



**Policy Title: Baylor 457(b) Plan**

**Policy Number: BU-PP 472**

**Date Issued: Updated March 8, 2014**

**Responsible Executive: Vice President & Chief  
Human Resources Officer**

**Date Last Revised: March 20, 2021**

**Responsible Office: Human Resources**

## **Baylor 457(b) Plan BU-PP 472**

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### **Policy Statement**

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Baylor University offers a “457(b) Deferred Compensation Plan” (the “Plan”), which is designed to permit any participant who has maximized their 403(b) elective deferrals with an additional opportunity to save for retirement. Section 457(b) of the Internal Revenue Code (IRC) allows eligible employees to defer some amount of current compensation. The 457(b) Plan is an arrangement that permits an employee to postpone receipt of current compensation, deferring federal income tax to a later date. All aspects of the Plan are governed by the terms set forth in the Baylor 457(b) Plan documents. In the event of conflict between this policy and the Plan documents, the Plan documents control.

Baylor reserves the right to change, alter, amend, or terminate any policy, procedure, practice, and / or benefit plan in its discretion and in whole or in part, to include without limitation the 457(b) Deferred Compensation Plan and this Policy, and to do so without advance notice.

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### **Reason for the Policy**

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The purpose of this policy is to provide details regarding the Baylor 457(b) Plan.

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### **Individuals/Entities Affected by this Policy**

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Active and former faculty and staff

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### **Exclusions**

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Students (including graduate students), event workers, independent contractors, and leased employees, contingent workers

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## Related Documents and Forms

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### University Policies and Documents

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- [Baylor 457\(b\) Plan Summary](#)
- [457\(b\) Salary Reduction Agreement](#)

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### Contacts

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Subject	Contact	Telephone	Office email/web site
Policy Questions	Human Resources	254-710-2000	<a href="mailto:askHR@baylor.edu">askHR@baylor.edu</a> <a href="http://www.baylor.edu/hr">www.baylor.edu/hr</a>
TIAA Account Questions	TIAA	800-842-2252	<a href="http://www.tiaa.org/baylor">www.tiaa.org/baylor</a>
Investment Advice	CAPTRUST	800-967-9948	<a href="http://www.captrustadvice.com">www.captrustadvice.com</a>

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### Responsibilities

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<b>Eligible Employee (also titled “Plan Participants”)</b>	As desired, make a pre-tax election to direct Baylor to direct a portion of their gross salary into the Baylor 457(b) Plan
<b>Payroll Office</b>	Calculate employee and employer contribution and apply to employee pay
<b>University Administration</b>	At its discretion, determine employer contribution

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### Definitions

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<b>Contribution Account or Account</b>	The participant’s account maintained by the Plan’s recordkeeper TIAA
<b>Deferral Limit</b>	The maximum amount that the Plan Participant can contribute to their Account in any calendar year. This limit is set by the IRS each year and defined by section 402(g) of the Internal Revenue Code (IRC).
<b>Normal Retirement Age</b>	Your Normal Retirement Age is 65, unless you designate on a form provided by the committee another age between 65 and 70½. Under this provision, your contribution limit is the lesser of (1) twice the regular contribution limit for the Taxable Year, or (2) the regular contribution for the Taxable Year plus the difference between the regular contribution limits during previous Taxable Years in which you were eligible to participate and your actual contributions for such Taxable Years.

<b>Underutilized Limitation</b>	The difference between the annual maximum Deferral Limit and what the Plan Participant contributed towards the annual maximum Deferral Limit for each year
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## **Eligibility**

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Employee Contribution: Each eligible employee shall become a Plan Participant in the Baylor 457(b) Plan on the next payday after his/her employment date for purposes of eligibility to make pre-tax deferred contributions.

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## **Plan Recordkeeper**

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The recordkeeper for the Baylor 457(b) Plan is TIAA. Plan Participants can, at any time, direct their Plan contributions to be invested in any of the available investment options offered by the Plan.

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## **Enrollment**

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Upon attaining the eligibility requirements to participate in the Plan, the eligible employee will be notified of their eligibility date and provided instructions on how to enroll in the Plan.

To enroll for Employee Contributions, the Plan Participant will complete the Salary Reduction Agreement (also called an 'election'). The employee's election will be effective the first of the pay period following the date the election is made, unless the date the election is made is prior to the employee's first paycheck then it will be effective on the employee's first paycheck.

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## **Plan Compensation**

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The Compensation considered for purposes of contributions is W-2 wages, plus elective deferrals to another plan maintained by Baylor University and any minister's housing allowances received. Amounts paid after a severance from employment are not included in compensation.

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## **Plan Contributions**

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### **Elective Deferrals**

Plan Participants may voluntarily direct a portion of their Compensation, as defined above, to their individual 457(b) retirement account (the "Contributions Account" or "Account"). Voluntary pre-tax contributions will be directed to their Contributions Accounts with TIAA. Voluntary pre-tax contributions cannot exceed the maximum allowable annual amount limitations of sections 402(g) of the Internal Revenue Code

(IRC) (called the “deferral limit”). For example, in 2021, this limit was the lesser of either \$19,500, or 100% of the participants Compensation if they earned less than \$19,500 a year.

Age 50 or older catchup contributions are not permitted in the Baylor 457(b) Plan.

**Normal Retirement Age Catch-up Contribution** – For one or more of the Plan Participant’s last three Taxable Years ending before his/her attainment of Normal Retirement Age, the Plan Participant’s maximum contributions may not exceed the lesser of:

- twice the 457(b) deferral limit; or
- the underutilized limitation

### **University Contributions**

- Baylor University may make matching contributions in an amount it determines in its sole discretion, or no contributions.
- Baylor University may make non-matching contributions in an amount it determines in its sole discretion, or no contributions. Baylor shall make non-matching contributions for a participant as may be specified in the participant’s employment agreement.
- Any Baylor University contributions are subject to change without advance notice.

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### **Vesting**

A Plan Participant shall at all times be fully vested in each of the Participant’s Contributions Accounts.

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### **Plan Distributions**

A Plan Participant’s Contribution Account(s) will generally be distributed to him / her or the identified beneficiary following a severance from employment or upon death. However, as described further below, the Plan Participant may have the right to a delayed distribution, or distribution while the employee is still employed with Baylor University under certain circumstances.

- **Severance of Employment** – The employee’s Contribution Account will be payable commencing 60 days following the employee’s severance from Employment. However, the employee may elect to change the commencement date of the distribution to a later date, provided the election is received by TIAA within such 60-day period. If the employee timely elects to delay the commencement of distributions to a later date, the employee may make one additional election to further delay the commencement of distribution, provided that the election is received by TIAA before distribution actually begins.

- **Death** – The employee’s Account will be payable to his or her identified beneficiary commencing 60 days after receipt by Baylor University of satisfactory proof of the employee’s death. However, the beneficiary may elect to change the commencement date of the distribution to a later date, provided the election is received by Baylor University within such 60-day period. If the beneficiary makes a timely election to delay the commencement of distributions to a later date, the beneficiary may make one additional election to further delay the commencement of distribution, provided that the election is received by Baylor University before distribution actually begins.
  
- **Unforeseeable Emergency** – If the employee or his / her identified beneficiary experience an unforeseeable emergency, the employee / beneficiary may be entitled to a distribution of an amount reasonably necessary to satisfy the emergency need, including amounts necessary to pay taxes or penalties on the distribution. No distribution will be made to the extent the financial hardship may be relieved by cessation of contributions to the Plan, through insurance or other reimbursement, or by liquidation of assets to the extent the liquidation would not cause severe financial hardship. An unforeseeable emergency is a severe financial hardship of the employee or beneficiary resulting from:
  - the illness or accident of the employee/ beneficiary, or a spouse or dependent of the employee or beneficiary;
  - the loss of the employee’s or beneficiary’s property due to casualty;
  - the need to pay for the funeral expenses of the employee or beneficiary’s spouse or dependent; or
  - other similar extraordinary and unforeseeable circumstances arising from events beyond the employee’s or beneficiary’s control.
  
- **Military Service** – If the employee performs services in the uniformed services (as defined in Code Section 414(u)(12)(B)) on active duty for a period of more than 30 days, the employee may elect to receive a distribution as if the employee had incurred a severance from employment. No distribution will be made under this provision unless the employee specifically requests a distribution. If the employee elects such a distribution, the employee may not make a tax-sheltered contribution during the 6-month period beginning on the date of the distribution.
  
- **De Minimus Distribution** – Baylor University may direct that the employee’s Contribution Account be distributed, with or without the employee’s permission, where the following requirements are met:
  - The Account does not exceed \$5,000;
  - The employee has had no contributions under the Plan during the two-year period ending on the date of distribution; and
  - The employee has not received a prior distribution under this provision.

- **Age 70½ Distribution** – The Contribution Account may be distributed to the employee or beneficiary, as applicable) prior to the employee's severance from employment once the employee (or beneficiary) reach age 70½.

Please refer to the Baylor 457(b) Plan Summary of Plan Provisions for more information on withdrawals from the Plan.