



TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER EL PASO

Operating Policy and Procedure

HSCEP OP: 70.44, **TexaSaver 457 Plan**

PURPOSE: The purpose of this Health Sciences Center El Paso Operating Policy and Procedure (HSCEP OP) is to define policies and procedures which are applicable to the State of Texas, TexaSaver 457 Plan.

REVIEW: This HSCEP OP will be reviewed on February 1 of each even-numbered year by the Executive Director for Human Resources, with recommendations for revisions submitted to the Chief Financial Officer by February 15.

POLICY/PROCEDURE:

1. **General Policy.** The TexaSaver 457 Plan is available for regular benefits eligible employees of TTUHSCEP to voluntarily save for retirement through payroll reduction. An employee may set aside part of current salary, up to certain limits, tax-deferred, into specific investments offered by the program. This plan is offered as a supplementary retirement program to the Teacher Retirement System, the Optional Retirement Program, and/or the Tax Deferred Account Program.
2. **General Plan Description.** The TexaSaver Plan is overseen by the Employees Retirement System of Texas and administered by Great West Retirement Services (GWRS). An employee determines what amount of their monthly salary they desire to contribute subject to minimum and maximum deferral limits, chooses their investment allocation and enrolls on-line, through IVR or by telephone with Great West Retirement Services. Contributions and earnings to TexaSaver are not subject to income tax until received by the employee.
3. **Enrollment.** Employees may enroll by any of the following methods:
 - a. If the employee has a TexaSaver Personal Identification Number (PIN), enrollment may be done online by accessing the TexaSaver 457 Plan and website at <https://texasaver.gwrs.com>, and selecting "Enroll".
 - b. Enroll by calling the toll-free IVR at (800) 634-5091 and following the prompts.
 - c. Enroll by calling GWRS at (800) 634-5091 and speaking to a Customer Service Representative, Monday through Friday, 8:00 AM to 7:00 PM CST.
4. **Elective Deferral Limits.** The minimum amount of monthly deferral is \$20 of your monthly gross salary. The maximum deferral is 99% of compensation up to the amount determined annually by legislative action.
5. **Catch-up Elective Deferrals.** Employees who are age 50 or older are allowed to make additional catch-up contributions determined annually by legislative action.
6. **Naming a Beneficiary.** A 457 employee should have a beneficiary designation on file with GWRS by using a 457 Beneficiary Designation Form (Attachment A). This form applies only to those funds on account with GWRS. A revised 457 Beneficiary Designation Form will revoke and supersede all prior designations in the GWRS account. If no valid beneficiary designation form is on file with GWRS, then any benefits paid upon death will be paid to the deemed beneficiary named under the default provisions of the plan document.
7. **Changing Deferral Amounts.** An employee may change the amount of the deferral at any time by using the PIN sent from GWRS and changing investments elections on the website or IVR. Changes may also be made by calling a Customer Service Representative at GWRS. Neither ERS nor GWRS representatives are permitted to give investment advice. All deferrals begin with the next month's pay period. A confirmation statement will be mailed to the employees' home address for each change.

8. **Investment Choices.** An employee can choose to invest contributions in any combination of the following investment options:

Wells Fargo Advantage Dow Jones Target Date Funds:

| | | |
|-------------------|------------------|------------------|
| Target Today Fund | Target 2010 Fund | Target 2015 Fund |
| Target 2020 Fund | Target 2025 Fund | Target 2030 Fund |
| Target 2035 Fund | Target 2040 Fund | Target 2045 Fund |
| Target 2050 Fund | Target 2055 Fund | |

Core Funds:

BlackRock Liquidity Fund: TempFund (Institutional Shares)
Barclays Capital 1-3 Government Bond Index Fund F (Collective Investment Trust) BlackRock Bond Index Fund (Collective Investment Trust)
Alliance Bernstein Real Asset Strategy Fund
Vanguard Wellington Adm Fund
Davis New York Venture A Fund
Vanguard Institutional Index Fund Institutional Plus Shares
Vanguard Growth Index Fund Institutional Shares
First Eagle Fund of America Y
Munder Mid-Cap Core Growth Y Fund Lord Abbett Small Cap Value Fund I Fidelity Diversified International Fund

Plus: Self-Directed Brokerage Account through Charles Schwab

9. **Transferring Money Among the Core Funds.** Employees may move money between investment options any time through the website or by calling the IVR. Transfers must be made in 1% increments and money cannot be transferred from one investment option and back to the original in the same day. Transactions completed before 3 p.m. Central time will be processed the same business day. Market conditions or other circumstances may on occasion delay processing.
10. **Borrowing Money from a 457 Account.** A current, active employee may borrow a portion of their account balance in the form of a loan once the account balance is at least \$1,050. A one-time, non-refundable \$50 loan application fee will be applied to each loan. An employee may borrow a minimum of \$1000 up to \$50,000 or 50% of their balance reduced by the highest outstanding loan balance during the past 12 months. TexaSaver allows a maximum of two loans per Plan. General loans must be repaid within 12-60 months. Residential loans must be used for the purchase of their primary residence only and must be repaid within 61-180 months. Loan information is available at: https://www.fascore.com/PDF/Texas/loan_brochure.pdf .
11. **Withdrawing Money from a 457 Account.** While an active employee, withdrawals may be made only for financial hardship for the following reasons:
- Loss from illness or accident;
 - Loss of property due to casualty;
 - Similar extraordinary and unforeseeable circumstances;
 - Prevent eviction from or foreclosure on your primary residence;
 - Pay for non-reimbursed medical expenses; and
 - Funeral expenses for family member.

Effective December 1, 2006, contributions will no longer be suspended for a six-month period following the approval of a financial hardship withdrawal. You must exhaust your 457 loan option (if applicable) before you can apply for a financial hardship withdrawal.

Withdrawals from TexaSaver will be subject to 20% federal tax withholding. Withdrawals that are rolled over to an IRA or qualified plan are not taxable and are not subject to withholding. Employee deferrals (before-tax contributions) which are part of a hardship withdrawal are not subject to the 20% mandatory withholding, but are subject to a 10% voluntary withholding. State and local taxes and withholding may also apply.

12. **Distribution Upon Leaving State Service.** Your distribution options are:
- periodic payments;
 - partial distributions;
 - leave the money in TexaSaver, though you must start taking distributions once you reach age 70½;
 - roll over the balance or part of the balance to another qualified plan or an IRA;
 - take all of the money in cash, called a lump-sum distribution

13. **Program Fees:** The following fees apply to accounts in the program:

Administrative Fee: The program administrative fee is based on your account balance as shown below:

| Account Balance | Monthly Fee per Participant per Account per Contribution Type |
|-------------------------------------|---|
| \$10.00 or less | No Fee |
| Between \$10.01 and \$1,000.00 | \$1.18 |
| Between \$1,000.01 and \$16,000.00 | \$3.99 |
| Between \$16,000.01 and \$32,000.00 | \$6.32 |
| Between \$32,000.01 and \$48,000.00 | \$9.49 |
| Between \$48,000.01 and \$64,000.00 | \$12.24 |
| \$64,000.01 or more | \$15.30 |

This fee schedule can found at:

<https://texasaver.gwrs.com/preLoginContentLink.do?accu=TexasWR&specificBundle=preLogin&contentUrl=prelogin.457.planhighlights.landing>

Fund Expenses - Each investment option charges an investment fee, which is deducted from the earnings (investment return) of the mutual fund. Fund expenses may be offset by fund rebates.

TexaSaver Advisor Service Fees - There is a monthly fee for the Managed Account service. The fees are structured according to your account balance.

| Account Balance: | Monthly Fee: |
|------------------|--------------|
| <\$100,000 | 0.0375% |
| Next \$150,000 | 0.0292% |
| Next \$150,000 | 0.0208% |
| >\$400,000 | 0.0125% |

| Example Account Balance | Monthly Fee Charged |
|-------------------------|---------------------|
| \$10,000 | \$3.75 |
| \$20,000 | \$7.50 |

Loan Fees - These fees are charged to the participant. There is a \$50 loan initiation fee, plus a \$2.08 monthly fee for loan maintenance.

Redemption Fee - The redemption fee is designed to benefit long-term investors by protecting the fund's performance from short-term trading. Redemption fees are set by individual fund managers, not by the TexaSaver Program. Charged as a percentage of the money withdrawn,

redemption fees only apply if you sell your shares before the required holding period. Redemption fees are paid to the fund at the time of withdrawal or exchange. The fund then adds the fee to the assets of the fund to benefit all shareholders.

14. **Customer Service.** If you would like to speak with a Customer Service Representative concerning your Plan participation, call the Voice Response System (VRS) at (800) 634-5091. Customer Service Representatives are available Monday through Friday, 8:00 a.m. to 7:00 p.m. CST, except on New York Stock Exchange holidays. Hearing impaired employees can contact the Voice Response System (VRS) through the special TDD toll-free number (800) 634-5091. To speak with a local representative write or call:

TexaSaver Program Office
400 West 15th Street, Suite 317
Austin, TX 78701
Toll free (877) 358-0966
Fax: (877) 358-2963
Email: texasaver@gwrs.com

15. **Plan Administration.** The Employees Retirement System of Texas is the Plan Administrator for the TexaSaver 457 Plan, (PO Box 13207, Austin, Texas 78711-3207).
16. **Plan Control.** The TexaSaver Plan is governed by federal and state laws, an official plan document and administrative rules. If there are any discrepancies between the information contained in this HSC OP and the official documents which govern TexaSaver, the laws, plan document and rules will control.
17. **Right to Change Policy.** TTUHSCEP reserves the right to interpret, change, modify, amend, or rescind this policy in whole or in part at any time without the consent of employees.