

BOARD OF GOVERNORS FOR HIGHER EDUCATION
403(b) RETIREMENT AUTHORIZATION

I hereby authorize you to deduct from my salary each biweekly pay period the amount required by Chapter 152 of the Public Laws of 1967 and Section 16-17, 1-2 of the General Laws of 1956, as amended.

_____ URI _____ OHE _____ CCRI _____ RIC _____ R.I. Dept. of Education

SECTION A - SALARY DEDUCTION AGREEMENT (after taxes are deducted)

I hereby authorize you to deduct from my salary 5% of my gross salary and with this money purchase an annuity for me from _____.

Name of Carrier

SECTION B - SALARY REDUCTION AGREEMENT (tax-deferred)

I hereby authorize you to reduce my salary by (total) _____% and with this money, excluded from taxable income, to purchase an annuity for me. This agreement shall be legally binding and irrevocable as to each of the parties hereto while employment continues provided, however, that either party may terminate or modify this Agreement by instituting a new Agreement, or change the reduction agreement to a deduction agreement. (Please see back of this form for more information regarding allowable contributions.)

Mandatory Contributions:

5% to _____ my Regular Retirement Contract PAYROLL CODE _____
Name of Carrier

Additional Voluntary Contributions:

_____ % to _____ my Supplemental Certificate PAYROLL CODE _____
Name of Carrier

Please check here if you have elected over-50 catch-up contributions and the appropriate "Catch-up Request Form" has been filed.

PLEASE READ THE FOLLOWING BEFORE SIGNING

I hereby declare that all action taken in connection therewith has been without endorsement and recommendation by you or any one authorized by you and I accept full responsibility for all financial tax and other consequences of my election to request the purchase of the contract.

In consideration of your making this program available to me, I hereby waive all claims of every kind and nature which I may now or in the future have arising out of this program, including, without limitation, claims for loss or damage arising out of nonpayment of premiums on the due date thereof.

I UNDERSTAND THAT IT IS MY RESPONSIBILITY TO REQUEST AND SUBMIT A NEW MAXIMUM CONTRIBUTION CALCULATION EACH YEAR.

NAME: Last First MI. Social Security Number

Employee Signature Date

Witness Payroll Account #

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

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 VALIC Financial Advisors, Inc.

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

CONTRIBUTIONS

Eligible Employees who have satisfied the requirements of Article III of the RIBGHE Retirement Plan are required to make a Mandatory Plan Contribution of 5% to a Regular Retirement Annuity Contract (RA) and the Institution will contribute 9% to that contract. Participants may contribute more than 5% (Voluntary Plan Contributions); up to his or her IRS Code 402(g) limit excluding the 15 years of service 403(b) catch-up provision. Any additional voluntary contributions you designate must be allocated into a Group Supplemental Retirement Annuity Certificate (GSRA).

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 annual allowance as determined annually by IRS rules excluding the 15 years of service 403(b) catch-up provision. Each employee's maximum should be calculated **each calendar year** as the maximum may change each year based on new federal limits and age. If you are age 50 or will turn age 50 in this calendar year you **may** qualify for additional catch-up deferrals.

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