

# Pacific Northwest University of Health Sciences Tax Sheltered Annuity (TSA) 403 (b) Plan

## ELIGIBILITY

You are eligible to participate in this tax favored savings program as soon as you become an employee.

## ENTRY DATES

There are no specific entry dates to this Plan. You may enter the plan or make changes to your contribution at any time.

## CONTRIBUTIONS

The University will automatically withhold the amount specified by you out of your paycheck. The maximum annual amount of contribution is 100% of your gross wages or \$17,000, whichever is less (calendar year 2012). Participants who will be at least 50 years by 12/31/12 may contribute an additional \$5,500 "catch-up" contribution for a maximum of \$22,500.

## VESTING

You are 100% vested in your account balance at all times.

## INVESTMENT OPTIONS

Each participant has the option of directing how their individual funds are invested from the attached options.

## DISTRIBUTIONS

Retirement, disability, death, or termination of employment. (All plan investments qualify for automatic IRA rollovers.)

## TIME OF DISTRIBUTION

As soon as possible following the qualifying event. (Within 60 days.)

## STATEMENTS

You will receive quarterly statements of your investment accounts directly at your home.

*Note: If you receive a distribution from the Plan and do not roll it over to an IRA or another qualified plan, 20% of the distribution must be withheld for taxes. You will pay income taxes to the IRS on any portion of your distribution that is not rolled over, and you will pay an additional 10% IRS penalty if you are under age 59 1/2.*

**YOU ARE RESPONSIBLE FOR VERIFYING THAT THE CORRECT CONTRIBUTION IS BEING WITHHELD FROM YOUR PAYCHECK.**

# Why Are TSA/403(b) Programs Popular?

There are some unique features associated with TSA/403(b) programs versus other types of savings plans that increase your odds of the TSA/403(b) program becoming your most successful long-term savings account.

## I. PAYROLL DEDUCTION

**Convenient-** The payroll department handles the paperwork.

**Consistent-** Every pay period (most savings plans fail because they are not consistent.)

**Automatic-** After it is set you don't have to think about authorizing contribution changes.

## II. PAY YOURSELF FIRST

Savings plans that are designed to save what you have left at the end of the month are doomed to failure. You need to save first and then, spend what is left. Because this program is a payroll deduction plan you are paying yourself first.

## III. AMOUNTS YOU SAVE/CONTRIBUTE TO THE TSA/403(B) ARE PRE-TAX

Contributions look like income tax deductible savings. And, you receive the effect of the deduction immediately. You do not have to wait to file your income tax return.

## IV. EARNINGS ACCUMULATE ON A TAX DEFERRED BASIS

You pay no current income taxes on these funds as they grow.

## V. YOU OWN THE PLAN

You decide how much to save and the type of investment that best meets your objectives. When you retire or otherwise separate from employment with PNWU you take the Plan with you. It is portable.

# Pacific Northwest University of Health Sciences

## TSA/403(b) CHANGE FORM

- I would like to *change* my TSA deduction from \$ \_\_\_\_\_ to \$ \_\_\_\_\_ per pay period.  
or from % \_\_\_\_\_ to % \_\_\_\_\_ per pay period.
- I would like to *stop* my TSA deduction.

### Standing Order to Maximize

- I would like to maximize my deduction ratably throughout the year, based on current statutory limitations.

This option is not valid for those who do not choose to have their contributions paid ratably throughout the year. This option remains in place until another change form is received in writing.

For example, if you choose this option, your deduction will be automatically increased to the following, ratable amounts:

<u>Year</u>	<u>Per Pay Period</u>
2012	\$708.33

Note: The maximize option does NOT apply to additional catch-up contributions available to those employees age 50 or higher by December 31<sup>st</sup>. A separate request must be in writing annually if you would like to make these additional catch-up contributions.

### “Catch-Up” Contribution

- I will be over 50 years old on 12/31/12 and would like to make a “catch-up” contribution of \$ 5,500.00 (an additional \$229.16 per pay period)

**I understand that it is my responsibility to confirm the above request by reviewing the statements sent to me by the investment company.**

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Print Name

Social Security #

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Signature

Date

## TSA/403(b) Introduction

As an eligible non-profit corporation, employees of PNWU may make tax-deferred contributions to a *non-ERISA 403(b) Plan / Tax Sheltered Annuity*. PNWU has agreed to administer payroll deductions and send them to investments as directed by the employee. All guidance comes from federal IRS regulations, related interpretations, and the current TSA/403(b) advisor (BBM Financial Services). The University is not responsible for any individual financial planning advice. We strongly advise employees to seek professional assistance from our TSA/403(b) advisor or other financial planning professionals.

This procedure memo is to clarify the roll of the payroll department as it relates to TSA/403(b) deductions.

## Employee Self Management

It is the responsibility of the payroll department to process changes and deduct the authorized TSA/403(b) amounts from employees' paychecks. Amounts will not be changed unless : 1) statutory limits are applied (see below) or 2) the employee authorizes a change in writing.

## Responsibility of Employee:

It is the employee's responsibility to confirm the requested deduction and allocation by reviewing pay stubs and statements sent by the investment company. **Employees should verify the TSA/403(b) deduction on each paycheck (i.e. Is my net paycheck different than I expected? Is the expected TSA/403(b) deduction showing in current period deductions?) and report any discrepancies to the payroll department by the following pay period.** PNWU is not responsible for any lost interest or earnings.

If an employee starts mid-year and has made contributions to another retirement plan, the employee must notify PNWU in writing of current calendar year contributions to the other plan, otherwise, the employee is accountable for any over-contribution.

### Example:

Dr. A worked at a previous non-profit and contributed \$3,000 into another plan during the calendar year up to the date of termination, and submits a TSA/403(b) request to deduct the full annual limit at PNWU. If Dr. A did not notify payroll in writing of his \$3,000 contribution, Dr. A is accountable for any contributions made over the statutory limitations. The employee should contact a tax or financial professional for advice.

## Application of Statutory Limits:

Statutory contribution limits are adjusted for inflation by the IRS annually. The current limits are:

\*Beginning 2007 these amounts will be indexed for inflation.

Add'l Amount if over 50 yrs old on 12/31	Total Limit (50 & over)	
\$ 5,000	\$ 20,500	2008
\$ 5,500	\$ 22,000	2009
\$ 5,500	\$ 22,000	2010
\$ 5,500	\$ 22,000	2011
\$ 5,500	\$ 22,500	2012

## Investment Options

Payroll is responsible for submitting the form with the authorized investment options to the TSA/403(b) advisor for proper allocation. Payroll does not verify the investments splits or changes. For example, payroll is responsible for submitting a check for all employees' deductions for American Funds to the TSA/403(b) advisor. It is the responsibility of the TSA/403(b) advisor to ensure the proper splits and allocations within American Funds are made to the correct employees' account, for the correct amount. Neither PNWU or the TSA/403(b) advisor will be responsible for lost interest or other earnings in the event of a misallocation.

**The employee is responsible for reviewing statements sent by the investment company to confirm allocations and changes. Any questions regarding investment splits should be directed to the TSA/403(b) advisor.**

## **How to Submit a Change:**

Forms are available through the University's Human Resource Department. There are two forms: Investment Change Form or the TSA/403(b) Change Form (simply to start / stop and the amount authorized).

## **Portability / Distributions**

Effective January 1, 2002, distributions from TSA/403(b) plans may be rolled over to other TSA/403(b)s, IRAs, 401(k)s, Profit Sharing and Pension Plans. Likewise, distributions from 401(k), Profit Sharing, and Pension Plans may be rolled over into a TSA/403(b) Plan.

## **Questions?**

Employees should seek professional assistance from the TSA/403(b) advisor or other financial planning professional concerning their TSA/403(b) deduction. Any questions regarding investments should be addressed by the investment fund family (i.e. American Funds 1-800-421-0180), the web ([www.bbmfs.com](http://www.bbmfs.com) or [www.americanfunds.com](http://www.americanfunds.com)), or the TSA/403(b) advisor BBM – (248-7930 or 1-800-647-0932). If you have questions about your paycheck and the amount of TSA/403(b) deducted, please contact the Human Resources Department.

**Pacific Northwest University of Health Sciences**  
**Employee - Participant Authorization**  
**TSA Plan**

**PARTICIPANT INFORMATION:**

[Please Print or Type]

Legal Name: \_\_\_\_\_ Social Security No. \_\_\_\_\_

Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Mailing Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Date of Birth: \_\_\_\_\_ Place of Birth: City: \_\_\_\_\_ State: \_\_\_\_\_

Phone No.: (\_\_\_\_) \_\_\_\_\_ Date of Hire: \_\_\_\_\_ Duties: \_\_\_\_\_

Sex: F  M  Are you a US Citizen? Yes  No  Marital Status: Single  Married

**Spousal Section:**

Legal Name: \_\_\_\_\_ Social Security No. \_\_\_\_\_

Date of Birth: \_\_\_\_\_ Place of Birth: City: \_\_\_\_\_ State: \_\_\_\_\_

US Citizen? Yes  No

**BENEFICIARY DESIGNATION:**

I hereby designate the following as beneficiary of any amounts payable under the plan by reason of my death:

**\*PRIMARY:**

\_\_\_\_\_  
(Name) (Relationship)

\_\_\_\_\_  
(Address) (City / State / Zip)

**CONTINGENT:**

\_\_\_\_\_  
(Name) (Relationship)

\_\_\_\_\_  
(Address) (City / State / Zip)

**\*NOTE:** *If you are married and the primary beneficiary is someone other than your spouse, your spouse MUST sign below. (For additional information regarding this requirement you should seek the advice of your attorney and/or your tax consultant.)*

\_\_\_\_\_  
\*(Spouse's Signature) (Date)

\_\_\_\_\_  
**(PARTICIPANT'S SIGNATURE)**

\_\_\_\_\_  
**(DATE)**

Please complete and sign as soon as possible and return to your Payroll Department.

# Pacific Northwest University of Health Sciences

## Consent of Spouse [to nonspouse primary beneficiary]

I, the undersigned spouse of the Participant named in the foregoing "Designation of Beneficiary," hereby certify that I have read and understand the Designation of Beneficiary. I understand the property subject to the Designation of Beneficiary is my spouse's account balance under the Plan. I also understand that if my spouse predeceases me, my spouse's entire account in the Plan will become my property unless I give my written consent below for the account to pass to another beneficiary. Being fully satisfied with the provisions of the designation of Beneficiary, I hereby consent to and accept the beneficiary designation, without regard to whether I survive or predecease my spouse. I understand that my consent is irrevocable unless my spouse changes the Designation of Beneficiary. I understand that if my spouse changes the Designation of Beneficiary to someone other than me (the spouse) as the sole primary beneficiary (*Spouse must choose one of (a) or (b) below*):

(a) [  ] Additional **consent required**. I must execute and file with the Plan Administrator a similar consent to the new Designation of Beneficiary or the Participant's new Designation of Beneficiary is ineffective and I will be the sole primary beneficiary.

(b) [  ] No **additional consent required**. I waive my right to withhold my consent to any and all future changes my spouse makes to the Designation of Beneficiary. I understand that I have the right to limit my consent to the naming of the specific beneficiary in this Designation of Beneficiary by choosing (a) above.

EXECUTED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Print Name of Spouse

\_\_\_\_\_  
Signature of Participant's Spouse

Witness by Notary.

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned, a Notary Public, personally appeared \_\_\_\_\_ who executed the above spouse's consent as a free and voluntary act.

IN WITNESS WHEREOF, I have signed my name and affixed my official notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Notary Public \_\_\_\_\_

(SEAL)

My Commission expires: \_\_\_\_\_