Universal Availability Notice

Southern Illinois University Carbondale - 403(b) & 457(b) Plans

This notice contains some general information related to SIUC's Supplemental Retirement 403(b) Plans and Deferred Compensation 457(b) Plans. The Plans are a supplement to the State Universities Retirement System (SURS) pension. Go to the HR Benefits webpage for more detailed information, a copy of the Plan Documents, and enrollment directions.

What is the 403(b) Plan?

The Supplemental Retirement 403(b) Plan is a tax-deferred retirement plan designed for employees of public schools and certain other tax-exempt organizations, similar to a 401(k). The Plan allows any SIUC employee, except student employees exempt from FICA, to save and invest for their retirement by voluntarily making contributions through payroll deduction on a pre-tax basis.

Approved Vendors

A list of the current approved vendors under the 403(b) Plan can be found here. You should contact the vendor representative for information about the Plan investment options and services it offers.

Contributions and earnings on those contributions accumulate tax free until distributed from the 403(b) Plan. A participant can receive a distribution from the Plan at termination of employment, death, disability, age 59 ½ or financial hardship. A 10% early withdrawal penalty may apply if a participant requests a distribution before age 59 ½.

What is the Deferred Compensation Retirement Plan 457(b)?

The State of Illinois Deferred Compensation and the SURS Deferred Compensation Plans are supplemental retirement plans for state university employees. Employees may make contributions to the Deferred Compensation Plan through payroll deduction on either a pre-tax or after-tax basis. Deferred Compensation Plan enrollments and changes are effective the following month after election or change.

SURS DC Automatic Enrollment: Eligible employees hired on or after 7/1/2023 are automatically enrolled in the SURS Deferred Compensation plan with a pre-tax deduction of 3%. Employees that are already certified in SURS or previously certified in SURS that are re-employed are not automatically enrolled but may voluntarily enroll. Employees that are automatically enrolled in the SURS Deferred Compensation Plan will have 30 calendar days from their hire date to opt out of the Plan. If the employee does not opt out, enrollment is effective on the first day of the calendar month following the 30th calendar day or as soon as administratively possible thereafter. If the employee is enrolled, they have 90 calendar days to withdraw from the SURS Deferred Compensation Plan and receive a refund of their contributions. Employees can increase, decrease, or discontinue the amount of deferral or change to an after-tax Roth account at any time.

Pre-tax: Contributions and earnings accumulate tax-free until distributed from the Deferred Compensation Plan. A participant can receive a distribution from the Plan at termination of employment, death, or financial hardship. No early withdrawal penalty applies.

After-tax Roth*:* The Roth provision allows employees to make after-tax contributions to their account. Roth contributions provide a different tax advantage for retirement savings compared to traditional before-tax contributions. The balance of Roth contributions and any earnings are not taxed at the time of a qualified distribution.

For more information visit:

- State of Illinois Deferred Compensation Plan.
- State Universities Retirement System Deferred Compensation Plan.

Employees can choose to contribute to both 403(b) and 457(b) plans.

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Contributions

When you enroll in either of the Plans, the amounts you designate as salary deferrals are withheld from your compensation and forwarded to the investment provider of your choice. With pre-tax contributions, both federal and state income taxes are deferred on the contributions and any earnings thereon until distributed from the Plan. Employees can choose to have a percentage of their pay, or a flat dollar amount deducted for either of the Plans. Employees can contribute as little as 1% of their pay or $20.00 per month and can contribute up to the contribution limit for the Plan.

Contribution Limits

Annual contributions to the Plans are limited per IRS regulations. For 2024, the basic limit has increased with a maximum of $ 23,000for both the 403(b) and 457(b) plans. Employees aged 50 or older can elect to defer an additional $7,500 for the year, for a total maximum deferral of $30,500. An employee can contribute up to the limit for each Plan.

Enrollment & Changes to Your Deferral Election

You may begin participating in the 403(b) Plan at any time, as well as increase, decrease, or stop your contributions to the Plan.

- **Employees who first become participants of SURS prior to 7/1/2023 have access to both the CMS 457(b) and the SURS 457(b) plans. You may begin participating at any time, as well as increase, decrease, or stop your contributions to the Plan.**
- **Employees who first become participants of SURS on or after 7/1/2023 and were not making deferrals to the CMS 457(b) plan on 6/30/2023 will only have access to the SURS 457(b) Plan. SURS DC automatic enrollment rules apply.**
- **Employees who first become participants of SURS on or after 7/1/2023 but were making deferrals to the CMS 457(b) plan on 6/30/2023 will have access to both the CMS 457(b) and the SURS 457(b) plans. SURS DC automatic enrollment rules apply, but with the option to increase, decrease, or stop your contributions to the CMS (457)b Plan.**

To enroll in a 403(b) Plan, complete both (1) an approved vendor's application to open an account and (2) a Salary Reduction Agreement (SRA) to elect the contribution amount. Contributions can be a percent of your salary or a flat dollar amount (whole dollars). Your contribution will continue until the SRA is modified or revoked.

457(b) Plan Options:

To enroll or make changes in the CMS 457(b) Plan, please visit www.myillinoisdcplan.com or call 833-969-4532 to open an account, choose your contribution rate, investments, and name your beneficiaries.

To enroll or make changes in the SURS 457(b) Plan, visit surs.org and click the Member Website icon or call 800-613-9543. Select "Enroll in the SURS Deferred Compensation Plan." Follow the instructions to choose your contribution rate, investments, and name your beneficiaries.

Pre-Tax Benefits

Participating in either the 403(b) or 457(b) Plans can provide several benefits, including the following:

Lower taxes today

Your contributions are before income taxes are withheld, which means you're currently taxed on a smaller amount. This can reduce your current income tax bill. For example, if your federal marginal income tax rate is 25% and you contribute $100 a month to a 403(b) plan, you've reduced your federal income taxes by roughly $25. In effect, your $100 contribution costs you only $75. The tax saving increases with the size of your 403(b) contribution.

Tax-deferred growth and compounding interest

In a 403(b) or 457(b) Plan, your interest and earnings accrue tax deferred. That means interest on your interest also grows tax deferred. The compounding interest can allow your account to grow more quickly than saving in a taxable account where interest and earnings are generally taxed each year.

Additional Savings

Contributing to a 403(b) or 457(b) retirement plan can help you take control of your future. These savings will supplement your SURS pension benefit and/or Social Security, if applicable.

After-tax (Roth) Benefits

Unlike before-tax contributions, Roth contributions are made with after-tax dollars, or money on which you've already paid taxes. The amount you contribute is included in the current income reported to the Internal Revenue Service (IRS) and on which you pay taxes. It's important to note that when you make Roth contributions, the amount of take-home pay in your paycheck will be less than when you make before-tax contributions. The good news is that the balance of your Roth contributions and any earnings are not taxed when you take a qualified distribution. The bottom line: You can potentially maximize your spendable income in retirement, even if it means giving up before-tax advantages now.

More information

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