

Important Benefit Information for Youngstown State University

Youngstown State University (the "University") currently sponsors a 403(b) plan to help you save for retirement.

What is the Youngstown State University 403(b) Retirement Plan?

The Youngstown State University 403(b) Plan [the "403(b) Plan"] is a tax-deferred retirement plan. This 403(b) Plan allows you to elect to make pre-tax contributions (a "deferral") by convenient payroll deduction and save that money for your retirement. These deferrals are then deposited into a 403(b) account that you set up with a 403(b) provider. Pre-tax amounts deferred into a 403(b) account and any earnings on those deferrals are generally not taxed until you make a withdrawal from your 403(b) account following a distributable event as described below.

The 403(b) Plan was created to encourage long-term savings, so distributions generally are available only when you reach age 59-1/2 or leave your job. However, distributions may also be available in the event of financial hardship, death or disability. Bear in mind that distributions before age 59-1/2 might be subject to federal restrictions and a 10% federal tax penalty.

Hardship distributions may only be requested for the following items under the 403(b) Plan:

- Medical expenses for the Participant, his/her spouse, or dependent.
- Expenses directly related to the purchase of the Participant's principal residence, excluding mortgage payments.
- Tuition-related educational fees, room and board, for post-secondary education for the next 12 months for the Participant, his/her spouse, children, or dependents.
- Amounts required preventing eviction from, or foreclosure on, the Participant's residence.
- Funeral expenses for the Participant's deceased parent, spouse, child or dependent.
- Repairs for uninsured or underinsured damage to the Participant's home due to theft, storm or other casualty. If you receive a hardship distribution, this is notice to you that your elective deferral contributions to any of the retirement plans sponsored by the University will be suspended for a period of 6 months as required by the IRS rules. If you desire to restart your elective deferrals after this 6 month period, you must contact the Payroll Office to reinitiate deferrals.)

Short-term needs may sometimes be met by taking a loan from the 403(b) Plan. A loan makes it possible for you to access your account without permanently reducing your account balance. However, you should remember that any defaulted loan amounts will be taxed as ordinary income and might be subject to a 10% tax penalty if you are under the age of 59-1/2.

Why contribute to the 403(b) Plan?

Participating in your 403(b) Plan can provide a number of benefits, including the following:

- *Lower taxes today*
You contribute before incomes taxes are withheld — which means you are 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 have reduced your federal income taxes by roughly \$25. In effect, your \$100 contribution costs you only \$75. The tax savings grow with the size of your 403(b) contributions.
- *Tax-deferred growth and compounding interest*
In the 403(b) Plan, your interest and earnings accrue tax deferred. That means interest on your interest also grows tax deferred. The compounding interest may allow your account to grow more quickly than saving in a taxable account where interest and earnings are generally taxed each year.

- *You take the initiative*
Contribution to your 403(b) Plan can help you take control of your future. Other sources of retirement income, including state pension plans, and, if applicable, Social Security, rarely replace a person's final salary upon retirement. That is why it is up to you to make sure you will have enough money for retirement.

What do I have to do to contribute to the 403(b) Plan?

To start your contributions or make a change to the amount you already contribute, you must access the third party administrator, Retirement Manager at [My Retirement Manager](#) . This website allows you to make changes to your contributions, request loans or withdrawals when eligible.

If this is the first year you are contributing to the 403(b) Plan, please note that there are 4 things that you need to do:

- **First**, log on to Retirement Manager at [My Retirement Manager](#) and register by clicking the “I’m a New User” link on the main login page and follow the screen prompts to set up your security profile.
- **Second**, select an approved 403(b) provider through the University’s plan. A list of the current vendors can be found on the benefits website. Go to [YSU Human Resources](#) , click on Benefits.
- **Third**, contact the provider(s) at the telephone number or website provided on the list to open and register with the provider.
- **Last**, once you establish an account with the vendor, you can start your contributions by selecting the vendor on the listing on Retirement Manager. Select the pay date you wish to have your contribution begin and enter the amount you want deducted each pay.

What do I do if I currently contribute to the 403(b) Plan and I want to change my provider to another approved provider under the 403(b) Plan?

If you want to change how your account is invested, follow the same steps as above. Select a new vendor from the approved vendor list, set up the account by contacting the phone number or email address. Once the account is established, go to [My Retirement Manager](#) . Indicate the date of the change and the amounts to be contributed to each vendor.

How much may I contribute to the 403(b) Plan?

In general, you may elect to contribute up to \$18,000 per year for 2016. This amount is the general limit on what you can elect to defer under the 403(b) Plan and such amount may be adjusted annually. Additional catch-up contributions may be permitted if certain criteria are met. Specifically, if you have at least 15 years of service with Youngstown State University, you may also make additional catch-up contributions. The 15 year catch-up contribution limit must be determined on an individual basis. Additionally, the Youngstown State University 403(b) Plan provides for an additional catch-up contribution if you are age 50 at any time in 2016. The age 50 catch-up contribution limit for 2016 is \$6,000.

For additional information about participation in the 403(b) Plan, approved providers and other tax-deferred retirement plans such as a 457(b) plan, contact the Benefits Office at ext. 1322.

This Notice is not intended as tax or legal advice. Neither your employer nor the investment providers offering retirement savings products under the 403(b) Plan can provide you with tax or legal advice. Employees are encouraged to contact their financial representative or tax professional with any questions.