

# University of Hawai'i 403(b) Tax Deferred Annuity 2011 Universal Availability Notice

## PLAN HIGHLIGHTS

All faculty, staff and student employees are eligible to participate in the 403(b) retirement plan sponsored by University of Hawai'i. Contributing to a 403(b) plan will help to give you peace of mind through financial security during your retirement. A 403(b) plan will allow you to contribute a portion of your compensation as a pre-tax contribution in order to save toward your retirement. Participation in the 403(b) plan is completely voluntary. If you are already contributing to the 403(b) plan, now is a perfect time to consider increasing your contributions.

### WHAT IS A 403(b) PLAN?

A 403(b) plan, also known as a Tax-Sheltered Annuity (TSA) plan, is a tax-deferred retirement plan for employees of certain tax-exempt, governmental organizations or public education institutions. An employer may sponsor a 403(b) plan to provide a benefit to its employees to save for retirement on a tax-deferred basis.

### WHAT ARE THE BENEFITS OF CONTRIBUTING TO A 403(b) PLAN?

#### Lower Taxes Today

The 403(b) contributions you make are on a pre-tax basis. This means that you are taxed on a lower amount of income. For example, if your federal marginal income tax rate is 25%, and if you contribute \$100 a month to a 403(b) plan, you have reduced your federal income taxes by nearly \$25. In effect, your \$100 contribution costs you only \$75. You will realize similar tax savings based on your State Income Tax rate. The tax savings can grow with the size of your 403(b) contribution.

#### Tax-Deferred Growth

In your 403(b) plan, interest and earnings accrue tax-deferred. This means that your interest will grow tax-free until the time of your withdrawal. The compounding interest on your 403(b) plan can allow your account to grow more quickly than saving in a taxable account where interest and earnings are generally taxed each year.

### TAKING THE INITIATIVE

Contributing to a 403(b) retirement plan can help you take control of your future retirement needs. Other sources of retirement income, including state pension plans and, if applicable, Social Security, often do not adequately replace a person's salary upon retirement. A 403(b) plan can be a great way to provide you with additional income at retirement.

### Possible Tax Credits

If you contribute to the plan, you may be able to receive a tax credit, which could reduce your overall federal income tax paid for the year.

### HOW MUCH CAN YOU CONTRIBUTE TO A 403(b) PLAN?

You may elect to save:

- Up to 100% of your income
- Up to \$16,500 in 2011
- Up to \$17,000 in 2012
- Extra \$5,500 if age 50 or higher

### TO BEGIN CONTRIBUTING TO THE PLAN

You will need to make an election regarding how much of your compensation you wish to defer to the 403(b) plan. You will also need to determine which company you would like to invest your contributions with. A list of approved investment providers and the Salary Reduction Agreement can be found by visiting the National Benefit Services/University of Hawaii website at [www.nbsbenefits.com/uh403b](http://www.nbsbenefits.com/uh403b) or by contacting (800) 274-0503 extension 240. Once you have decided how much to contribute and which company to invest your funds, please contact your investment advisor or the approved investment provider directly to obtain and submit all necessary paperwork to open the account.

### INVESTMENT CHOICES

Annuity contracts provided through an insurance company or custodial accounts provided through a retirement account custodian are allowed in 403(b) plans. For more information and a list of approved investment providers for the University's plan, visit [www.nbsbenefits.com/uh403b](http://www.nbsbenefits.com/uh403b). You or your investment advisor will need to contact the investment providers for a comprehensive listing and for information regarding the available investment choices they provide.

### EXCHANGES

As a participant in the 403(b) Plan, you have the option to request a tax-free contract exchange between different investment providers within the University of Hawai'i plan. For a list of exchange eligible investment providers for your 403(b) Plan, please visit [www.nbsbenefits.com/uh403b](http://www.nbsbenefits.com/uh403b).

### DISTRIBUTIONS FROM THE UH PLAN

You or your beneficiary will be able to withdraw your vested balance when one of the following occurs:

1. Total Disability
2. Death
3. Termination of Employment
4. Attainment of Age 59 ½

Please visit [www.nbsbenefits.com/uh403b](http://www.nbsbenefits.com/uh403b) to get a copy of the required paperwork.

Your Investment Provider may require additional paperwork.

### Loans

You may borrow up to ½ of your vested balance up to \$50,000 (whichever is less). Contact your current investment provider(s) about the Loan Policy for your account.

### Hardship Distributions

The UH plan allows for Hardship Distributions – contact National Benefit Services for more information about the requirements. NOTE: If you take a hardship distribution you are required to stop making contributions for 6 months.

### GENERAL PLAN INFORMATION

To obtain additional information about participation, and about the investment providers available under the plan, please contact National Benefit Services, LLC (see contact information below).

#### Plan Name:

University of Hawai'i 403(b) Plan

#### Plan Sponsor Information:

University of Hawai'i  
2440 Campus Road  
Admin Services Bldg 2  
Honolulu, HI 96822

#### Please direct plan questions to the University of Hawai'i's Third Party Administrator:

National Benefit Services, LLC  
8523 South Redwood Road  
West Jordan, UT 84088  
Phone: (800) 274-0503 ext. 240  
Fax: (800) 597-8206  
Email: [UH403b@NBSbenefits.com](mailto:UH403b@NBSbenefits.com)

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