



Need to Save for Retirement or Want to Contribute More? Calendar 2022 Annual Voluntary Tax-Deferred Annuity Eligibility Notice

The University of Maine System offers employees the opportunity to save for retirement and supplement basic pension benefits by making contributions on a pre-tax basis, saving Federal and State taxes. Contributions may be made up to the maximum permitted by the Internal Revenue Code [Section 403(b) and 415] with TIAA. See below for further information. To find out who is eligible, how to enroll or make changes to your plan, go to the UMS employee portal www.myums.maine.edu, under Human Resources/Employee Information/Benefits headings.

If you are currently participating in the University of Maine System's 403(b) plan with TIAA, you may be able to save even more for retirement by increasing your pre-tax contributions.

HOW MUCH CAN I CONTRIBUTE?

In general, you may elect to contribute up to \$20,500 in calendar year 2022. This amount is the general limit on what you can elect to defer under the 403(b) plan and may be adjusted annually in accordance with Internal Revenue Service (IRS) guidelines. Additional catch-up contributions may be permitted if certain criteria are met. Specifically, if you are at least age 50 (or will turn age 50 during the calendar year), you may defer an additional \$6,500 contribution, which is referred to as a catch-up contribution.

This means that if you are under age 50, you may contribute a maximum of \$20,500 in calendar 2022; if you are age 50 or older or will turn age 50 sometime during calendar year 2022, you may contribute a maximum of \$27,000 (\$20,500 plus \$6,500 age 50 catch-up).

WHAT DO I HAVE TO DO TO CONTRIBUTE TO THE 403(b) PLAN?

To begin pre-tax contributions or to change your current pre-tax contributions, please complete your elections online in MaineStreet. If you do not have access to a computer, contact the Employee Benefits Center (EBC) at (866) 269-9635 and complete a Salary Reduction Agreement. You may change your 403(b) contributions during the calendar year. In addition, you must also establish an account directly with TIAA, the sole record keeper. You may, of course, keep your contributions at their current level.

457(b) Limits

All UMS employees who are eligible to tax-defer income under the 403(b) plan are also eligible to defer under the University's 457(b) plan. While the 457(b) plan operates similarly to any other tax-deferred voluntary option relative to deferral of federal and state taxes, IRS regulations currently permit you to defer the calendar year maximum under each plan. The 457(b) calendar maximums are the same as the 403(b) limits above. Therefore, if you are under age 50, you could defer a total of \$20,500 in the 403(b) plan and \$20,500 in the 457(b) plan; if you are age 50 or older or will turn age 50 sometime during the calendar year, you could defer a total of \$27,000 in the 403(b) plan and \$27,000 in the 457(b) plan. To begin or change contributions under the 457(b) plan, please complete your elections on line in MaineStreet. If you do not have access to a computer, contact the EBC at benefits@maine.edu or (866) 269-9635 and complete a Salary Reduction Agreement.

Roth 403(b) and 457(b) Option

You also have available a Roth 403(b) and 457(b) additional voluntary employee option under your UMS defined contribution retirement plan. With the Roth contribution option, your contribution is taken out of your paycheck after your income is taxed, which does not lower your current taxable income. However, your contributions, and the earnings on them, are **tax-free upon withdrawal** in retirement provided certain conditions are met.

Please note that while the Roth option is made with after tax dollars, Internal Revenue Service (IRS) regulations require that it be subject to and part of the overall limits noted above - \$20,500 for someone under age 50 or \$27,000 for someone age 50 or older or who will turn age 50 in 2022.

The University of Maine System does not provide legal, tax, or financial advice. Employees are encouraged to contact their financial representative or tax professional. This document references limits in effect as of October 15, 2021 and may be subject to change based on guidance released from the IRS after the published date.