **Enrollment**

Employees who wish to enroll in the 403(b) and/or 457(b) plan must first select the provider and investment product best suited for their account. Upon establishment of the account with the selected provider, a "Salary Reduction Agreement" (SRA) form and/or a deferred compensation enrollment form and any disclosure forms must be completed and submitted to the employer. These forms authorize the employer to withhold 403(b) and/or 457(b) contributions from the employee's pay and send those funds to the Investment Provider on their behalf. A SRA form and/or a deferred compensation enrollment form must be completed to start, stop or modify contributions to 403(b) and/or 457(b) accounts. Please note: The total annual amount of a participant's contributions must not exceed the Maximum Allowable Contribution (MAC) calculation. For convenience, a MAC calculator is available on the Internet at [www.tsacg.com](http://www.tsacg.com).



## Investment Provider Information

A current list of authorized 403(b) and 457(b) Investment Providers and current employer forms are available on the employer's specific Web page at [www.tsacg.com](http://www.tsacg.com).

## Plan Distribution Transactions

Distribution transactions may include any of the following depending on the employer's Plan Document: loans, transfers, rollovers, exchanges, hardships, unforeseen financial emergency withdrawals or distributions. Participants may request these distributions by completing the necessary forms obtained from the provider and plan administrator as required. All completed forms should be submitted to the plan administrator for processing.

## 403(b) and 457(b) Plan Loans

Participants may be eligible to borrow their 403(b) and/or 457(b) plan accumulations depending on the provisions of their 403(b) and/or 457(b) account contract and provisions of the employer plan. If loans are available, they are generally granted for a term of five years or less (general-purpose loans). Loans taken to purchase a principal residence can extend the term beyond five years depending on the provisions of their 403(b) and/or 457(b) account contract and provisions of the employer. Details and terms of the loan are established by the provider. Participants must repay their loans through monthly payments as directed by the provider. Prior to taking a loan, participants should consult a tax advisor.

## Plan-to-plan Transfers

A plan-to-plan transfer is defined as the movement of a 403(b) and/or 457(b) account from a previous plan sponsor's plan and retaining the same account with the authorized investment provider under the new plan sponsor's plan.

## Rollovers

Participants may move funds from one qualified plan account, i.e. 403(b) account, 401(k) account or an IRA, to another qualified plan account at age 59½ or when separated from service. Rollovers do not create a taxable event.

## Distributions

Retirement plan distributions are restricted by IRS regulations. A participant may not take a distribution of 403(b) plan accumulations without penalty unless they have attained age 59½ or separated from service in the year in which they turn 55 or older. Generally, a distribution cannot be made from a 457(b) account until you have a severance from employment, reach age 70½, or are deceased. In most cases, any withdrawals made from a 403(b) or 457(b) account are taxable in full as ordinary income.

## Exchanges

Within each plan, participants may exchange account accumulations from one investment provider to another investment provider that is authorized under the same plan; however, there may be limitations affecting exchanges, and participants should be aware of any charges or penalties that may exist in individual investment contracts prior to exchange. Exchanges can only be made from one 457(b) plan to another 457(b) plan, or from one 403(b) plan to another 403(b) plan.

## Hardship Withdrawals

Participants may be able to take a hardship withdrawal in the event of an immediate and heavy financial need. According to IRS Safe Harbor regulations, to be eligible for a hardship withdrawal, a participant must have exhausted all other available financial resources. The eligibility requirements to receive a Hardship withdrawal are provided on the Hardship Withdrawal Disclosure form at [www.tsacg.com](http://www.tsacg.com). After receiving a hardship withdrawal, the participant may not make voluntary contributions to any employer sponsored retirement plan for a period of six months.

## Unforeseen Financial Emergency Withdrawal

You may be able to take a withdrawal from your 457(b) account in the event of an unforeseen financial emergency. An unforeseeable emergency is defined as a severe financial hardship of the participant or beneficiary. The eligibility requirements to receive a Unforeseen Financial Emergency Withdrawal are provided on the Unforeseen Financial Emergency Withdrawal Disclosure form at [www.tsacg.com](http://www.tsacg.com).

## Employee Information Statement

Participants in defined contribution plans are responsible for determining which, if any, investment vehicles best serve their retirement objectives. The 403(b) and 457(b) plan assets are invested solely in accordance with the participant's instructions. The participant should periodically review whether his/her objectives are being met, and if the objectives have changed, the participant should make the appropriate changes. Careful planning with a tax advisor or financial planner may help to ensure that the supplemental retirement savings plan meets the participant's objectives.



## TSA Consulting Group

Website: [www.tsacg.com](http://www.tsacg.com)

### Plan Administrator Contact Information

#### Transactions

P.O. Box 4037  
Ft. Walton Beach, FL 32549  
Toll-free: 1-888-796-3786  
Toll-free fax: 1-866-908-7582

#### For overnight deliveries

73 Eglin Parkway NE  
Suite 302  
Ft. Walton Beach, FL 32548  
Toll-free: 1-888-796-3786  
Toll-free fax: 1-866-741-0645