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Advanced Issues with Retirement Benefits



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Retirement Plan Options

Qualified Retirement Plans

- Defined Benefit Plan
- 401(k) Plan
- 403(b) Plan
- SIMPLE, SEPs, IRAs

Deferred Compensation Plans

- Eligible 457(b) Plans
- Ineligible 457(f) Plans

Slide No. 2



403(b) Plans

What is different from a 401(k) Plan?

- Assets held in individual or group annuity contracts or custodial accounts
- Universal (and immediate) availability required for employee deferrals
- Exclusions allowed for non-resident aliens, students, employees who normally work < 20 hours per week, or participate in another 403(b) or 401(k) plan of the employer, and employees who will contribute <\$200 annually

Slide No. 3



403(b) Plans

What is different from a 401(k) Plan?

Special catch-up election for public schools, hospitals, health and welfare service agencies, home health agencies and church-related organizations

- Employees with ≥ 15 years of service with organization
- Generally, extra \$3,000 per year for 5 years; capped at \$15,000
- Can be used with age 50 catch-up; 15-year catch-up applies first

Slide No. 4



403(b) Plans

What is different from a 401(k) Plan?

Post-severance non-elective contributions for 5 years

- Deemed monthly compensation of $1/12$ of former employee's compensation for most recent year of service
- Used as early or additional retirement incentive
- Must be nondiscriminatory

Slide No. 5

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