Important Information Regarding Your Retirement Savings

BALL STATE UNIVERSITY **2024 PLAN HIGHLIGHTS**

WHAT IS A 403(b) and 457(b) PLAN?

403(b) and 457(b) plans are tax-deferred retirement plans for employees of certain tax-exempt, governmental organizations or public education institutions. An employer may sponsor 403(b) and 457(b) plans to provide a benefit to its employees to save for retirement on a tax-deferred basis. Contributing to a 403 (b) or 457(b) plan may help to give you peace of mind through financial security during your retirement. Participation in the 403(b) or 457 (b) plan sponsored by the University is completely voluntary. You may contribute a portion of your pay to the 403(b) and 457(b) plans as a pre-tax contribution or an after-tax (Roth) contribution in order to save toward your retirement. If you are already contributing to the 403(b) or a 457(b) plan, now may be the perfect time to think about increasing your contributions.

WHO IS ELIGIBLE TO CONTRIBUTE TO A 403(b) and 457(b) PLAN?

All University employees and student employees are eligible to participate in the University's 403(b) and 457(b) plans.

WHAT ARE THE BENEFITS OF CONTRIBUTING TO A 403(b) and 457(b) PLAN?

LOWER YOUR TAXES

You may make pre-tax contributions to the 403(b) and 457(b) plans. This means that you are taxed on a lower amount of income. For example, if your federal marginal income tax rate is 25%, and if you contribute $100 a month to the 403(b) and/or 457(b) plan, you have reduced your federal income taxes by nearly $25. In effect, your $100 contribution costs you only $75. You will realize similar tax savings based on your state income tax rate. The tax savings can grow with the size of your contributions to the plans.

TAX-DEFERRED GROWTH

Interest and earnings on your contributions to the 403(b) and 457(b) plans grow tax-free until you withdraw them from the plan. The compounding interest on your contributions to the 403(b) and 457(b) plans can allow your account to grow more quickly than saving money in a savings account where interest and earnings are generally taxed each year.

TAKING THE INITIATIVE

Contributing to the 403(b) and 457(b) plans can help you take control of your future retirement needs. Other sources of retirement income, including state pension plans and, if applicable, Social Security, often do not adequately replace a person's salary upon retirement. The 403(b) and 457(b) plans can be a great way to provide you with additional income at retirement.

ROTH OPTION

You may also choose to contribute a portion of your pay to the 403(b) and/or 457(b) plan on an after-tax (Roth) basis. If you wait at least five years before taking a distribution of your after-tax (Roth) account and meet certain other requirements, you can request a distribution of your entire account tax-free.

HOW MUCH CAN YOU CONTRIBUTE TO A 403(b) and 457(b) PLAN?

You may elect to contribute up to $23,000 of your pay to the 403(b) and also the 457(b) plan in 2024. If you are age 50 or older, or will attain age 50 by the end of the calendar year, you may also elect to contribute up to an additional $7,500 of your pay to the 403(b) and/or 457(b) plans in 2024.

HOW TO ENROLL IN THE PLANS

If you already have a Fidelity account:
Login to Fidelity in order to choose your contribution percentage, investment options, and beneficiary elections.

If you do not have a Fidelity account:
A login may be created and an account may be opened at Fidelity (403(b) TDA plan # 89928 or 457(b) plan # 71146) then you may choose a contribution percentage, investment options, and beneficiary elections.

New elections and changes to existing contribution rates may be made at any time by logging into your Fidelity account. Changes in contribution rates generally take one to two paychecks to take effect.

INVESTMENT CHOICES

You can view a comprehensive listing of the investment options offered under the plans by logging into your Fidelity account.

DISTRIBUTIONS FROM THE PLAN

You or your beneficiary can take a distribution from the 403(b) and 457(b) plans at the earlier of:

1. Retirement
2. Total disability
3. Death of participant
4. Termination of employment
5. Attainment of age 59 ½

LOANS (403(b) Plan only)

No loans shall be permitted from investment arrangements held by former vendors. Loans are limited to one at a time. You may borrow up to ½ of your balance up to a maximum of $50,000. Contact your investment provider for more information.

GENERAL PLAN INFORMATION

To obtain additional information about the 403(b) and 457(b) plans, please contact the Employee Benefits office at (765) 285-1834 or humanresources@bsu.edu.

Plan Name:

Ball State University Tax Deferred Account Plan - 403(b)

Ball State University 457(b) Deferred Compensation Plan

Plan Administrator:

Ball State University

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