

# Retirement and Investment Opportunities

## Contact Information

### State Universities Retirement System (SURS)

#### General SURS Information

P.O. Box 2710, Station A  
Champaign, IL 61825-2710  
Phone: (800) ASK-SURS (275-7877)  
Local Calls: (217) 378-8800  
Fax: (217) 378-9800

<http://www.surs.com>

(Includes the full text of the "Choice Packet," a video presentation explaining the three plan choices, and other SURS retirement information.)

#### Self-Managed Plan Investment Information

TIAA-CREF at <http://www.tiaa-cref.org/illinois/>  
Fidelity at <http://www.mysavingsatwork.com/atwork.htm>

### State of Illinois 457 Deferred Retirement Plan

#### Deferred Compensation Plan Administrator

Deferred Compensation Division  
200 W. Washington Street  
Springfield, IL 62706  
Phone: (800) 442-1300  
TDD/TTY: (800) 526-0844  
[http://www.state.il.us/cms/2\\_servicese\\_ben/defcomp.htm](http://www.state.il.us/cms/2_servicese_ben/defcomp.htm)

#### Deferred Compensation Record Keeper

T. Rowe Price  
P.O. Box 17215  
Baltimore, MD 21297-1215  
Phone: (888) 457-5770  
TDD/TTY: (800) 521-0325

### University of Illinois 403(b) Deferred Retirement Plan

#### Investment Vendor Information

Fidelity Investments  
Phone: (800) 343-0860  
<http://www.mysavingsatwork.com/atwork.htm>

#### TIAA-CREF

Phone: (800) 842-2005  
<http://www.tiaa-cref.org/>  
<http://www.tiaa-cref.org/moc> (To schedule a session with a TIAA-CREF representative)

### U.S. Savings Bonds

#### General Savings Bonds Information

Phone: (800) 4US-BOND  
<http://www.savingsbonds.gov/>

#### Contacts for Payroll Deduction Cards

Chicago Campus  
UIC Payroll Services  
Room 118 Marshfield Building  
Mail Code 547  
Chicago, IL 60612  
Phone: (866) 476-3586  
Email: [PAYINQ@uillinois.edu](mailto:PAYINQ@uillinois.edu)

Springfield Campus  
UIS Payroll Office  
Business Services Building, Room 105  
P.O. Box 19243  
Springfield, IL 62794-9243  
Phone: (866) 476-3586  
Email: [PAYINQ@uillinois.edu](mailto:PAYINQ@uillinois.edu)

Urbana Campus  
UIUC Payables  
506 South Wright Street  
177 Henry Administration Building  
Urbana, IL 61801  
Phone: (866) 476-3586  
Email: [PAYINQ@uillinois.edu](mailto:PAYINQ@uillinois.edu)



# Retirement and Investment Opportunities

## Plan Limits

There are maximum contribution limits for retirement plans outlined by the Internal Revenue Code. The information below is a summary of the limits that pertain to the retirement plans available to you.  
*Limits effective 1/2005.*

### State Universities Retirement System (SURS)

#### Section 401(a) (17) Limits

This impacts all of the SURS plan options. If a participant was hired prior to 7/1/96, they are not subject to this limit, they are considered "grandfathered". If a member was hired after 7/1/96 and has prior SURS service credit or a past refund which can be purchased/repaid, they may be eligible to be "grandfathered" into the group not subject to this limit. All other employees hired on or after 7/1/96 may be subject to a \$210,000 salary contribution and benefit limit for the State Universities Retirement System of Illinois. For employees whose annual salary exceeds \$210,000, this provision limits contributions to 8% of \$210,000.

#### Section 415(c) Limits

This impacts the Self-Managed Plan (SMP) option only. This limits the total annual employee and employer contributions to the SMP to the lower of 100% of earnings or \$42,000.

### University of Illinois 403(b) Tax Deferred Retirement Plan

#### Section 401(a) (17) Limits

This limits the maximum amount of compensation that can be taken into account when calculating contributions to \$210,000.

#### Section 415 Limits

This limits the total annual contributions to the account to the lesser of \$42,000 or 100% of the employee's compensation.

#### Section 402(g) Limit

This limits the total annual contribution to \$14,000.

#### Catch-up Provisions

Employees who are age 50 or older during the tax year, can contribute an additional \$4,000, for a total contribution of \$18,000.

In addition, employees who have worked for the University of Illinois for 15 years or more full time, and have not taken advantage of all their tax-deferral opportunities in the past, may be able to contribute up to \$3,000 more per year (for a lifetime maximum of \$15,000).

### State of Illinois 457 Deferred Compensation Plan

The maximum contribution limit is the lesser of 100% of your net "includable compensation" or \$14,000.

#### Catch-up Provisions

Employees who are age 50 or older during the tax year, can contribute an additional \$4,000, for a total contribution of \$18,000.

In addition, participating employees who are in the final three years before they attain normal retirement age under the plan, may be eligible for an enhanced contribution limit, allowing contributions twice the amount of the normal limit.

# 403(b) vs. 457

## A Comparison of Plan Provisions

	University of Illinois TAX DEFERRED RETIREMENT PLANS	State of Illinois DEFERRED COMPENSATION PLAN
IRS Code Section	403(b) Annuities & 403(b)(7) Custodial Accounts	457
Plans Offered	Insurance company fixed and variable group annuity contracts; investment company mutual fund families.	Guaranteed investment contracts issued by life insurance companies and banks; individual mutual funds.
Enrollment Period & First Contribution	Anytime; first contribution generally in month following enrollment.	Anytime; first contribution generally two months after enrollment.
Legal Ownership of Accounts	Belongs to the participant.	Belongs to the participant.
Administration Charges	None	State: 0.15% of 1% per year assessed monthly against account value.
Maximum Annual Contribution	100% of salary (after reduction of SURS contribution) up to \$14,000.	100% of salary (after reduction of SURS & tax exempt premiums) up to \$14,000.
Contributions by Payroll Deduction Only	Flat dollar amount with a minimum of \$200 per year, or percent of salary. With percent of salary, deduction automatically increases or decreases with salary changes; minimum 1% of salary but not less than \$200 per year.	Flat dollar amount, minimum \$20 per month.
Change or Stop Contributions	Anytime	Anytime, however, authorization must be signed prior to the beginning of the pay period for which change will be effective.
Loan Provision	Yes, with fixed annuity contracts only. May borrow up to 45% of total guaranteed and variable accumulations. 110% of collateralized amount must be held in guaranteed account.	No
Withdrawals While Employed	<p>Withdrawals available upon meeting an IRS triggering event, including: separation from service, attaining age 59½ (regardless of employment status), disability, hardship (as defined by IRS), and death.</p> <p>Withdrawals subject to income tax. Withdrawals prior to age 59½ may be subject to additional 10% tax penalty.</p> <p>No withdrawals required until attaining age 70½ unless still employed. If still employed, no distributions are required until age 70½ or April 1 following the year of retirement, whichever is later.</p>	<p>Only in event of extreme financial hardship or account balance less than \$3,500 with no contributions in past two years, regardless of age.</p> <p>Withdrawals are <u>not</u> subject to 10% penalty tax regardless of age at withdrawal.</p>

	<b>University of Illinois TAX DEFERRED RETIREMENT PLANS</b>	<b>State of Illinois DEFERRED COMPENSATION PLAN</b>
Withdrawals After Separation from Service or Retirement	Pre-59½ withdrawals may be subject to 10% IRS penalty tax. After 59½, full or partial withdrawals may be made without penalty; or funds may be left in account without action until 70½. At 70½, some form of scheduled withdrawal must begin.	Some type of withdrawal must be initiated or a delayed distribution date chosen within 60 days of separation from service or retirement. If delayed date elected, one additional delay is permitted but not later than age 70½. Interim partial withdrawals are not permitted. Withdrawals are <u>not</u> subject to 10% penalty tax regardless of age at withdrawal.
Catch-Up Options	<p>If you are age 50 or older, you can contribute an additional \$4,000 up to a maximum of \$18,000.</p> <p>Depending upon if you have 15 years of service at the University of Illinois, prior contributions, and other data, employees may be able to defer an additional \$15,000 at a rate of not more than \$3,000 annually. Use of a catch-up option does not change time by which scheduled withdrawals must begin.</p>	<p>If you are age 50 or older, you can contribute an additional \$4,000 up to a maximum of \$18,000.</p> <p>In addition, the enhanced contribution option is available <u>only</u> in the three years before your selected retirement age, but no later than age 70½. The annual maximum is two times the annual limit, or \$28,000. When catch-up used, account withdrawal may not be delayed later than November 30 of the tax year of separation from service.</p>

## State of Illinois 457 Deferred Compensation Plan Investment Options

The State offers 12 investment options:

1. **Vanguard Prime Money Market Fund - Institutional Shares**, a no-load money market fund which invests in instruments issued by financial institutions and the U.S. Government.
2. **Stable Return Fund**, which includes guaranteed investment contracts (GICs) guaranteed by insurance companies and other financial institutions.
3. **T. Rowe Price New Income Fund**, a no-load bond fund.
4. **Vanguard Total Bond Market Index Fund - Institutional Shares**, a no-load bond index fund designed to mirror the return on the Lehman Brothers Aggregate Bond Index.
5. **Fidelity Puritan Fund**, a no-load stock and bond fund.
6. **Vanguard Institutional Index Fund**, a no-load stock index fund that seeks to provide returns that mirror the Standard and Poor's 500 Index.
7. **Fidelity Fund**, a no-load fund which invests in the common stocks of "blue chip".
8. **Columbia Acorn Fund**, a no-load fund which invests in small, rapidly growing companies in both U.S. and foreign markets.
9. **Ariel Fund**, a no-load fund with social restrictions and a minority-owned advisor which invests in the common stocks of smaller, undervalued growth companies.
10. **T. Rowe Price International Stock Fund**, a no-load stock fund which invests in common stocks of established companies in the non-U.S. market.
11. **Wells Fargo Large Company Growth Fund**, a no-load fund that invests primarily in large, dynamic growth companies whose earnings are expected to grow 50% faster than the earnings of the S&P 500 Index.
12. **Provident Investment Counsel Small Cap Growth Fund**, a no-load fund that invests in securities of smaller companies.

A prospectus, a detailed description of each investment option, can be obtained by calling the mutual fund companies directly, or by contacting the State of Illinois Deferred Compensation Office.

**Human Resources Service Center**  
 1-866-669-4772 or 217-265-5620 (C-U Area)  
 Select option #1 at the prompt

April 2005