Iowa State University 457(b) Plan FAQ

1) What Vendor can I use for my 457(b) contributions?
   We have 457(b) plans set up with TIAA and AIG(Valic)

2) When can I start contributing to my 457(b)?
   You can start contributing to your 457(b) with the October 30th paycheck. You may set
   up the deduction in Workday using a date no earlier than October 1, 2020. You can set
   up the deduction by following the steps in this job aid:
   https://iastate.app.box.com/v/ManagingVRSPs

3) How much can I contribute to a 457(b) plan?
   The limits for 457(b) contributions are subject to change each year and are set by the
   IRS. For Calendar year 2020 the limits are:
   
   Standard Limit: $19,500
   Age-50 Catch-Up Limit: $6,500

   This means if you turn age 50 during calendar year 2020, you are eligible to contribute
   up to $26,000 to your 457(b).

4) Am I able to do the Special 15-year catch-up contribution amount with the 457(b) plan?
   No, you are not able to utilize the 15-year catch-up contribution for the 457(b) plan.

5) Who can participate in the ISU 457(b) plan?
   Any benefits eligible employee can participate in the 457(b) plan.

6) Can I contribute to both the 403(b) and the 457(b)?
   Yes, you are allowed to contribute to both Plans at the same time.

7) Do I have to max out my contributions to the 403(b) plan before I can use the 457(b) plan?
   No, the 457(b) plan is completely independent of the 403(b) plan, and you do not need
   to maximize the 403(b) plan prior to participating in the 457(b) plan.

8) What are the maximums if I contribute to both Plans?
   The limits for each plan are exclusive of the other, i.e., there is no coordination between
   the two Plans. That means that you can contribute the full maximums allowed under
   each plan.

9) Can I contribute pre-tax, post-tax (ROTH) dollars or both to this plan?
   Yes, you can contribute either pre-tax or post-tax (ROTH) or a combination of both to
   the 457(b) plan.

10) Can I take an in-service distribution from my ISU 457(b) plan?
   Yes, however in-service distributions will be limited to those that meet the criteria of an
   “Unforeseeable Emergency” as defined by Section 1.457-6(c)(2) of the Treasury
   regulations. Generally, this means a severe financial hardship to the Participant resulting
   from illness or accident of the Participant, the Participant’s spouse or the Participant’s
   dependent, or the Participant’s beneficiary, loss of property due to casualty, or other
   similar extraordinary and unforeseeable circumstances arising as a result of events
   beyond the control of the Participant. All in-service distributions are subject to approval
   by the Plan Administrator.
11) How much of my contribution to the 457(b) plan will be matched by the University?

There will be no match by the University for funds contributed to the 457(b) plan.

12) Who can I contact if I have additional questions?

Please contact Angela Elthon with the Fringe Benefit Accounting and Compliance office at amelthon@iastate.edu with any additional questions.