

# TAX-DEFERRED ANNUITY PLAN

The Tax-Deferred Annuity (TDA) Plan allows you to save for retirement through the convenience of easy payroll deduction and reduce your taxable income – now or in retirement. You decide how much to save, up to the limits set by the IRS, and how you want to invest your contributions from among the available options. You can open a TDA account as soon as you start employment. Newly-hired faculty, administrative and professional staff and certain union members who make no election are automatically enrolled in the TDA after 60 days.

## ELIGIBILITY

Generally, if you are a University faculty or staff member, you are eligible to participate in the TDA Plan. (FICA-exempt student employees and nonresident aliens with no U.S.-based source of earned income are not eligible to participate.) New employees receive enrollment information upon hire; you may request enrollment information by contacting the Harvard University Retirement Center (HURC) at 800-527-1398.

## CONTRIBUTING TO THE PLAN – TWO OPTIONS

Harvard offers you two ways to contribute to the TDA:

- The Traditional option - your contributions are taken from your pay before you pay taxes, lowering your taxable income today and saving you money. You pay taxes when you withdraw funds.
- The Roth option - your contributions are taken after taxes, your money grows tax-free and your withdrawals in retirement are tax-free.

You may choose one contribution option or divide your contributions between the Traditional and the Roth options - you can view a [comparison of these options](#) for more information. You decide how much to contribute, up to the IRS limits. You may elect to contribute either a percentage of your salary or a specific dollar amount. In 2024 you may contribute up to \$23,000 in, or \$30,500 if you're age 50 or older. (This includes any combination of Traditional and Roth contributions).

You may enroll in, change or cancel your TDA contribution at any time by going to the [HURC online](#) or calling the HURC at 1-800-527-1398. If you are automatically enrolled, as described below, you do not need to contact HURC to set up your account, but you should choose your investments and designate your beneficiaries. If you make no investment election, your contributions are directed to a Vanguard target-date fund based on your age.

## **AUTOMATIC ENROLLMENT AND AUTOMATIC ESCALATION**

New faculty and administrative/professional staff, members of the Area Trades Council and HUCTW members hired on or after January 1, 2024 are automatically enrolled in the TDA Plan in the Traditional contribution option after 60 days of employment. (Employees at Dumbarton Oaks, HBS Publishing and the Center for Hellenic Studies are not eligible for automatic enrollment.)

The initial contribution rate with auto-enrollment is 3% of eligible compensation before taxes, with a 1 point increase each January, up to 10% for those who continue in the program (not to exceed federal contribution limits). If you make no investment election, your contributions are directed to a Vanguard target-date fund based on your age. You may opt out, elect a different contribution amount or elect to direct some or all of your contributions to the Roth option at any time.

## **DIRECTING YOUR INVESTMENTS**

You decide how this contribution should be invested from among a carefully chosen lineup of mutual funds from Vanguard and Schwab and annuities from TIAA. If you make no other election, your contributions will automatically be invested in a Vanguard target-date fund closest to the year you turn 65. TIAA is the plan's recordkeeper.

### **Withdrawing while you are still employed**

The TDA program is designed to help you save for your retirement, but you may withdraw some of your savings if you reach age 59½ or you experience financial hardship, as defined by the IRS. Please see the [Retirement Program SPD](#) for details.

### **Leaving Harvard**

If your employment with Harvard ends, you may leave your account intact, request a distribution, or roll your funds into another retirement account. Please contact the HURC for details.

## **ROLLOVER CONTRIBUTIONS TO YOUR TDA**

If you are currently employed by the University, you may make rollover contributions from Individual Retirement Accounts (IRAs) and certain other retirement plans to your TDA Plan account. Contact the HURC for more information.

## **BENEFICIARIES**

You should designate a beneficiary to receive your TDA savings in the case of your death. You can designate or update your beneficiary(s) online at [TIAA.org/Harvard](https://TIAA.org/Harvard) or by calling 800-527-1398. You should review your beneficiary information periodically to ensure it meets your current needs.

