

Academic Affairs Manual (ACD)

ACD 606: Tax-Sheltered Plans

Effective: 7/1/1978

Revised: 7/1/2011

Purpose

To allow faculty members and academic professionals to defer a set amount of salary from federal and state income taxes

Sources

Internal Revenue Code §§ 403(b) and 457

Arizona Board of Regents Policy Manual - 6-603

Applicability

Faculty and academic professionals who are contributing participants in approved retirement plans

Policy

An eligible [faculty member](#) or [academic professional](#) may request a salary deduction for participation with the Arizona State Savings and Credit Union.

Procedure

An eligible [faculty member](#) or [academic professional](#) may, upon voluntary written agreement, elect to accept a reduction in salary. The university shall execute a nonforfeitable annuity, mutual fund, or deferred compensation contract for each faculty member or academic professional electing a reduction in salary. The amount of the contract will equal the amount of the agreed salary reduction.

Only one salary reduction agreement may be entered into by an eligible employee for each calendar year, or tax year if otherwise designated. However, an agreement may be stopped at any time for amounts not yet earned.

Each participating faculty member or academic professional may specify, within the terms of the written salary reduction agreement, the company with which the deferred compensation, tax-sheltered annuity, or mutual fund will be purchased. The company must be on the university's approved list.

The salary reduction agreement shall be in accord with federal law.