

NAME: Last First MI Social Security Number

Employee Signature

Date

Witness

Payroll Account #

YOU ARE PERSONALLY RESPONSIBLE FOR THE AMOUNT YOU TAX-DEFER.

PF-14 (Revised 7/98)

SEE BACK FOR MORE INFORMATION

DEFINED CONTRIBUTION RETIREMENT PLAN

What is The Rhode Island Board of Governors' Retirement Plan? The RI Board of Governors' Retirement Plan (the "Plan") is a Defined Contribution ("Money Purchase") Plan. It was established by the Board of Governors and effective as of September 1, 1967. The Plan operates under Section 403(b) of the Internal Revenue Code. The Administrators of the Plan are the Board of Governors for Higher Education, Community College of Rhode Island, Rhode Island College and the University of Rhode Island. Currently, benefits are provided through the following fund Sponsors:

TIAA/CREF Teachers Insurance and Annuity Association-College Retirement Equities Fund
METLIFE Metropolitan Life Company
VALIC Variable Annuity Life Insurance Company

Information packages and enrollment forms are available in the Office of Human Resources.

CONTRIBUTIONS

The minimum mandatory contribution to your Regular Retirement Annuity Contract (RA) is 5% of your salary and the College will contribute 9% to that plan. Any additional contributions you designate may be allocated to your regular retirement plan or into a separate/ different Supplemental Retirement Annuity Certificate (SRA).

Salary Deduction (Section A) vs. Salary Reduction (Section B)

Section A - Salary Deduction. If you elect to have your retirement contributions made on a deduction basis, 5% will be deducted from your biweekly paycheck for the annuity. There are no immediate tax savings for this program. Upon retirement, you would not have to pay income tax on the amount you contributed during your working years. You would, however, have to pay tax on interest earned from your investments and on the College's share, but not until retirement.

Section B - Salary Reduction. If you select salary reduction, you are using the tax-deferred method of annuity contribution. Your taxable income is reduced by the amount contributed to retirement; therefore, you pay less in tax dollars. The annuity contribution is not tax free, but is '~deferred~' until you begin receiving the annuity as income. The rationale for tax-deferring your retirement contribution is that at retirement your income may be less thereby putting you in a lower tax bracket (assuming the tax structure is similar to that now in place).

What options do you have if you decide to tax-defer? (Section B)

You may defer any amount up to your maximum salary reduction calculation allowance as determined by IRS rules. The formula for determining your maximum exclusion allowance is based on salary, years of service with the institution, and past employer and employee contributions. Each employee's maximum is different and should be calculated **each calendar year** as the factors determining your maximum allowance change each year. Upon request, your retirement/supplemental provider will calculate your maximum exclusion allowance.

AFTER YOU HAVE DECIDED TO TAX DEFER OR NOT, PLEASE COMPLETE EITHER SECTION A OR B.