Comparison – ERS/401(a) vs. 403(b) Retirement

Employees Retirement System of Rhode Island (414h & 401a)		Board of Governors 403(b) Retirement Plan
A mandatory 8.75% is deducted from your biweekly pay. 3.75% is put into a Defined Benefit (DB) retirement plan, and 5% is put into an individual Defined Contribution (DC) fund. In addition the State will contribute 1% of salary to your DC plan.		A mandatory 5% is deducted from your biweekly pay for this retirement account. In addition the University contributes 9% to your account.
You become vested in the DB plan after 5 years of contributing service. Your retirement age will mirror your Social Security Normal Retirement Age – not to exceed age 67. Vesting is immediate in the DC plan; however, there is a 3-year vesting period for the State's contribution of 1%.		There is no vesting with the 403(b) plan – this retirement account is yours. However it cannot be withdrawn until retirement or until you leave the University.
No interest is accumulated on your DB contributions. Upon retirement, your retirement amount allowance will be determined by (1) your years of creditable service, and (2) the average salary for five highest consecutive years. Your DC plan is self-managed and will reflect your personal investment choices.		In addition to your mandatory retirement account, you can open a Group Supplemental Retirement Account (GSRA). Based on IRS regulations, you may increase your contribution up to a maximum of $17,500 (under age 50) or $23,000 (age 50 +) in 2013 over your mandatory 5%. This account offers the opportunity to apply for a loan. Loans are not available on any mandatory contributions.
Employees in ERS can open a Group Supplemental Retirement Annuity (GSRA) into which only they contribute and into which they can put in as little as 1% and up to the IRS regulations. This account offers the opportunity to apply for a loan. A 457(b) Deferred Compensation plan is also available. This plan does not allow for loans, but it does allow you to withdraw money from this account, upon termination, without an early-withdrawal penalty. Loans are not available on any mandatory contributions.		A 457(b) Deferred Compensation plan is also available. This plan does not allow for loans, but it does allow you to withdraw money from this account, upon termination, without an early-withdrawal penalty.
If you withdraw from service before you are eligible for retirement but after you have accumulated 5 years of contributing service, you are eligible to receive a deferred retirement allowance provided your contributions have remained in the system. You may begin collecting at your Social Security Normal Retirement Age. If you withdraw from service prior to 5 years, you can roll this money into an appropriate IRA-type account or take the money and pay certain penalties.		If you change employer, you can continue to manage your existing account or you can transfer it into an IRA-type account. Your retirement provider can assist you with this decision based on the current federal regulations.
At retirement, 80% of your medical plan (not your spouse's) will be paid by the State based on age 59 with 20 years of service.		At retirement and age 65, a certain percentage of your medical plan (not your spouse's) will be paid by the BOG based on your years of service only if you participate in the Medical Retirement Plan.