



Information

update

October 2017

TSA Consulting Group - NEWSLETTER

403(b) and 457(b) Plan Overview

As the nation's largest independent 403(b)/457(b) third party administrator, we receive a lot of questions regarding which plan type(s) employers should offer, and why employees would choose one plan type over another. While most everyone understands the many benefits of traditional 403(b) tax deferred accounts, some employers question whether adding Roth investments or even a 457(b) plan would provide any benefit to their employees. The answer to both is YES!

Let's start with Roth. Employers generally offer Roth products to meet the needs of employees who wish to save in a post-tax account so the money can grow and be withdrawn tax-free at retirement. The key question for employees is when and under what tax bracket does the employee want to pay income taxes? Many employees would rather pay taxes at retirement because they are in a lower tax bracket at that time (compared to their working years). For those employees, a traditional 403(b) is a great option. On the other hand, some employees would rather pay taxes while they are working. If an employee believes their income at retirement will be greater than most of their working years, they may

wish to open a Roth account and pay taxes under their current tax bracket.

When it comes to 457(b) plans, the benefits are numerous. First of all, because the contribution limits are not coordinated between 403(b) and 457(b), having a 457(b) in place allows employees to max out their contributions in two retirement plans each year. Employees can defer the full \$18,000 into a 403(b) and then another \$18,000 in a 457(b) in the same calendar year. Not many employees have the option to defer \$36,000 a year (not including catch-ups). Also, board members are eligible to participate in 457(b) plans, unlike 403(b) plans, which exclude them. The other major benefit of 457(b) plans is the absence of IRS early withdrawal penalties. If an employee is terminated, they are eligible for a distribution with no IRS penalty regardless of their age.

An important consideration for employees choosing between a 403(b) or 457(b) is estimating at what age/employment status they intend to access their funds. As mentioned earlier, while 403(b) accounts offer IRS penalty-free distributions upon attaining age 59½, 457(b) accounts are not

subject to IRS early withdrawal penalties at any age. This may be an ideal option for employees retiring at a younger age. However, if an employee intends to continue working after age 59½ and wants access to their 457(b) funds, that option isn't available like it is in the 403(b). Only termination or attaining age 70½ qualify an employee for a 457(b) distribution. As you can see in the example below, Bob and Bill have the same age/employment status as Sally and Susan; however, by selecting the plan type that best met their needs, Sally and Susan have a much better outcome.

	Bob	Bill
Age/Status	54, Retired	60, working
Plan Type	403(b)	457(b)
Eligible for Distribution?	Yes	No
IRS Early Withdrawal Penalty	Yes	No

	Sally	Susan
Age/Status	54, Retired	60, working
Plan Type	457(b)	403(b)
Eligible for Distribution?	Yes	Yes
IRS Early Withdrawal Penalty	No	No

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Results from Our Customer Service Survey

We would like to thank everyone who took the time out of their busy schedule to complete our customer service survey earlier this year. TSACG is continually striving to enhance the services we provide to our clients, and having input from our highly valued clients allows us to streamline our approaches and service offerings to meet the evolving needs of Plan Sponsors in this continually changing environment.

Below is a brief overview of the responses we received:

1. *Do you find our customer service representatives to be knowledgeable, helpful, and courteous?*

Yes – 99.45% • No – 0.55%

2. *If you contact TSACG with an issue, is it resolved to your satisfaction?*

Yes – 98.62% • No – 1.38%

3. *Does the customer service representative provide information that is thorough and easy to understand?*

Yes – 99.72% • No – 0.28%

4. *Do you find that messages are returned in a timely manner?*

Yes – 98.61% • No – 1.39%

5. *How often do you interact with TSACG?*

Daily – 3.39% • Weekly – 3.78% • Bi-Weekly – 13.56% • Monthly – 76.27%

6. *Overall, how would you rate the quality of service provided to your organization?*

Excellent – 68.77% • Above Average – 27.67% • Average – 3.29%
Below Average – .27% • Poor – 0

7. *Please rank the most critical services affecting your likelihood to recommend TSACG.*

- 1) Compliance Support – 68.84%
- 2) Payroll Remittance – 63.74%
- 3) Recordkeeping – 45.89%
- 4) Customer Service Line – 38.53%
- 5) Reporting – 36.83%
- 6) Communication & Education Materials – 27.76%
- 7) Plan Consultant – 17.85%
- 8) Technology – 11.33%
- 9) On Site Audit Support – 4.53%
- 10) On Site Meetings – 2.27%

The TSACG overall Net Promoter Score (NPS) is 89%.

Is there a topic you would like to see covered in an upcoming newsletter?

Let us know!

Send your suggestions and/or requests via email to programservices@tsacg.com.

CONTACT US

Please contact the appropriate department listed below for assistance:



Participant Transactions Team:
Contact the Participant Transactions Team regarding the approval of loans, rollovers, hardships, distributions, exchanges; transaction paperwork submission assistance; Transaction Routing Request form assistance; ART log-in assistance; etc.:

Toll-Free Phone: 1-888-796-3786, Option 4
Local Phone: (850) 362-6840

Transaction Document Submission:
Fax Numbers: 1-866-741-0645
or 1-866-814-0622

Email for the Transaction Status Inquiries and ART Assistance:
recordkeeping@tsacg.com

Remittance Services Team:

Toll-Free Phone: 1-888-796-3786, Option 6
Local Phone: (850) 362-6840
Fax: 1-866-483-3143

Email for Remittance Assistance:
epars@tsacg.com

P. O. Box 4037
Fort Walton Beach, FL 32549

Data Department and Publications Team:

Toll-Free Phone: 1-866-569-9967
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Email for the Data Department:
data@tsacg.com

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publications@tsacg.com

Executive/Administration Offices: Program Consultants and Program Services Teams

Toll-Free Phone: 1-888-777-5827
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Business Operations Team:

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