

STANDARD ADMINISTRATIVE PROCEDURE

31.02.08.M0.02 Tax-Deferred Account (TDA) Program

Approved July 2, 1996

Revised August 26, 2010

Revised September 12, 2013

Next scheduled review: September 12, 2018

Standard Administrative Procedure Statement

This procedure provides guidance on qualification, enrollment, responsibilities and various restrictions of the Tax-Deferred Account (TDA) Program at Texas A&M University.

Procedure and Responsibilities

1. PROGRAM REQUIREMENTS

The contributions to a tax-deferred program are subject to the Internal Revenue Code section 403(b), which allows an employee to defer a portion of their current pre-tax or post-tax (Roth) income until retirement. To qualify for the federal income tax treatment, certain requirements established by federal law must be met. The program must be administered by the employer and the contributions must be made by the employer as an elective deferral on the employee's behalf. The employee's rights to the program must be non-forfeitable. This means that, even though the employer administers the program and makes the contribution, each participating individual is fully vested from the first date of participation in the program.

2. ENROLLMENT

- 2.1 Investment vendor representatives assist employees in completing the required forms. These include the Texas A&M University System TDA Salary Reduction Agreement/Change of Vendor From ([Form HR17](#)) and the vendor's own application form. These must be signed and dated prior to the effective date.
- 2.2 Employees may enroll in a TDA at any time of the year.
- 2.3 Enrollment forms should be submitted to [Payroll Services](#), by the first of the month in order to be effective that month.

3. TERMINATION OF CONTRIBUTIONS

Employees may terminate their salary reduction agreement effective at the end of any month by completion/submission of the TDA Salary Reduction Agreement/Change of Vendor Form ([Form HR 17](#)) to [Payroll Services](#), prior to termination.

4. COORDINATION WITH OTHER TAX-DEFERRED PLANS

Amounts tax-deferred under the Teacher Retirement System of Texas, or the Optional Retirement Program of Texas, may reduce the amount that may be deferred into a TDA. Amounts deferred under an Individual Retirement Account (IRA) and the State of Texas Deferred Compensation Plan are not affected by participation in a payroll-deducted, tax-deferred account.

Related Policies and Regulations

Policy 31.02: *Employee Insurance and Retirement Benefits*
<http://policies.tamus.edu/31-02.pdf>

Regulation 31.02.08: *Retirement Programs*
<http://policies.tamus.edu/31-02-08.pdf>

Contact Office

For more information or clarification, contact, Payroll Services at (979) 845-2711, or by email at payroll@tamu.edu.

OFFICES OF RESPONSIBILITY: [Human Resources](#) and [Payroll Services](#)