



*Presented at:*

34<sup>th</sup> Annual Nonprofit Organizations Institute  
Four Seasons Hotel – Austin, Texas

January 12, 2017

## **Advanced Issues with Retirement Benefits**



*Presented by:*

**William M. Fisher, Partner**  
Wilkins Finston Friedman Law Group LLP  
McCombs Plaza  
755 E. Mulberry Ave., Suite 200  
San Antonio, Texas 78212  
[wfisher@wifilawgroup.com](mailto:wfisher@wifilawgroup.com)  
(210) 504-2949

**Valorie S. Foster, CPA**  
Southwest Research Institute  
6220 Culebra Road  
San Antonio, Texas  
[Valorie.foster@swri.org](mailto:Valorie.foster@swri.org)  
(210) 522-2057



## **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  $\geq 15$  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

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## Title search: Advanced Issues with Retirement Benefits

Also available as part of the eCourse

[HR Issues for Nonprofit Organizations: Employee Handbooks and Retirement Benefits](#)

First appeared as part of the conference materials for the  
34<sup>th</sup> Annual Nonprofit Organizations Institute session  
"Advanced Issues with Retirement Benefits"