CU's 401(a) Retirement Plan [1]

The CU 401(a) Plan is a defined contribution plan.

- Contribute from each paycheck.
- You have your own account, in your name.
- You get a choice on how to invest.
- The value of your investments increases or decreases as the market changes.
- At retirement or separation from service, you may take distributions from your account.

Participation

Participation is mandatory for:

- eligible faculty; and
- eligible university staff.

If you meet this criteria, you will be enrolled automatically on the first of the month following your hire date. Your contributions to the Plan will be made via automatic payroll deduction.

Why?

- University philosophy is to do as much as it can to assure the financial well-being of its employees in retirement.

Contributions and Vesting

- You contribute 5 percent of your gross pay.
- CU contributes an amount equal to 10 percent of your gross pay—or $2 for every $1 you do!
- You are at all times 100% vested in your and CU's contributions into the plan.
- You can view monthly and annual contributions in the employee portal at my.cu.edu [2].
  - In the portal, select the CU Resources tab.
  - Click on "Pay Advice," available within the "My Info and Pay" horizontal menu bar, or within the "My Info" tile on the screen.

Contribution limits
The annual 2020 contribution limit is $57,000.

The salary limit for 2020 is $285,000, meaning contributions aren't made on salary higher than $285,000, (with the exception of a grandfather clause for employees who participated in the Plan on or before July 1, 1996, and have had no break of service. The salary limit for those employees is $415,000).

If you are a new CU employee and participated in a 401(a) plan at your previous employer this year, the $57,000 contribution limit and $285,000 salary limit start over when joining CU's 401(a) Plan.

Both the CU 401(a) - mandatory plan and PERA's 401(k) - voluntary plans are subject to the Internal Revenue Code Section 415(c). If your mandatory plan is the CU 401(a) Plan, and you also contribute to the PERA 401(k) - voluntary plan, the combination of those contributions are subject to the Code Section 415(c) contribution limit of $57,000 for 2020.

Plan Advantages

On average, pay low fees—and enjoy more transparency.

By doing business with a single service provider, CU is helping participants save on both participant-paid administrative fees as well as investment fund management fees. Because administrative and fund fees are currently bundled, the university can't compute the exact savings for participants. However, the new administrative fee is very low (0.057% of your balance) for the services being provided.

The investments in the new lineup also have low and clearly stated expense ratios, which reflect CU's institutional buying power. If you are a participant in the 401(a) Plan with a $100,000 balance, your average total fees in the new lineup will be $300, compared to $470 with the current one—a savings of 35%.

If you are a participant in the 403(b) Plan with a $100,000 balance, you stand to save 60 percent in fees, with an average of $360 in the new lineup, compared to $600 with the current one. These total fees include the fund investment management fee and the participant administrative fee.

What is the impact of fees on your retirement savings?

The chart below compares a $10,000 investment with the same investment return and two different expense ratios—illustrating the effect of fees on potential savings. As you can see, differences in expense ratios can translate into sizable differences in returns over time.

Example of expense ratios and impact on savings*

<table>
<thead>
<tr>
<th></th>
<th>Fund A</th>
<th>Fund B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount invested</td>
<td>$10,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>Fund A</td>
<td>Fund B</td>
<td></td>
</tr>
<tr>
<td>--------</td>
<td>--------</td>
<td></td>
</tr>
<tr>
<td>Rate of return</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Expense ratio</td>
<td>0.20%</td>
<td>1.30%</td>
</tr>
<tr>
<td>Amount after 10 years</td>
<td>$15,981</td>
<td>$14,381</td>
</tr>
</tbody>
</table>

*—This is a hypothetical example and is for illustrative purposes only. It is not intended to predict or project investment results/future values. The calculations assume no withdrawals during the period indicated and do not reflect any redemption fees. Total returns and the principal value of investments will fluctuate, and results will vary.*

Invest in a highly rated, diverse set of funds.

Domestic equities, international equities, fixed income and specialty funds are all represented on the core investment menu. From the 19 available funds on the 401(a) Plan menu (and 18 funds on the 403(b) Plan menu), you will be able to construct a well-diversified portfolio. See the Investment Choices section below for complete details.

Take more control through a self-directed brokerage option.

If you're a hands-on investor, you'll want to take a look at CU's new self-directed brokerage option. This feature allows you to seek and invest in funds outside the 401(a) Plan's core investment lineup. This is a great opportunity for experienced investors wishing to expand their portfolios. Brokerage Account participants are subject to a 0.057% administrative fee to cover plan and participant services. This means that for every $1,000 invested, participants will have a 57 cent fee.

It's important to note that neither CU nor TIAA assume responsibility for and do not monitor the performance of these funds, and additional fees may apply.

Please note: Effective Sept. 1, 2019, CU policy limits Brokerage Account Investments and contributions to 90% of your total assets.

For example, if you set a monthly contribution of $1,000 to the University of Colorado 401(a) Mandatory plan and $500 to one of CU's voluntary plans:

- 90% of the CU 401(a) contribution ($900) and the voluntary contribution ($450) can be invested in the Brokerage Account.
- 10% of the CU 401(a) contribution ($100) and the voluntary contribution ($50) will be invested in the Target Date Funds and/or in the Core Investment Funds.

Get one-on-one time with a financial consultant.

As the sole service provider for CU's retirement Plans, TIAA will have a substantial presence on each CU campus. Representatives will be available to meet with you to discuss your financial concerns and needs, help you understand how the transition impacted your assets or
help you with your retirement planning. Note that these services are included in the administrative contracts CU has with TIAA.

You may consider rolling over retirement funds you may have from previous employers, or from IRAs, into the Plan(s). This way, you'll be able to take advantage of CU's lower fee structure, highly rated investment fund lineup, self-directed brokerage option and personalized financial assistance with a financial consultant. Contact TIAA to find out if your funds can be rolled into CU's Plans.

### Special Tax Treatment

- You make contributions on gross income.
- It is still subject to FICA and FUTA.
- As your investments (hopefully) increase in value each year, you don't pay taxes on the gain.
- It allows for compounded growth.
- You are taxed on the money when you withdraw it in retirement.

### Investment Choices

The CU 401(a) Plan has a three-tier investment structure, designed to help you invest based on your preferred investing style. Some participants may be comfortable using a mixed investing strategy that combines target date funds, the core investment menu and/or personally selected funds within the self-directed brokerage option.

See which style suits you [3].

### Plan Documents

To review documents for this plan please click here [4].

### Plan History

- established in 1924
- amended/restated over time to remain in compliance with IRS rules (aka “Internal Revenue Code provisions”)
- updated in July 2015 to offer participants a best-in-class menu of funds, managed by a single service provider (TIAA), and to save them an estimated $3 million a year in fees

### Plan FAQ

#### Why is it a 401(a) and not a 401(k)?

These designations are specified by the IRS.

**401(k) plans** are for private sector employees.
• exception: Some governmental agencies have 401(k) plans that were grandfathered in from before May 1986.

**Internal Revenue Code Section 401(a)** applies to and controls:

- private and governmental money purchase plans.
- private sector profit-sharing plans.
- private sector 401(k) plans.

**Will I get Social Security?**

Participants of the 401(a) Plan also pay into Social Security.

- You pay in 6.2 percent of your gross pay.
- CU pays in an amount equal to 6.2 percent of your gross pay.

To be eligible for Social Security, a person must pay into the system for 40 quarters (10 years).

- can be non-sequential
- may be eligible for a spouse's Social Security benefits, even if you haven’t personally paid in

**Can I contribute more than 5 percent?**

Not into CU’s 401(a) Plan

There are three other, voluntary retirement savings plans to choose from if you’d like to contribute more:

- CU's 403(b): CU sponsors the Plan while TIAA is the Plan's service provider.
- PERA's 401(k): The investment sponsor is Voya Financial.
- PERA's 457: The investment sponsor is Voya Financial.

**When can I withdraw my money?**

Upon experiencing a "Distributable Event" such as:

- attainment of age 59½
  
  or
  
  - separation from CU employment

**Can I roll funds from a previous employer (or IRA) into the 401(a) Plan?**

Yes. The 401(a) Plan accepts rollovers or transfers from another plan that is eligible for treatment as a rollover.

The 401(a) Plan will not accept rollover contributions that are comprised of after-tax
contributions.

Can I take a loan against my 401(a) Plan account?

No. The 401(a) Plan does not allow for loans or hardship withdrawals.

What are my options for that money if I leave CU before retirement?

Upon leaving CU, you have the option to:

- keep your funds in the 401(a) Plan.
- have the funds rolled out of the 401(a) Plan to another eligible plan, IRA or Roth IRA.

What will happen to the money in my 401(a) Plan if something happens to me and I have not named a Plan beneficiary?

If you do not choose a beneficiary, one will be chosen on your behalf, based on the following succession line:

1. Surviving spouse
2. Surviving child(ren)
3. Surviving parent(s)
4. Personal representative of your estate

Groups audience:
Employee Services

Right Sidebar:
ES: 401(a) Resources

Source URL: https://www.cu.edu/employee-services/benefits-wellness/current-employee/retirement-plans/cus-401a-retirement-plan

Links
[2] https://my.cu.edu