



Tennessee Board of Regents

1415 Murfreesboro Road - Suite 350 - Nashville, Tennessee 37217-2833
(615) 366-4400 FAX (615) 366-4464

MEMORANDUM

TO: All Employees

FROM: Ron Ostenfeld, Director of Employee Benefits

SUBJECT: The TBR 403(b) Retirement Plan

DATE: October 17, 2008

Due to newly issued Internal Revenue Services (IRS) regulations, several important changes are coming to the 403(b) Retirement Plan for employees of Tennessee Board of Regents institutions on January 1, 2009.

The Tennessee Board of Regents offers many different programs to assist faculty and staff in planning and saving for retirement. One of the programs is a 403(b) Plan. This Plan allows employees to take a portion of their compensation and put it into a tax deferred savings account or tax sheltered annuity set up with the approved provider of their choice. Starting on January 1, 2009 the number of approved providers will decrease to three (AIG VALIC, ING, and TIAA-CREF) and the rules governing the money that has been put into one of these savings programs will change.

If you have never put money into the Tennessee Board of Regents 403(b) Retirement Plan, this change will not affect you. However, the changes to the Plan are designed to make it easier for you to decide if this plan is right for you.

If you are currently contributing money into the Tennessee Board of Regents 403(b) Retirement Plan, the changes will affect you and may require you to take some action. More information will be sent to you in the next couple of weeks.

Detailed information about the changes can be found in the "Tennessee Board of Regents 403(b) Changes Q&A" document located on the next page.

Austin Peay State University • East Tennessee State University • Middle Tennessee State University • Tennessee State University
Tennessee Tech University • University of Memphis • Chattanooga State Technical Community College
Cleveland State Community College • Columbia State Community College • Dyersburg State Community College
Jackson State Community College • Motlow State Community College • Mississippi State Technical Community College
Roane State Community College • Southwest Tennessee Community College • Volunteer State Community College
Walters State Community College • Nashville State Technical Community College • Northeast State Technical Community College
The Tennessee Technology Centers

Tennessee Board of Regents 403(b) Retirement Plan Changes Questions & Answers

Question: Why are changes being made to the Tennessee Board of Regents (TBR) 403(b) Retirement Plan?

Answer: The Internal Revenue Service (IRS) has issued regulatory changes to 403(b) plans. These changes require employers who choose to offer a 403(b) plan to play a more active role in monitoring the plans and ensuring that new compliance requirements are met. In order to fulfill these new responsibilities in a manner which best meet the interests of all employees, changes are required.

Question: Who are going to be the Approved Providers?

Answer: The Tennessee Boards of Regents is partnering with three top tier service providers, AIG VALIC, ING and TIAA-CREF, to give employees access to excellent investment tools, high quality service, and a wide array of investment options. By choosing these three providers the Plan will be compliant with the new regulations while keeping administrative costs down.

Question: What will happen to my existing account that is currently with a provider other than AIG VALIC, ING or TIAA-CREF?

Answer: You can leave existing funds (those funds contributed prior to January 1, 2009) with your current service providers. You will be able to transfer those accounts to one of the Approved Providers or leave the balance with your existing Provider subject to the investment results and rules of that contract as long as those rules are compliant with the Tennessee Board of Regents 403(b) Retirement Plan Document.

Question: I'm currently repaying on a loan. What happens to it?

Answer: The change will not affect your existing loan payment or loan term.

Question: Do I need to reestablish the amount I have deducted from my paycheck for the TBR 403(b) Retirement Plan?

Answer: If you are currently deferring salary to a service provider other than AIG VALIC, ING or TIAA-CREF, you will need to choose one of these approved providers and complete a new payroll deduction agreement before December 31, 2009 if you want to continue to defer into the TBR 403(b) Retirement Plan.

If you are currently deferring salary to AIG VALIC, ING or TIAA-CREF, no changes need to be made. Your current deductions will continue.

Question: What are the changes to the plan provisions?

Answer: The TBR 403(b) Retirement Plan will be a strict retirement savings plan. The plan will not allow loans against the balance in your account and you will not be able to access the balance in your account if you experience some financial difficulty. If you are interested in a retirement savings plan that offers these features you may want to look into the State of Tennessee's 401(k) plan that offers loans and hardship withdrawals or the State of Tennessee's 457 plan that offers hardship withdrawals.

If you have additional questions please contact your HR Office or Ron Ostefeld, Director of Employee Benefits, Tennessee Board of Regents at ron.ostenfeld@tbr.edu.