

BOSTON COLLEGE

457(b) DEFERRED COMPENSATION PLAN

Introduction – A *457(b) Plan* is an unfunded plan maintained primarily for the purpose of providing deferred compensation opportunities for a select group of management or highly compensated employees, sometimes referred to as a “top hat” group.

Eligibility – Boston College has defined the eligible group for this plan as those whose annual “benefit base” salary is at least 75% of the IRS “annual compensation limit” used for determining contributions to the 401(k) Plan. For calendar year 2020, the IRS annual compensation limit is \$285,000, and 75% of that amount is \$213,750.

Therefore, any benefits-eligible employee whose annual base salary is \$213,750 or more in 2020 is eligible to participate in the *457(b) Deferred Compensation Plan*.

Investment Options – Participants may invest their contributions with TIAA-CREF and/or Fidelity Investments, using the same investment options as are available in Boston College’s 401(k) Plans. A list of these options is available from the Benefits Office.

Plan Highlights

- **Tax-deferred Contributions** – Similar to the 401(k) and 403(b) plans, the *457(b) Plan* allows participants to set aside a portion of their salary on a tax-deferred basis. Participants do not pay any federal or state income taxes on the amounts they contribute or on any earnings accumulated until the funds are withdrawn from the plan.
- **Unfunded Status** – An important distinction between this plan and the 401(k) and 403(b) plans is that, by law, a *457(b) Plan* is “unfunded.” This means that deferred amounts cannot be held for employees in their names. Technically, all assets under the plan remain part of the employer’s general assets and are subject to the claims of its creditors until distributions begin.
- **Contribution Limits** – For calendar year 2020, the *457(b)* limit is \$19,500. This is in addition to the limits under the 401(k) and 403(b) plans. However, primarily because of the unfunded status of *457(b)* assets, **eligible employees should only consider participating in the *457(b) Plan* if they are already contributing to the 401(k) (if eligible) and 403(b) plans at a maximum rate.**

[For 2020 the combined maximum contribution to the 401(k) and 403(b) plans is also \$19,500, or \$26,000 if a participant will be age 50 or over as of the end of the calendar year.]

(over)

- **Distributions** – All benefits from the plan will be distributed on, or as soon as administratively practical after, the 60th day following a participant’s termination of employment from Boston College. Distributions will be made under one of two options: (a) a single lump sum, or (b) payments for a fixed period of not less than five years and not more than thirty years.
- **Beneficiary Designation** – At the time of enrollment, a participant will designate the beneficiary(ies) who shall receive any benefits due under the plan upon the participant’s death.
- **Amendment or Termination of Plan** – Boston College reserves the right to amend or terminate the 457(b) Plan at any time. However, such action will not deprive any participants or beneficiaries of any right or benefit to which they were entitled under the plan immediately prior to the effective date of the amendment or termination.

Enrollment – An eligible employee may participate in the 457(b) Plan by completing a “Deferred Compensation Agreement” and the applicable TIAA-CREF and/or Fidelity enrollment form, all of which are available from the Benefits Office. Enrollment will be effective on the first day of the month following receipt and acceptance of the completed forms by the Benefits Office.

Once enrolled, if a participant’s future annual “benefit base” salary does not at least equal 75% of the IRS “annual compensation limit,” contributions to the plan may not continue.

Note: The salary deferral amount under this plan will be designated as a flat dollar amount per pay period, which will produce a total calendar year deferral that does not exceed the limitations of Internal Revenue Code 457(b). The monthly deferral amount will continue from year to year until a new “Deferred Compensation Agreement” is received or the current Agreement is terminated.

For More Information

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