

MSU Retirement Plans

Michigan State University
Human Resources Benefits

Presented by:
Sherry Van Kampen



MSU Retirement Plans

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graph TD; A[MSU Retirement Plans] --> B["403(b)  
*Base Retirement Program  
5% Base Employee, 10% Employer  
  
*Additional Employer Contribution  
For Support Staff hired 7/1/2010 and later  
  
*Supplemental Retirement  
Program Employee Contribution Only"]; A --> C["457(b)  
Deferred  
Compensation Plan  
  
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403(b)

***Base Retirement Program**
5% Base Employee, 10% Employer

***Additional Employer Contribution**
For Support Staff hired 7/1/2010 and later

***Supplemental Retirement**
Program Employee Contribution Only

457(b)

Deferred
Compensation Plan

Employee Contribution Only

403(b) and 457(b) Limits Governed by IRS Code

- Limits On How Much A Participant May Tax Defer
- Limits The Types of Investment Options
- Limits When A Participant May Withdraw Accumulation



Retirement Investment Vendors



<https://hr.msu.edu/benefits/retirement/retirement-vendors.html>



403(b) Base Retirement Plan

- Defined Contribution Plan - No variation
- Employee Contributes **5%** and Michigan State University Contributes **10%**
- Participation May Become Mandatory at 35 - employee will be notified by letter from Human Resources and automatically enrolled



It doesn't cost \$1 to save \$1

Example: \$36,000 per year (bi-weekly pay, age 30)

	Employee A	Employee B
Gross Pay	\$1,384.61	\$1,384.61
FICA	\$85.85	\$85.85
Medicare	\$20.08	\$20.08
Retirement 5%	\$0.00	\$69.23
Federal	\$179.75	\$167.11
State	<u>\$60.23</u>	<u>\$57.22</u>
Net Pay	\$1,038.70	\$985.13

You save \$69.23 for retirement and your net pay goes down by only \$53.57



It doesn't cost \$1 to save \$1

Example: \$36,000 per year (bi-weekly pay, age 30)

Employee Contribution – 5%	\$69.23
University Contribution – 10%	<u>\$138.46</u>
Total Savings Per Pay	\$207.69
<i>Reduction to Net Pay Still Only</i>	\$53.57

At this rate of savings, over a 35 year period, assuming an 6% rate of return, your account could grow by age 65 to approximately

\$621,131



What if I saved more?

Example: \$36,000 per year (bi-weekly pay, age 30)

Employee Base Contribution – 5%	\$69.23
University Contribution – 10%	\$138.46
Employee Supplemental Contribution – 5%	<u>\$69.23</u>
Total Savings Per Pay	\$276.92

At this rate of savings, over a 35 year period, assuming an 6% rate of return, your account could by age 65 grow to approximately

\$828,174



Get the snowball rolling ...

<u>Age</u>	<u>Employee A</u>	<u>Employee B</u>
20-24	0	5,400
25-29	0	5,400
30-34	0	5,400
35-39	5,400	5,400
40-44	5,400	5,400
45-49	5,400	5,400
50-54	5,400	5,400
55-59	5,400	5,400
60-64	5,400	5,400
Total Contributions	162,000	243,000
At age 65	440,665	1,185,819

Assuming an 6% rate of return



How Much Can I Contribute In 2024?

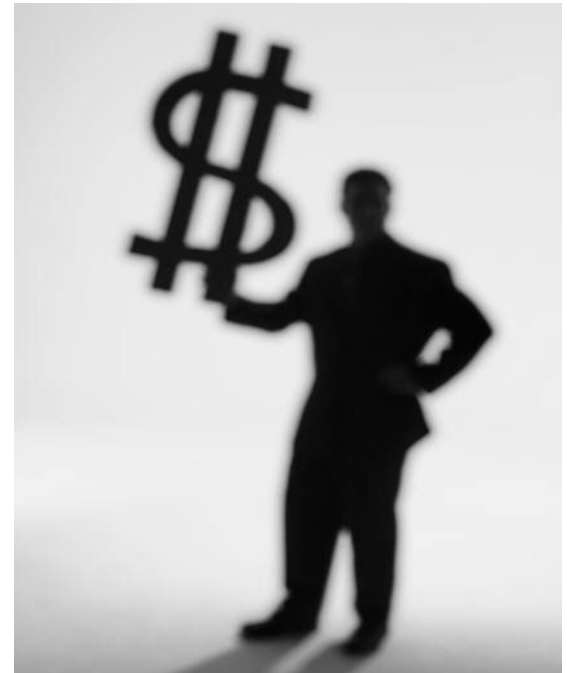
	Deferral Limit	Age 50 Catch Up	Total
403(b)*	\$23,000	\$7,500	\$30,500
457(b)	\$23,000	\$7,500	\$30,500

*Contribution Limits to the 403(b) will be reduced by Base 403(b) Contributions when ***Voluntary***



403(b) Supplemental Retirement Program and 457(b) Deferred Compensation Plan

- Employee Contributions Only
- Never Mandatory



403(b) SRP vs. 457 (b) DCP

Separate limits for each plan.

Can contribute to one or the other or both.

	403(b) SRP	457(b) DCP
Aggregation with BRP	Contributions limited by any voluntary contributions to the BRP	None
Distributions Available	Severance from service Age 59 ½, Disability Death	Severance from service Age 70 ½, Death Unforeseeable emergencies
Early Withdrawal Penalty	10% before age 59 ½, unless separated during year in which you turn age 55	None
Loans	MSU Loan Policy	No Limitations



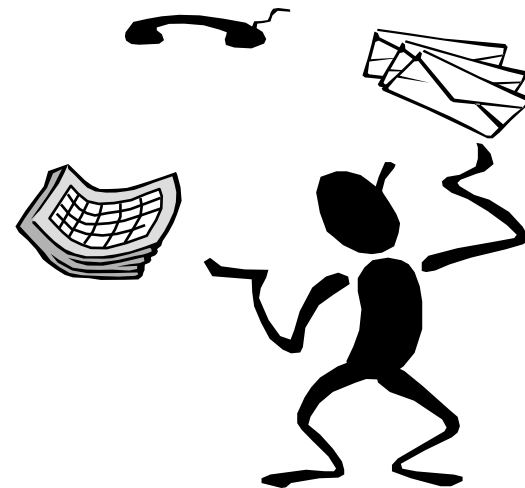
Participant Directed Plans

- Employee Directs *How* and *Where* Contributions Are Invested Within Plan Options
- Employee Decides How To Receive Distributions When Retired



Plan Flexibility

- One Investment Sponsor At A Time (may have a different investment sponsor for base, supplemental, and/or deferred compensation)
- Contributions May Be Directed To A Different Investment Sponsor at Any Time
- Internal Exchange



Retirement Vesting

- MSU and Employee Base Retirement Contributions are *Fully and Immediately Vested*
- Employee Supplemental Retirement and Deferred Compensation Contributions are *Fully and Immediately Vested*
- No Length of Service Requirement - *Funds Available Once An Employee Has Separated From Service *(subject to fund guidelines)



How to Enroll in MSU Retirement Plans or Make Changes

[https://hr.msu.edu/benefits/retirement/
enroll-change.html](https://hr.msu.edu/benefits/retirement/enroll-change.html)



How to Enroll in MSU Retirement Plans or Make Change

- MSU will automatically provide the necessary information to the investment vendor to open your account. The Investment Election will default to the age-appropriate Target Date Retirement Fund.
- You will need to follow up with your vendor to name your beneficiary.



How to Enroll in MSU Retirement Plans or Make Changes

- If you prefer, you can open the account yourself, select your investment options and name your beneficiary.
- <https://hr.msu.edu/benefits/retirement/retirement-vendors.html>



MSU Human Resources Benefits

www.hr.msu.edu

(517) 353-4434 Option 2

solutionscenter@hr.msu.edu

