

STANDARD ADMINISTRATIVE PROCEDURE

31.02.08.M0.02 Tax-Deferred Account (TDA) Program

Approved July 2, 1996

Revised August 26, 2010

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Standard Administrative Procedure Statement

This procedure provides guidance on qualification, enrollment, responsibilities and various restrictions of the Tax-Deferred Account (TDA) Program at Texas A&M University.

Procedure and Responsibilities

1. PROGRAM REQUIREMENTS

The contributions to a tax-deferred program are subject to the Internal Revenue Code section 403(b), which allows an employee to defer a portion of their current pre-tax or post-tax (Roth) income until retirement. To qualify for the federal income tax treatment, certain requirements established by federal law must be met. The program must be administered by the employer and the contributions must be made by the employer as an elective deferral on the employee's behalf. The employee's rights to the program must be non-forfeitable. This means that, even though the employer administers the program and makes the contribution, each participating individual is fully vested from the first date of participation in the program.

2. ENROLLMENT

2.1 Approved investment vendor representatives assist employees in completing the required forms or online enrollment for creating an account with that vendor. Investment vendors and representatives are approved by System Benefits Administration.

2.2 Employees enroll in Workday using the TDA Plan Change Benefit Event type to establish a salary reduction agreement.

- 2.3 Employees may enroll in a TDA at any time of the year.
- 2.4 Enrollment is effective on the first of the next month after the event is completed in Workday. For example, if a monthly-paid employee completes enrollment in September in Workday for an October 1 effective date, the first deduction will occur on the November 1 pay date.

3. TERMINATION OR CHANGE OF CONTRIBUTIONS

Employees may terminate their salary reduction agreement by submitting a Change Benefit Event type in Workday to stop contributions. Employees with a nine-month academic appointment will have TDA contributions continue during the summer months if they have an added job in Workday. To change or stop contributions from being deducted from summer added jobs, employees must take action in Workday to stop the contributions during the summer months and complete another Change Benefit Event to re-start or change the contributions in the fall.

4. COORDINATION WITH OTHER TAX-DEFERRED PLANS

Amounts tax-deferred under the Teacher Retirement System of Texas, or the Optional Retirement Program of Texas, may reduce the amount that may be deferred into a TDA. Amounts deferred under an Individual Retirement Account (IRA) and the State of Texas Deferred Compensation Plan are not affected by participation in a payroll-deducted, tax-deferred account.

Related Policies and Regulations

Policy 31.02: *Employee Insurance and Retirement Benefits*

<http://policies.tamus.edu/31-02.pdf>

Regulation 31.02.08: *Retirement Programs*

<http://policies.tamus.edu/31-02-08.pdf>

Contact Office

For more information or clarification, contact Benefit Services at benefits@tamu.edu or 979-862-1718.

OFFICE OF RESPONSIBILITY: [Human Resources](#)