

Voluntary 403(b) Retirement Plan – Distribution Decisions
Good Question!

When an employee begins working for Auburn University or terminates employment with Auburn University, what should they do with their retirement savings?

When an employee retires, obtains age 59 ½ while still employed, or terminates employment, they typically must make a critical decision regarding how and when to receive their retirement savings.

New employees may:	Employed and Over Age 59 ½ may:	Terminated employees may:
Leave the plan balance in a previous employer's plan	N/A	N/A
Transfer the plan balance to Auburn (voluntary retirement plan(s))	Leave the plan balance in the Auburn University voluntary plan(s)	Leave the plan balance in the Auburn University voluntary plan(s)
Transfer the plan balance to an individual retirement account (IRA)	Transfer the plan balance to an individual retirement account (IRA)	Transfer the plan balance to an individual retirement account (IRA)
Cash out	Cash out	Cash out

These options have many features which must be considered in order to make a decision. The decision is unique to each situation so no right answer exists. Some of the key components an employee should consider are the available investments, the expense of the investments or administration of the account, the ability to access money in the account, and the tax consequences.

Employees are encouraged to seek the advice of a representative of a brokerage organization, an independent investment advisor or advisory firm, or other person or entity when making this decision. An employee should consider how an individual, which is providing a recommendation regarding their options, is compensated. Auburn University employees are provided this service free of charge from our consulting firm, Johnson Sterling.

Effective June 1, 2015, participants in Auburn University's 403(b) and 457(b) voluntary retirement plans are required to acknowledge, in writing, that they obtained and reviewed answers to questions designed to help an employee get clear and concise answers regarding recommendations that they receive. We want employees to understand the incentive for certain recommendations and the cost in real dollars, not percentages or basis points.

The questions an employee will ask are:

- Why are you recommending that I invest in these products? How do these products specifically meet my needs?
- What are the costs of opening an account?
- How do the charges for this service compare with what I'm paying now under the plan(s) at Auburn University?
- How much money will you, the financial advisor, make if I transfer my money into your product?
- How much money will you, the financial advisor, get paid over the life of the investment?
- How can I access my money if I choose to do so? What will it cost me (in dollars) and how quickly can I expect my money?

Questions or comments regarding this **"Good to Know!"** bulletin can be directed to Human Resources at 844-4183 or benefit@auburn.edu.