



TO: Full-Time and Eligible Part-Time Faculty and Staff  
FROM: Joselino Cruz-Perez, Director, Employee Benefits  
DATE: March 17, 2023  
SUBJECT: 403(b) Retirement Plan Notice – No Action Required

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**This legally required notice provides a brief summary of AU’s 403(b) Retirement Plan. Please note that this notification is for informational purposes only.**

### **Overview**

AU's 403(b) Retirement Plan allows you to make contributions immediately to your retirement savings and, if eligible, after a year of service, receive a 2-to-1 match; all of which can help you reach your financial goals for retirement. You save money on current income taxes by deferring some of your current compensation into a retirement plan account or save money on future income taxes through Roth after-tax contributions. If you were hired after May 1, 2008, you are enrolled automatically to receive the university's 2-to-1 match when you become eligible to receive it. You can make changes to your contributions and asset allocations at any time.

You can contribute to the plan immediately, regardless of age and service. We will contact you when you become eligible for the match, so you can maximize your benefit. If you have a year of service at another 501(c)(3) non-profit or university, you may be eligible for a waiver of the one-year waiting period. A waiver form will need to be completed by the 501(c)(3) non-profit or university. The non-profit or university can send the completed form directly to Human Resources. Your contributions will take effect one to two pay periods after you have enrolled in the Plan and Human Resources receives the waiver.

To locate the waiver form and other important information about the retirement plan, you can go to the myAU portal, Work@AU, myBenefits - Retirement site or [www.netbenefits.com/au](http://www.netbenefits.com/au) (the waiver form can be located under “Resources”). Fidelity hosts the retirement site and serves as the primary provider of administrative services for the university's retirement plan. Fidelity administers the enrollment process, changes to contributions percentage (deferral) and investment service provider (TIAA and/or Fidelity) selection.

AU may amend the Plan, at any time during the plan year, to reduce or eliminate matching contributions. If the university amends the Plan to reduce or eliminate the matching contributions during the plan year, you will be provided with a supplemental notice and the suspension or reduction will not apply until at least 30 days after that notice is provided.

### **Eligibility for AU’s 2-to-1 Matching Contributions**

You are eligible to receive the 2-to-1 matching contributions if you have worked at AU for 12 months and are normally scheduled to work at least 20 hours per week for at least 1,000 hours per year. The first five percent

(5%) of your contributions are matched 2-to-1 by the university once you become eligible for the match, for a total contribution of up to 15 percent.

AU matching contributions are provided in every pay period in which you contribute at least 5% of your eligible earnings to your AU retirement account. If you frontload your contributions and stop contributing mid-year because you reached the IRS limit, matching contributions will also stop and you risk missing out on university contributions you would otherwise receive if you had contributed at least 5% throughout the year.

### **Matching Contributions - Hired on or After May 1, 2008**

If you have met the eligibility requirements above, you will be eligible for the 2-to-1 matching contribution and will automatically be enrolled in the American University 403(b) Retirement Plan, unless you have previously enrolled on your own or opt out of the one-year anniversary automatic enrollment.

If you are automatically enrolled in the AU Retirement Plan, American University will deduct 1% of your eligible earnings, and the university will match the 1% contribution from your eligible earnings with an additional 2%. These contributions will be defaulted to an account with Fidelity Investments and invested in a Vanguard Target Retirement Fund with the target retirement date closest to the year you might retire, based on your current age and assuming a retirement age of 65. You can opt out or make changes to your contribution amount or investment service provider (TIAA and/or Fidelity) at any time by visiting myAU portal, Work@AU, myBenefits - Retirement site or [www.netbenefits.com/au](http://www.netbenefits.com/au), or calling Fidelity directly at 800-343-0860. You may also change your investment options at any time by contacting your investment service provider, Fidelity Investments at 800-343-0860 or [www.netbenefits.com/au](http://www.netbenefits.com/au) or TIAA at 800-842-2252 or [www.tiaa.org/american](http://www.tiaa.org/american). Changes to your contributions will take effect in one to two pay periods after your election.

Through payroll deductions, you may contribute any percentage of your basic annual salary, up to 100 percent, on a pre-tax and/or Roth after-tax basis up to annual IRS dollar limits (The 2023 IRS limits are outlined on the next page under IRS Limits.) If you have reached age 50 or will reach age 50 during the calendar year January 1 - December 31 and are making the maximum plan or IRS pre-tax and/or Roth after-tax contribution, you may make an additional “catch-up” contribution.

### **Matching Contributions - Hired before May 1, 2008**

If you were hired before May 1, 2008, your participation in the retirement plan is voluntary and requires you to make an election. To make an election, go to myAU portal, Work@AU, myBenefits — Retirement site or [www.netbenefits.com/au](http://www.netbenefits.com/au). You can enroll or make changes to your contribution amount or investment service provider (TIAA and/or Fidelity) at any time by visiting myAU portal, Work@AU, myBenefits - Retirement site or [www.netbenefits.com/au](http://www.netbenefits.com/au) or calling Fidelity directly at 800-343-0860. You may also change your investment options at any time by contacting your investment service provider, Fidelity Investments at 800-343-0860 or [www.netbenefits.com/au](http://www.netbenefits.com/au) or TIAA at 800-842-2252 or [www.tiaa.org/american](http://www.tiaa.org/american). Changes to your contributions will take effect in one to two pay periods after your election.

Through payroll deductions, you may contribute any percentage of your basic annual salary, up to 100 percent, on a pre-tax and/or Roth after-tax basis up to annual IRS dollar limits. If you have 15+ years of service and/or reached age 50 or will reach age 50 during the calendar year January 1 - December 31 and are making the maximum plan or IRS pre-tax and/or Roth after-tax contribution, you may be eligible to make additional “catch-up” contributions.

## **IRS Limits**

Tax law limits the amount you can contribute on a pre-tax and/or Roth after-tax basis to the plan each year. Tax law also limits the amount of compensation that is considered eligible for the plan. You cannot defer any portion of your compensation above that limit into the plan. The IRS contribution limit for 2023 is \$22,500 and the catch-up contribution limit is \$7,500. The IRS compensation limit for 2023 is \$330,000.

## **AU Contributions**

As illustrated in the table on the next page, the first five percent (5%) of your contributions are matched 2-to-1 by the University once you become eligible for the match, for a total contribution of up to 15 percent.

If you contribute . . .	AU contributes . . .	For a total contribution of . . .
1 % of Regular Salary	2 % of Regular Salary	3 % of Regular Salary
2 % of Regular Salary	4 % of Regular Salary	6 % of Regular Salary
3 % of Regular Salary	6 % of Regular Salary	9 % of Regular Salary
4 % of Regular Salary	8 % of Regular Salary	12 % of Regular Salary
5 % of Regular Salary	10% of Regular Salary	15 % of Regular Salary

## **Plan Administration**

To begin making contributions to the Plan or change your contribution amount or investment provider (TIAA and/or Fidelity), go to myAU portal, Work@AU, myBenefits — Retirement site or [www.netbenefits.com/au](http://www.netbenefits.com/au). Click “Enroll” and follow the prompts to establish a username and password in Fidelity NetBenefits®, regardless of whether you select TIAA or Fidelity as your investment service provider. You may make election adjustments within myAU portal, Work@AU, myBenefits — Retirement site or [www.netbenefits.com/au](http://www.netbenefits.com/au) anytime during the year. Your initial contributions will take effect one to two pay periods after your election. The Payroll department will transmit your contributions to the appropriate investment service provider allocated to your selected investment option.

You may also change your investment options at any time by contacting your investment service provider, Fidelity Investments at 800-343-0860 or [www.netbenefits.com/au](http://www.netbenefits.com/au) or TIAA at 800-842-2252 or [www.tiaa.org/american](http://www.tiaa.org/american).

## **Vesting**

When you are “vested” in your savings, it effectively means the money is yours to keep. You are always 100% vested in all contributions you and the university make to your account in the Plan, as well as any earnings on them.

## **Withdrawing**

You may elect to receive a cash payment equal to the full value of your Plan accounts, upon termination of employment, retirement, death, or disability. If you are still active, you may request an in-service distribution upon attainment of age 59½. The distributions will be allowed from the matching contributions, University discretionary contributions, and pre-tax contributions. Also, a participant who is ordered or called to active

duty after September 11, 2001 may receive a distribution of pre-tax contributions if certain requirements in the Internal Revenue Code are met. Call your investment service provider to request a withdrawal.

### **Tax Considerations**

You pay no taxes on your pre-tax contributions, University matching contributions, or investment returns until you withdraw funds from the plan. However, FICA (Social Security and Medicare) taxes are withheld before deferrals to the plan are made. Roth after-tax contributions and related earnings may be withdrawn from the plan tax-free if taken at least five tax years after your first Roth contribution and after you have attained age 59½ or become disabled or die.

### **Right to Receive Paper Documents**

In keeping with AU's commitment to sustainability, AU has opted to follow the IRS rules allowing for electronic delivery of this 403(b) retirement plan notice and all other related retirement plan notices which may be delivered electronically. If you have consented to electronic delivery, AU treats that consent as applying to all applicable retirement plan notices. However, as provided by the IRS rules related to electronic delivery, AU is required to inform you that you may request a written paper copy of this notice, instead of the electronic copy. You may request a paper copy by emailing [hrpayrollhelp@american.edu](mailto:hrpayrollhelp@american.edu) or calling 202-885-3836. If you withdraw your consent to electronic delivery of this notice, AU will treat that withdrawal of consent as applying to only this specific notice and will continue to electronically deliver other retirement plan notices unless you also request a paper document instead.

This notice summarizes some of the important provisions of AU's 403(b) Retirement Plan. If you need further information or have any questions about the retirement plan, please refer to the Summary Plan Description located on [www.american.edu/hr/benefits/retirement](http://www.american.edu/hr/benefits/retirement).