

Retirement Programs - Frequently Asked Questions

How often can I change my contribution amount to my Tax-Deferred Account (TDA)?

You may change your contribution amount once each month. Just fill out the TDA Salary Reduction Agreement/Change of Vendor form (<http://tamus.edu/benefits/publications/forms/17.pdf>) and submit it to your Human Resources or Payroll Department.

How often can I change Optional Retirement Program (ORP) or TDA vendors?

You may change your ORP or TDA vendor whenever you choose. Just fill out the TDA Salary Reduction Agreement/Change of Vendor form (<http://tamus.edu/benefits/publications/forms/17.pdf>) or the ORP Salary Reduction Acknowledgement/Change of Vendor form (<http://tamus.edu/benefits/publications/forms/14.pdf>) and submit it to your Human Resources or Payroll Department. However, your new vendor must be listed on the A&M System active vendor list (<http://tamus.edu/benefits/retirement/orptda.html>).

Am I permitted to transfer my account to a vendor that is not on the approved list?

No. Both the ORP and TDA plans only permit transfers to vendors on the A&M System Active Vendor List located at <http://tamus.edu/benefits/retirement/orptda.html>.

Do I have to transfer my existing ORP or TDA account in order to change vendors?

No. You may leave your existing ORP or TDA account with your former vendor and change your future contributions to a new vendor. You may also contribute to two different TDA vendors at the same time, if you wish.

What is the difference between a “Roth” TDA and a traditional TDA?

With a traditional TDA, your contribution is deducted from your pay before federal income tax is calculated, so you do not pay current income tax on your contributions. Likewise, you do not pay current income tax on the investment earnings on your TDA savings. When you make withdrawals from your TDA account upon retirement, you will pay federal income tax on the withdrawals.

With a Roth TDA, your contribution is deducted from your pay after federal income tax is calculated, so you pay current income tax on your contributions. You do not pay income tax on your investment earnings now or in the future. When you make withdrawals from your Roth TDA account upon retirement, you will not pay federal income tax on the withdrawals.

Are loans or hardship withdrawals allowed from an ORP account?

No. Texas state law prohibits distributions, including loans and hardship withdrawals, under the Optional Retirement Program (ORP) until a participant retires, dies, reaches age 70½ or terminates employment with all Texas public institutions of higher education.

Are loans or hardship withdrawals allowed from a TDA account?

Yes. The TDA program does allow loans and hardship withdrawals regardless of the participant's employment status. However, not all TDA vendors offer loans. For more information, employees should contact their vendor representatives.

Am I permitted to take a distribution from my ORP account while employed with the A&M System?

Texas state law prohibits distributions under the Optional Retirement Program (ORP) until a participant retires, dies, reaches age 70½ or terminates employment with all Texas public institutions of higher education.

Am I permitted to take a distribution from my TDA account while employed with the A&M System?

The TDA program allows distributions from your account once you have reached age 59 ½, retire, or terminate employment with the A&M System. The TDA program also allows hardship withdrawals. This includes major un-reimbursed medical expenses, college costs for immediate family members, purchase of your primary residence or payments to prevent eviction from or foreclosure on your primary residence. If you receive a financial hardship withdrawal, federal law requires that contributions to the plan be suspended for six months.

How much am I permitted to contribute to a TDA account for 2009?

The maximum contribution limit under the TDA will be \$16,500 in 2009. The catch-up contribution limit for plan participants who are 50 and older will be \$5,500 in 2009. For participants who have been with the A&M System for 15 years or longer, you may qualify to contribute an additional \$3,000 per year for a cumulative total of \$15,000.

How much am I permitted to contribute to the Texa\$aver 457 Deferred Compensation Plan (DCP) account for 2009?

The maximum contribution limit under the Texa\$aver DCP will be \$16,500 in 2009. The catch-up contribution limit for plan participants who are 50 and older will be \$5,500.

Can I contribute to the TDA and the Texa\$aver DCP at the same time?

Yes. The TDA and the Texa\$aver DCP are two separate plans with separate contribution limits. You may contribute \$16,500 (\$22,000 if 50 and older) to each plan in 2009.

Can I contribute to both a traditional TDA and a Roth TDA?

Yes. However, both the traditional TDA and the Roth TDA are subject to the same total \$16,500 TDA limit (\$22,000 if 50 and older). The combined total cannot be greater than this limit.