

Pennsylvania Institute of Technology

P.I.T. Pension Plan Overview

The purpose of the Pennsylvania Institute of Technology Defined Contribution Plan is to encourage employees to save for retirement and to assist employees in achieving this goal. This purpose is achieved by a Pension Plan, which involves participation by both the employee and the College.

- **What is the Pension Plan's structure?**

The Pennsylvania Institute of Technology Defined Contribution Plan is a "Section 403(b) Plan" adopted in accordance with I.R.S. regulations. A 403(b) plan is very similar to the more widely known 401(k) plans, which are used by commercial entities to provide for employee retirement savings. The distinction is that 403(b) plan applies to employees working for the non-profit sector whereas a corporation offers a 401(k) Plan.

- **How does P.I.T. Pension Plan work?**

Employees may elect to have a percentage of their bi-weekly salary withheld from each paycheck. P.I.T. will match employees' contributions up to 6% of salary (Adjunct Faculty are not eligible to receive the match). On a bi-weekly basis, usually within ten working days of each pay date, P.I.T. sends the employee and College contributions to TIAA-CREF, which is the Plan's administrator. TIAA-CREF then credits each employee's contribution to the employee's individual account.

The Pennsylvania Institute of Technology Defined Contribution Plan provides that all contributions made to an employee's account with TIAA-CREF are immediately vested. That means once the money goes into an employee's pension account, it is the property of the employee.

Another very important element of the Pennsylvania Institute of Technology Defined Contribution Plan is that in accordance with I.R.S. regulations, is the tax savings you receive. You can contribute on a Pre-Tax basis where the amount you contribute to your pension account is a "reduction" of your salary for federal income tax purposes. This means that you do not pay federal income tax on the amount you contribute to your pension account. The flip side is that all money you take out of your pension plan when you retire will be subject to income tax at that time. Or, you can contribute on a ROTH basis where the amount you contribute is an After-Tax contribution so it does not reduce your current federal income tax, but money you take out of your pension plan when you retire will be tax free.

- **How do I enroll for the P.I.T. Pension Plan?**

New eligible employees will need to call the Tiaa Cref enrollment hotline #1-800-842-2888 to enroll. You will need to have access to a computer during the phone call. An Enrollment Specialist will walk you thru the on-line enrollment process. You must have your date of birth, social security number and knowledge of one of the PA Institute of Technology's plan numbers - #500268. Upon completion of the on-line enrollment you will be give a confirmation. Please

Pennsylvania Institute of Technology

print the confirmation and give a copy to the Business Office. The Business Office will provide two forms for you to complete. The first form requires that you specify how much of your salary (in percentage terms) you wish to have withheld from your paycheck to be deposited to your at TIAA-CREF. As noted above, P.I.T. will match all employees' pension contributions up to 6% of salary (Adjunct Faculty are not eligible to receive the match).

The second form, which you will need to complete, is the PA Institute of Technology Salary Deferral Agreement...

- **How can I obtain more information about the various investment options?**

TIAA-CREF maintains a very comprehensive web site at www.tiaa-cref.org. You are encouraged to log onto that site to learn more about your investment alternatives.

- **Since P.I.T. will match only up to 6% of my salary, is that the limit on how much I can put into my pension account?**

No. All employees have the option of having more than 6% of their salary withheld and contributed to their pension account. The law is very technical (and changes periodically) on what the maximum contribution can be for any employee. For 2021 it is limited to \$19,500 per year (plus an additional \$6,500 per year for employees who are 50 or older by the end of 2021).

- **If I review the TIAA-CREF web site and still have questions, how can I get more information?**

You can find the telephone numbers of various TIAA-CREF offices on their web site. Since TIAA CREF provides services almost exclusively to educational institutions, their staff is very understanding and experienced in assisting participants.

Pennsylvania Institute of Technology

Agreement for 403(b) Salary Reduction

Agreement, dated, this _____ day of _____, _____ between _____ (the "Employee") and Pennsylvania Institute of Technology (the "Institute"), the parties hereto agree as follows:

Effective with respect to amounts earned on or after the first day of _____, _____, the employee's basic salary will be reduced by the amounts indicated below.

This agreement shall be legally binding and irrevocable as to each of the parties hereto while employee continues; provided, however, that either party may terminate salary reduction attributes to the Regular Retirement Plan which is in excess of the required amount or to the Retirement Choice Plus by giving at least thirty days written notice; and provided further that no more than one agreement for each salary reduction may be made within any taxable year of the Employee.

The amount of salary reduction (which may not produce a total contribution in excess of the limitations under Section 402(f), 403(b), and 415 of the Internal Revenue code) shall be:

I direct Pennsylvania Institute of Technology to reduce my salary by:

_____ % per pay period.

I designate _____ % as a Pre-Tax Deferral and _____ % as a Roth Deferral.

I direct Pennsylvania Institute of Technology to remit my Salary reduction to my Retirement Choice contract with TIAA / CREF.

Employee's Signature

Please Print Name

Pennsylvania Institute of Technology

By: _____

Date: _____