

DePaul University 403(b) Retirement Plan – Plan Highlights

What is it?

The DePaul University 403(b) Retirement Plan allows faculty and staff the opportunity to accumulate a source of tax-deferred retirement savings governed by Section 403(b) of the Internal Revenue Code.

Who is eligible to participate?

Regular faculty and staff employees are eligible to participate in the plan. Certain groups of employees are not permitted to participate, most notably student workers and employees covered by a collective bargaining agreement.

How does it work?

Employees may defer part of their salary into the 403(b) Plan through payroll deduction instead of receiving it as cash compensation. When an employee makes such a contribution into the Plan, the taxation on the amount of the contribution is tax-deferred. The term, “tax-deferred” means that amounts deducted from a participant’s paycheck are not subject to state or federal income taxes at the time of the payroll deduction. Earnings on the money contributed are also tax-deferred. Accumulations in the plan are taxed only when withdrawn, based on the federal and state tax rate in effect for the individual at the time of withdrawal.

Does the University contribute to the plan?

Yes. Employees who are eligible to make salary deferrals are also eligible to receive an 8% University matching contribution upon meeting the following criteria:

- Completion of one year of service (and in some cases, at least 1,000 hours of work or the equivalent of 1,000 hours of work during the year),
- Attainment of age 21, and
- Salary Deferral of at least 5% to the Plan.

Note: the one year of service may be able to be waived under certain circumstances.

Is there a vesting requirement?

University matching contributions and employee deferrals are fully and immediately vested. That is, 100% of the University contributions and related earnings are fully owned by the participant and none are forfeited should the employee terminate employment.

What are the options regarding the investment of contributions?

A participant in the Plan may direct his or her own contributions, University matching contributions, and related earnings to any fund offered by the two investment companies chosen by the University – TIAA-CREF and Fidelity Investments.

Are Loans Available?

TIAA-CREF offers a loan option on a portion of the employee salary deferral accumulations which gives participants access to their savings before retirement and, provided all repayments are made on time, without tax penalty.