

TO: NBER Employees
FROM: Mui Cheung
DATE: November 29, 2023
RE: IMPORTANT Tax-Deferred Annuity Plan – Election Procedures

It is time for annual enrollment under the NBER's Tax-Deferred Annuity Plan (TDA Plan). All NBER employees are eligible to participate in this plan, which provides a tax efficient way to save for retirement.

To participate in the TDA Plan, an employee enters into a salary reduction agreement with the NBER.

IMPORTANT NOTE: You are not required to file a new Salary Reduction Agreement for 2024 if you wish to continue to participate on the same basis as you did in 2023. However, if you want to take advantage of the new contribution limit of \$23,000.00 (up from \$22,500.00 in 2023), you must file a new Agreement.

If an employee elects to make pre-tax contributions, the employee's taxable income is reduced by the amount elected, which the NBER then deposits into a TIAA annuity contract and/or a custodial retirement account with Vanguard, as directed by the employee. Pre-tax contribution amounts are taxed when distributed; earnings in TDA accounts are tax-deferred and are also taxed on distribution.

If an employee elects to make after-tax Roth contributions, the employee's taxable income is not reduced. The amount elected is withheld and deposited into a TIAA annuity contract and/or a custodial retirement account with Vanguard, as directed by the employee. Amounts contributed as after-tax Roth contributions, as well as the earnings on such amounts, are not taxed when distributed, provided that the distribution meets the rules for qualifying Roth distributions.

The designation of your contribution as a pre-tax contribution or after-tax Roth contribution is irrevocable for amounts contributed to the TDA Plan; your election may only be changed for contributions made after the change. The Summary Plan Description describes in more detail the operation and features of the TDA Plan.

The IRS contribution limit for TDA plans for 2024 is \$23,000.00. If you will be 50 or older at any time in 2024, you are also eligible to make additional catch-up contributions of up to \$7,500. You must make separate elections for regular salary reduction contributions and catch-up contributions.

These IRS limits are combined limits that apply to all your elective pre-tax and after-tax Roth deferral amounts. If you make contributions to more than one employer's plan during the year (e.g., another 403(b) or a 401(k) plan) your contributions to these plans are aggregated with your elective contributions to the Bureau's TDA Plan for purposes of these limits. I strongly advise you speak to a representative at either Vanguard (tel # 800-523-1188), or TIAA (tel #800-842-2888) before you decide how much you would like to contribute to the TDA plan.

If you would like to participate in the TDA Plan, please contact me at (617) 588-1412 or email me at mcheung@nber.org for an enrollment package or for more information. The deadline for new enrollments for the first 2024 payroll is December 15, 2023. Unless you are notified otherwise or you wish to change or revoke your agreement, the salary reduction agreement in effect for 2023 will be carried over to 2024. As noted above, if you wish to change your Salary Reduction Agreement for 2024, you must complete and file a new form (attached).

You may also enroll or make changes at a later date, as described in more detail in the Summary Plan Description at:

<http://www.nber.org/retirementplan/NBERRetirementSPD.pdf>