



# Benefits Corner

## February 2020

With “America Saves Week” being celebrated at the end of February (2/24-2/29), HR-Benefits would like to take the opportunity to highlight MBI’s retirement benefit this month.

All full-time and part-time professional employees can start saving for the future through the MBI Retirement Plan! The MBI Retirement Plan is a 403(b) plan, similar to a 401(k) plan but for non-profit companies, and it represents all of the employee’s contributions towards retirement from their paychecks. MBI also offers an employer contribution (once eligibility requirements are met) through a 401(a) plan, called the MBI Match Savings Plan. Both of these retirement plans, 403(b) and 401(a), utilize an investment platform through AIG Retirement Services (formerly known as VALIC).

### **What are the eligibility requirements for the MBI 403(b) Retirement Plan?**

All full-time and part-time professional employees are eligible to contribute right away into the MBI 403(b) Retirement Plan, starting the first of the month following their date of hire.

### **What are the advantages of a 403(b)?**

The MBI 403(b) Retirement Plan is a great way to get a head start on saving for your retirement. In this Plan, employee contributions are deferred on a tax-free basis, and the funds will also grow tax-free until their withdrawal. Also, the 403(b) Plan allows employees to take a loan or receive funds in the event of a financial hardship.

### **When can I start contributing into the 403(b)?**

Employees are automatically enrolled in the MBI 403(b) Retirement Plan on the first of the month following their hire date, unless the employee opts out by submitting a “Rejection of Enrollment” form. Employees are enrolled at a contribution rate of 3% of salary, and the percentage will increase by 1% each year (in July) until it reaches 8%. All contributions to the plan are immediately 100% vested (meaning the funds are 100% the employee’s money). If an employee has rejected enrollment in the past and would like to participate, they may submit an “Intention to Enroll” form at any time. Forms may be obtained by emailing Erica Loring ([Erica.loring@moody.edu](mailto:Erica.loring@moody.edu)) or Rae Paul ([Rachel.paul@moody.edu](mailto:Rachel.paul@moody.edu)).

## How do I view or change my 403(b) contribution?

Employees may view, increase, decrease, or stop their current 403(b) contribution by accessing their personal account with AIG at [www.aig.com/retirementservices](http://www.aig.com/retirementservices).

## Where is my money going?

Employee contributions are automatically placed into a target date fund that is administered by an investment management company called Vanguard. The Vanguard Target Date Fund is the default investment option for employees; however, they may choose to select their own asset allocation from eighteen different funds. A target date fund is a mutual fund that is intended to provide the ideal asset allocation for someone who plans to retire in a given year. The level of investment risk is based off how close employees are to age 65. The further out an employee is to this age, the higher the investment risk. But as the employee ages towards age 65, the target date fund will automatically rebalance and move to a more conservative fund line-up.

## When am I eligible for the Employer Contributions through the MBI 401(a) Match Savings Plan?

All full-time and part-time professional employees are eligible to receive employer contributions once they have reached age 21 and completed one year (12 months) of service of 1,000 hours or more. Once employees have met both of these qualifications, employees will enter into the MBI Match Savings Plan on the following January 1<sup>st</sup> or July 1<sup>st</sup>. If employees contribute to the MBI 403(b) Retirement Plan, the Institute will match the employee's monthly contribution, dollar-for-dollar, up to 3% of salary. In addition to the employer "matched" contribution, employees will also receive a 4% of salary "discretionary" contribution, regardless if they contribute any of their own funds into their 403(b) account. This means employees are receiving a total employer contribution of 7% of

salary every month. Employer contributions become 100% vested after the employee has worked for the Institute for 3 years and averaged more than 1,000 hours each calendar year.

## What is the 2020 contribution limit?

Current annual contribution limits in 2020 allow employees to place up to \$19,500 into their 403(b) if they are age 49 and under; \$26,000 if they are age 50 and older.

## Can I view my account online?

Yes! Employees may view, change contribution amounts, and switch investment funds any time throughout the year by logging into their personal account at [www.aig.com/retirementservices](http://www.aig.com/retirementservices). For employees who have not registered for online access, please see the attached document with steps on how to register.

## Can I talk to someone about my account and saving for retirement?

Each month, an AIG financial advisor is available on-campus to discuss our retirement plans and other financial matters (financial planning, insurance, college planning, rollovers from previous employer retirement plans, etc.). Employees may register for a 30-minute appointment with these advisors; just look for the appointment day and registration link in the Weekly. For your convenience, attached is the Retirement Plan Highlights form that includes MBI's financial advisor's contact information.



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