

Tax Deferred Account Program (TDA)

General Information

The Tax Deferred Account (TDA) Program is a 403(b) plan under the Internal Revenue Code and is subject to federal regulation, regulation by the Coordinating Board of the State of Texas, and by Texas Tech. A 403(b) plan, also known as a tax-sheltered annuity (TSA) plan, is a retirement plan for certain team members of public schools and team members of certain tax-exempt organizations, and therefore is not covered by the Employee Retirement Income Security Act of 1974 (ERISA). Participation in the TDA is on a voluntary basis.

Traditional and Roth accounts are available with the Texas Tech TDA.

Traditional TDA - the team member's contributions will be deducted from his/her pay before federal income tax is calculated, so the team member does not pay current income tax on the contribution or on the investment earnings.

Roth TDA – the team member's contributions will be deducted from his/her pay after federal income tax is calculated, so the team member pays current income tax on the contributions. The team member does not pay income tax on the investment earnings now or in the future.

Under the TDA Program, team members enter into an agreement with Texas Tech to reduce gross salary up to specified limits, and to request that Texas Tech apply the funds to the selected TDA account. Those accounts may be invested with a 403(b) fixed annuity, variable annuity or custodial mutual fund account only from companies approved by Texas Tech. Contributions made under the TDA which are within the prescribed limits, are not subject to income tax until received by the team member unless they are designated Roth contributions. The team member owns and controls all rights to the benefits of the plan selected. The investment values of the plan will accumulate income tax-free until retirement, death, disability, or until such other time as the team member elects to receive the benefit payments, subject to provisions of the IRS Code.

The Tax Deferred Account Program may be combined with participation in the Teacher Retirement System, the Optional Retirement Program, and/or the Texa\$aver plan up to the limits prescribed by law.

No contract issued under the Tax Deferred Account Program may provide a life insurance feature.

It is the responsibility of the team member to select and monitor companies and investments. Texas Tech has no fiduciary responsibility for the market value of the investments or for the financial stability of the company.

Eligibility

All team members, except students performing services described in IRC 3121(b)(10), are eligible to participate in the Tax Deferred Account Program.

Program Subject to Change

The Employee Retirement Income Security Act of 1974 (ERISA), the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), the Federal Deficit Reduction Act of 1984 (DEFRA), the Retirement Equity Act of 1984 (REACT), the Tax Reform Act of 1986 (TRA), Unemployment Compensation Amendments Act of

1992, the Small Business Protection Act of 1996 and the 1997 Tax Relief Act¹, all imposed new and/or revised federal regulations on employee benefit plans. **Future laws may change the provisions, tax status, and/or benefits available from individual Tax Deferred Account Program contracts. The Texas Tech Board of Regents and/or administration also reserve the right** to make changes in Texas Tech regulations governing the Tax Deferred Account Program.

¹The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA)

