QUESTIONS AND ANSWERS

UMPhysicians is excited to announce the addition of another retirement and tax-saving option to help you prepare for your future, while reducing current tax liability. Below are commonly asked questions about the new 457(b) Deferred Compensation Plan.

What is a 457(b) deferred compensation plan?
This plan is a type of nonqualified, tax advantaged retirement plan that is available for governmental and certain non-governmental employers.

Why is UMPhysicians offering this plan?
This plan is being offered to provide tax-deferral opportunities to eligible participants and supplements existing retirement programs.

Who can enroll in the 457(b) deferred compensation plan?
Physicians making an average or $30,000/year or greater and senior level executives of UMP.

Can Advance Practice Providers and/or other UMP employees enroll in this plan?
No. According to IRS regulations, non-governmental plans must limit participation.

How do I enroll in the 457(b) plan?
There are two ways to enroll in the UMP 457(b) plan with Empower, either by phone at 833-UMP-401k (833-867-4015) or online at ump401k.com. Note that you will not be able to enroll until August 15.

How soon after I enroll in the 457(b) will my deductions begin?
Deferral elections will begin in the month following the enrollment. If an election is made prior to the middle of the month, the deduction should begin on the first paycheck in the subsequent month. If the election is made towards the end of a month, the deduction may be delayed to the 2nd payroll in the subsequent month.

Can I enroll at any time, and can I change my election at any time?
Yes.

Can I designate a dollar amount and/or a percentage to defer to my 457(b)?
Yes, you can elect one or the other.

What investment options will be offered in the 457(b) plan?
You will receive a newsletter in the mail in July that will list all investment options available in the 457(b) plan. The majority of the funds offered in UMP’s 401(k) plan will also be available in the 457(b) plan.

Is self-directed brokerage available in the 457(b) plan?
No.

FACULTY PHYSICIANS (COMMON PAYMASTER)

Does the University of Minnesota have a 457(b) deferred compensation plan for University employees?
Yes.

Are the two plans (UMP and UMN) the same?
No. The University plan has features that are different than a non-governmental plan (UMP).

Can I contribute to both if I am employed by the University?
Yes, but both count towards a single $18,500 annual IRS limit.

Who monitors the IRS limits if I choose to participate in both the University of Minnesota 457(b) and the UMP 457(b) plans?
You are responsible for monitoring the amounts you contribute on an annual basis. By contributing to only one of the two plans, you reduce the need to monitor both accounts together.
If I leave the company, what happens to my 457(b) account?
You will need to make a distribution election within 90 days of termination. You will have both lump sum and installment options.

What happens to money in a 457(b) plan should an employer become insolvent or enter bankruptcy proceeding?
Any amounts in a 457(b) non-governmental plan are subject to the claims of the employer’s creditors in the event of a bankruptcy. In this regard, 457(b) plans are different than a 401(k) plan.

Are 457(b) deferrals exempt from state, federal and FICA taxes?
457(b) deferrals are pre-tax deductions meaning you do not pay state and federal taxes when the deferral is made. Deferrals are not exempt from FICA taxes. When you take a distribution from the plan, you will pay ordinary state and federal taxes at that time.

Will there be a Roth option in the 457(b) plan?
No.

Will I have one online account/login for the 401(k) and UMP’s 457(b) plan?
Yes. Once you create your account/login at ump401k.com after the transition to Empower, you will be able to review all of your accounts.

Can I contribute the annual maximum ($18,500) to my UMP 457(b) plan even though the plan is beginning in August?
Yes, as long as you haven’t contributed to another 457(b) plan. For example, you could make five payroll deferrals in the amount of $3,700 in the final quarter of the year.

What fees are associated with the 457(b) plan?
UMP will pay the recordkeeping fees for participants. Watch for information from Empower regarding other fees that may apply.

Can I roll over money into my 457(b) plan?
Yes, but only from another non-governmental 457(b) plan if the plan permits it.

Can I talk to an individual service representative at Empower if I have more questions?
Yes, you can call Empower at 833-UMP-401K (833-867-4015).

Can I talk to someone at UMPhysicians if I have more questions?
Yes, email benefits@umphysicians.umn.edu or call 612-884-0788.