Beaumont Health 403(b) Plan

A 403(b) plan is a tax-advantaged retirement plan for employees of public schools, colleges and universities, hospitals, and churches. This plan is an important supplement to your Beaumont pension and social security.

With a Beaumont 403(b), participants contribute a portion of their earnings into their Fidelity 403(b) account on a tax-advantage basis. Participants may choose between a traditional pre-tax contribution and a Roth contribution.

**Traditional pre-tax contribution** – Contributions are made on a pre-tax basis, reducing the participant’s taxable income. Earnings accumulate on a tax-deferred basis. All distributions are taxed as ordinary income.

**Roth contributions** – Contributions are made on an after-tax basis. Earnings accumulate on a tax-deferred basis, and distributions are tax-free if made five years after initial contribution to the plan account and the employee is over 59½.

**Employer Contributions**

Beaumont Health may choose to make contributions to the participants 403(b) account on an annual basis (historically in the month of May). In order for the employee to receive the full employer match, the 403(b) participant must contribute a minimum of 4% of their gross annual compensation. If the participant contributes less than 4%, the employer contribution is reduced, which is money the participant is leaving on the table. 3 year employee vesting period in order to receive employer match.

**Employee Contributions**

Through the convenience of automatic payroll deductions, participants may contribute up to 75% of their eligible pay on a pre-tax or Roth basis, up to the annual IRS dollar limits. In addition, participants can automatically increase your 403(b) savings plan contributions each year through the Annual Increase Program. Participants can also contribute in whole dollar amounts.

**Age 50+ Catch-Up**

If you are age 50 or older, you have the ability to make additional contributions to your 403(b) account up to the IRS contributions limits

**2019 Limitations**

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<tr>
<td>Annual Deferral Limit</td>
<td>$19,000</td>
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<tr>
<td>Age 50+ Catch-Up Limit</td>
<td>$6,000</td>
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<td>Total</td>
<td>$25,000</td>
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**Employer Match**

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<tr>
<td>Employee Contribution</td>
<td>4% or greater = Full employer match</td>
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Vesting
When you are “vested” in your savings, it effectively means the money is yours to keep. Participants are always 100% vested in all contributions they make to the plan account, as well as the earnings on them. 3 year vesting period for employer match.

Account Access
Withdrawals
Participants are generally allowed to withdraw money from their 403(b) when they leave their employer, retire or become permanently disabled. Also, participants may be eligible for a distribution if they have a financial hardship as defined by the Beaumont plan. There are many considerations – the form of payment, the tax consequences, and other forms of retirement income. Participants should review several considerations before making a decision about receiving a distribution, including:

- Taxes, if applicable, are paid only on withdrawn amounts. Funds that remain in the account, and any future investment earnings, continue to accumulate tax-advantage until they are withdrawn.
- In the event of the participant’s death, any remaining account balance will be available for distribution to designated beneficiaries.
- Withdrawals prior to age 59 1/2 may be subject to a 10% early withdrawal penalty from the IRS.
- Withdrawals are subject to a 20% mandatory federal tax withholding.
- Distributions of assets must begin no later than April 1st of the year following the year the participant reaches age 70 1/2.

Loans
Although your 403(b) account is intended for the future, you may borrow from your account for any reason. The Beaumont Health Retirement Savings Plan allows participants to borrow a minimum amount of $1,000, and a maximum not to exceed $50,000. Any outstanding loan balances from the previous 12 months may reduce the amount you have available to borrow. You then pay the money back into your account, plus interest, through after tax dollars from a personal bank account linked to your 403(b). You may have 2 loans outstanding at a time. The cost to initiate a loan is $35, and there is a quarterly maintenance fee of $3.75. The fees are deducted directly from the participants 403(b) account.

*Note: If you fail to repay your loan based on the terms of the loan, it will be considered in “default” and treated

BrokerageLink:
The BrokerageLink option gives participants a choice of thousands of mutual funds and many well-known fund families beyond the core investment options

Key Benefits of participation:
- Save for retirement on a tax-advantage basis.
- Pre-tax contributions are not subject to federal & state income taxes.
- The Beaumont plan allows for participants to consolidate prior employer plan accounts into their current Fidelity 403(b).
- Participants may rollover all or a portion of their Beaumont pension at retirement.