Roth 403(b) After-Tax Voluntary Contributions
Under the University of Rochester Retirement Program

Frequently Asked Questions

1. Why should I participate in the University Retirement Program?

Regardless of what retirement means to you now – or will mean when you get there – just about everybody worries about the same thing: financial security. The University’s Retirement Program can help you meet your retirement goals by making it possible for you to save for retirement through payroll deduction. Even small amounts of money invested regularly over your career can provide a significant financial resource at retirement. By saving in the University of Rochester Retirement Program today, you are taking advantage of an opportunity to invest in your future.

2. What is a Roth 403(b) after-tax contribution?

A Roth 403(b) after-tax contribution is another type of Voluntary Contribution (in addition to the pre-tax option) that you can make under the University of Rochester Retirement Program beginning May 1, 2009. A Roth after-tax contribution is taken out of your paycheck after your income is taxed. However, when you withdraw the Roth after-tax portion of your Voluntary Contributions, you will not pay taxes on any earnings on your Roth after-tax contributions, as long you are at least age 59½ (or die or become disabled) and your withdrawal is made at least five years after making your first Roth after-tax contribution. The five-year period begins on the first day of the year in which you make your first contribution to your Roth after-tax account.

3. Can I contribute both pre-tax and Roth 403(b) after-tax contributions to the University Retirement Program?

Yes. You may choose to elect for your Voluntary Contributions all pre-tax, all Roth after-tax or a combination of both, as long as your total combined Voluntary Contributions do not exceed the IRC maximum listed below in #4.

4. What is the maximum Roth 403(b) after-tax contribution I can make?

Your combined pre-tax and Roth after-tax Voluntary Contributions to the Retirement Program may be made in any amount up to the limits imposed by the Internal Revenue Code. In general, for calendar year 2015, your own Voluntary Contributions may not exceed $18,000. If you will be age 50 or older by the end of the year, however, your Voluntary Contributions limit can be increased by an additional $6,000 (i.e., for a total of $24,000). Additionally, the aggregate contributions by you, the University and members of its controlled group may not exceed $52,000. Finally, despite the foregoing dollar limits, total contributions may not exceed 100 percent of your gross wages. These annual limits will be subject to inflation adjustments in future years. Note: Please be aware that any employee contributions made to another employer’s plan in the current calendar year count in applying the employee contribution limits (i.e., the $18,000 and $24,000 limits).

5. Should I make pre-tax or Roth 403(b) after-tax Voluntary Contributions?

Which choice, pre-tax or Roth after-tax, is best for you depends on your situation. Generally, if you anticipate being in a higher tax bracket during retirement, you will benefit from making Roth after-tax contributions. If you think you will be in a lower tax bracket at retirement, pre-tax contributions may be the way to go. Because of the tax implications associated with pre-tax and Roth after-tax contributions, you should consult with a tax advisor regarding what is your best option.

You may change your future allocations as often as you wish. For additional guidance, we would encourage you to make an individual appointment with the investment company representative(s). Appointment options and contact information can be found at www.rochester.edu/benefits/retirement.

* Members of the controlled group of the University of Rochester include: Highland Hospital, Highlands at Brighton, Highlands at Pittsford, Highlands Living Center, Visiting Nurse Service (VNS), High Tech Rochester, Excell Partners and Rochester BioVenture Center (formerly ETC).
6. Are the investment options the same for pre-tax and Roth 403(b) after-tax contributions?

Yes, you have the same investment options that are available under the University of Rochester Retirement Program for all your contributions.

7. Is the Roth 403(b) the same as a Roth IRA?

No, a Roth 403(b) and a Roth IRA are different. A Roth IRA (Individual Retirement Account) is an account held outside of the University of Rochester Retirement Program. You may contribute to a Roth IRA only if your adjusted gross income falls below a certain amount. There are no adjusted gross income limits for contributions to a Roth 403(b). The contribution limit to a Roth IRA for 2009 is $5,000 (or $6,000 if the age-50 catch-up limit applies). The maximum Roth 403(b) contribution is higher and is listed in #4. In a Roth IRA, you do not have to take a required minimum distribution during your lifetime. With a Roth 403(b), you will have to take required minimum distributions generally after you have retired and attained age 70½. 

   – Note: You may be able to roll the money in your Roth 403(b) to a Roth IRA account and avoid these required minimum distributions – this option may most benefit those who want to leave this money to their heirs. You may open a Roth IRA generally with any financial institution. For further information regarding these types of rollovers, contact your investment provider directly.

8. Can my University Contributions be made as Roth 403(b) after-tax?

No, the University’s Direct Contribution to the Retirement Program must be considered a pre-tax contribution.

9. Can I take a loan against my Roth 403(b) after-tax contributions?

No, you may not take a loan against your Roth after-tax contributions under the University of Rochester Retirement Program. You only have a loan option against the pre-tax accumulation in your TIAA-CREF Group Supplemental Retirement Annuity (GSRA). Subject to the rules of your investment company, retirement accumulations arising from your pre-tax Voluntary Contributions that are in contracts other than a GSRA can be transferred to a TIAA-CREF GSRA for the purpose of taking a loan.

10. How do I change my current contribution election or newly enroll for Roth 403(b) after-tax contributions?

You may change or newly enroll either online or by telephone. For online, click on Retirement Program Self-Service in HRMS (www.rochester.edu/people) anytime. For telephone, call 1-800-410-6497 weekdays from 8:00 a.m. – 6:00 p.m. To change your fund allocation within your investment account, you will need to contact your investment company directly.

11. Do I need to open a new investment company account for my Roth 403(b) after-tax contributions?

If you have an existing investment company account already established for your contributions, you do not need to establish a separate account for your pre-tax and Roth after-tax contributions. Your investment company will keep track of your Roth after-tax contributions separately from any pre-tax or University Direct Contributions.

If you are newly enrolling and have not established an investment company account yet, you will need to complete the enrollment process for the investment company you have selected.

Please be sure to read the Retirement Program brochure found at www.rochester.edu/benefits/retirement (or contact the Benefits Office for a copy of the brochure) which contains further information and details on the University of Rochester Retirement Program, including the features briefly described in this informational packet. For any additional questions, please call the Benefits Office at (585) 275-4667.