Frequently Asked Questions – Voluntary 403(b) Savings Plan

As an employee, you are eligible to participate in SUNY's Voluntary 403(b) Savings Plan. This program provides a way for you to direct additional savings through payroll deduction. This account is 100% owned by you with flexible options and professional investment advisors available at no additional cost.

This plan provides an opportunity to save for retirement on a Traditional (pre-tax) and Roth (after-tax) basis. With the Traditional (pre-tax) option, all contributions plus any earnings accumulated are tax deferred. No income taxes are paid until you receive distributions from your account.[1] Money invested in the Roth (after-tax) option is taxed when it is deducted from your paycheck and it provides the potential to withdraw earnings on a tax-free basis in retirement with a Qualified Distribution.[2] You may split your 403(b) contributions between the Traditional (pre-tax) and Roth (after-tax) options, although the combination of any such contributions cannot exceed the annual maximum allowed by the IRS.

Additional information is available at **www.suny.edu/benefits/vsp**.

1. Q: How much may I contribute?

A: You choose the amount, within certain limits. You may change your contribution as frequently as you wish. For information on how to enroll, visit http://www.suny.edu/benefits/vsp or see your Human Resources Office.

2024 Limit if under age 50: $23,000

2024 Limit if age 50 or over (by 12/31): $7,500

This plan is set up under Section 403(b) of the Internal Revenue Code. If, through another employer, you contribute to a 403(b) or 401(k) plan, the limit applies to all contributions combined. Contributions to a 457(b) (deferred compensation) plan do not affect contributions to this program.

2. Q: Where can I invest my money?

A: You choose the provider(s) you wish to invest with, and in which of their funds, including stock funds, bond funds and/or guaranteed funds you would like to invest. Contributions are always 100% vested. The following providers are available to you:

- **Corebridge Financial (formerly AIG Retirement Services)**
  1-888-448-2542 or **https://suny.aigrs.com/home**
- **Fidelity Investments**
  1-844-FOR-SUNY (844-367-7869) or **www.netbenefits.com/suny**
- **Teachers Insurance Annuity Association (TIAA)**
  1-866-662-7945 or **www.tiaa.org/suny**
- **Voya Financial**
  1-800-584-6001 or **https://suny.beready2retire.com**

3. Q: What services are available to assist me with my choices?

A: You may select a retirement Target Date Fund for all or a portion of your account, select your own investments under the plan and/or, designate the account to be invested by the Managed Account services available through the investment providers.

4. Q: What types of investments are available to me?

A: A wide variety of equity and bond investments, in addition to guaranteed fixed interest accounts are available. All investment providers offer financial advisors for individual account assistance at no additional cost. Visit **www.suny.edu/retirement/choosinginvestments/** for general investment selection information.

5. **Q: Are loans available under the plan?**

A: Yes. Two outstanding loans are permissible from your Traditional (pre-tax) account balance under the plan, subject to Internal Revenue Code regulations. Generally, up to one-half of your pre-tax account balance or an aggregated maximum of $50,000. Specific information pertaining to loans is available from each investment provider. Loans are not available on Roth (after-tax) account balances.

6. **Q: How do I open an account?**

A: Visit **www.retirementatwork.org/suny** to enroll.

- Sign in then select *Enroll in VSP* under **Save more**. If you have a 403(b) account but you are not currently contributing, select *My retirement* under **Make changes.**
- Enter your contribution amount and check the box if you wish to allocate between Traditional (pre-tax) and/or Roth (after-tax). (Please note: If you elect to contribute a flat dollar amount that exceeds the amount available in your net pay, a partial deduction will be made equal to the amount of net pay available. This will result in a $0 net paycheck.)
- Select the effective date and click *Next.*
- Select your investment provider(s) and click *Next.*
- Once you review and confirm your contributions, you will be asked to open an investment account with each investment provider you have selected or newly selected.

For assistance with Retirement@Work or enrollment, call **1-866-271-0960**. You can also download a step-by-step enrollment guide (**www.TIAA.org/sunyvsp**).

7. **Q: May I convert Traditional (pre-tax) assets to Roth (after-tax)?**

A: Yes, if you are eligible to transfer funds from Traditional (pre-tax) assets to Roth (after-tax). Please note the amount converted is taxable in the year of conversion; there is no tax withholding on the conversion and the election to convert is irrevocable. For participants over age 59 ½, Roth (after-tax) assets must be in existence for at least 5 years in order to be considered tax-free as a "Qualified Distribution."

8. **Q: May I roll money from other plans into this plan?**

A: Yes. If you are eligible to transfer funds from a previous employer's plan or Individual Retirement Account (IRA), you may roll the money into this plan. Contact your investment provider for assistance.

9. **Q: Are there other ways for me to save for retirement through SUNY?**

A: You may also be eligible to participate in the NYS Deferred Compensation Plan (NYSDCP, a section 457 plan) for pre-tax and after-tax savings through payroll deduction (**www.nysdcp.com, 800-422-8463**). Note: Certain community colleges may offer an alternative 457 plan option other than NYSDCP.

Because section 457 plans are set up under a different section of the IRS code than SUNY's 403(b) program, the amount you can contribute and withdraw are separate and distinct. You may choose whether to participate in NYSDCP, SUNY's 403(b) Savings program, or both. Contribution limits do not offset between 403(b) and 457(b) plans, therefore, maximum annual contribution limits apply to each plan separately.

How do Traditional (pre-tax) and Roth (after-tax) compare?

	Traditional (pre-tax) option	Roth (after-tax) option
How do taxes impact my contributions?	Pre-tax contributions accumulate tax deferred. You do not pay federal or state income tax on the contributions when they are made, therefore, no tax withholding applies.	After-tax contributions are eligible to accumulate tax-free however federal and state income taxes apply to the contributions in the year they are made, therefore tax withholding will apply.
When can money be withdrawn?	Pre-tax contributions may be withdrawn upon separation from service, attainment of age 59 1/2, death, disability, or severe financial hardship.	After-tax contributions may be withdrawn upon separation from service, attainment of age 59 1/2, death, disability, or severe financial hardship.
How are my distributions taxed?	Contributions (plus earnings) are taxed at the time you withdraw the funds. Usually this will be during your retirement, when you may be in a lower tax bracket.	Qualified Distributions[2] of contributions and earnings are tax-free, which can help you balance against tax rates that increase over time.
What are the federal tax implications?	Withdrawals are subject to federal income tax. If you are under age 59 1/2, you may be subject to an additional 10% tax.	Distributions available as noted for pre-tax, however, taxes would apply to earnings distributed if not a Qualified Distribution.
What are the state tax implications?	Your liability for state income taxes will depend upon the laws of the state in which you live at the time of withdrawal. Current NYS law excludes the first $20,000 of income aggregated per year from certain pension and annuity programs, including 403(b) savings plans, from taxable income if the recipient is at least age 59 1/2.	Your liability for state income taxes will depend upon the laws of the state in which you live at the time of withdrawal. Qualified Distributions of contributions and earnings are both Federal and NYS income tax-free.

Need help deciding?

Consider a Roth 403(b) contribution if you:	Roth 403(b) contribution benefits:
Are not eligible to make Roth IRA contributions because of high income.	The Roth option does not have adjusted gross income (AGI) limits.
Would like to make Roth contributions greater than the Roth IRA limit.	In 2024, the contribution limit for a 403(b) account ($23,000) is higher than the limit for a Roth IRA ($7,000), letting you increase your after-tax retirement savings.
Feel confident your retirement income needs are met and want to leave a potential tax-free legacy.	Assets may be passed along to your beneficiaries income-tax free.
Would like to help protect retirement assets from potential tax consequences.	Having both pre-tax and after-tax assets in retirement accounts may provide a hedge against the uncertainty of future tax rates.

Is the Roth 403(b) contribution option right for you?

While it's difficult to predict what your future tax situation may be, you'll want to estimate as best as you can, taking into consideration the best choice for your current tax circumstances and how they may change over time. You may want to consult your tax advisor.

If you expect your tax rate during retirement will be:	Your preferred option may be:
Higher than your current rate	Roth (after-tax) contribution option. Since you already paid taxes on Roth contributions, qualified distributions are tax-free.
Lower than your current rate	Traditional (pre-tax) contribution option. While this money is taxable, you expect to benefit by being in a lower tax bracket during retirement.
Same as your current rate	Either or both.

Note: Roth 403(b) contributions are included in your maximum contribution limits, plus any catch-up limits, if applicable.

Individual circumstances will impact the decision on whether to direct retirement contributions to Traditional (pre-tax) or Roth (after-tax) contributions for optimal planning results. There are also important distinctions between Roth IRA's and Roth Retirement Plan features. Please consult with one of the approved investment providers or a qualified tax advisor for any additional assistance with what would be the best savings options for you.

[1] Withdrawals of Traditional (pre-tax) assets prior to age 59½ are subject to ordinary income tax and a 10% penalty may apply. This additional tax does not apply if you separated from service in the year you attain age 55 or if older, if you are receiving a lifetime income, or in cases of death, disability, or significant unreimbursed medical expenses.

[2] Qualified Distributions of Roth earnings are distributed tax free no earlier than five years after contributions were first made. You must also meet at least one of the following criteria: age 59½ or older, distribution due to death, or permanently disability.

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