

Commonwealth of Virginia

Tax-Sheltered Annuities (403(b) and 401(a))

Tax-sheltered Annuity products are supported through payroll deductions for employees at higher educational institutions and 501(c)(3) agencies and are processed through the Commonwealth Integrated Payroll/Personnel System (CIPPS).

The Commonwealth does not sponsor the products offered under the Tax-sheltered Annuity program. The program is intended to benefit employees by providing payroll deduction services for commercially available products among a “network” of independent vendors.

Salaried employees receive Cash Match contributions on paydays in which they receive a salaried paycheck and make a contribution to a 403(b) (i.e., tax-sheltered annuity). If the employee is receiving a cash match in conjunction with the Commonwealth’s 457 program the employee is ineligible for an additional cash match. The cash amount is 50 percent of the 403(b) contribution, up to the amount authorized in the Fiscal Year Appropriations Act (Currently \$20 semi-monthly and \$40 monthly, respectively). Accelerated or catch-up contributions are not permitted in order to reach the maximum annual Cash Match. An employee may make one (1) change of participating vendor company annually. Employees who are participants of the VRS Hybrid Retirement Plan can only receive the cash match once they have enrolled up to the maximum percentage of voluntary contribution in the Hybrid Plan.

Administrative fees are charged to fund the consolidated billing process as the Commonwealth does not sponsor the tax-sheltered annuities for which deductions take place. The provider pays the administrative fee on behalf of the employee. In the rare case when the vendor does not pay the administrative fee, the fee is charged to the employee and is taken through payroll deduction.

Commonwealth of Virginia Provider Network

In order to participate in payroll withholdings for tax-sheltered annuities, the vendor must be active in the FBMC Provider Network. A list of eligible providers and contact information, with a notation regarding the requirement of an employee-deducted fee, can be found at the Virginia Provider Network Web site at www.fbmc-benefits.com/vaproviders.

As an eligible employee, you must:

- 1.) Complete necessary paperwork required by the agent.
- 2.) **Confirm approval by the vendor for the tax-sheltered annuity.**
- 3.) You and the provider agent must complete the necessary salary reduction agreement form located at: http://www.doa.virginia.gov/payroll/tpa/tpa_main.cfm
- 4.) You must also complete the Cash Match Agreement form and submit to your Payroll Officer (if eligible).
- 5.) The provider agent will submit the completed salary reduction form to FBMC.
- 6.) FBMC will communicate to your employer to begin withholding contributions to your annuity through payroll. Your employing agency CANNOT establish a payroll deduction upon your direct request. The authorization must be provided by FBMC.



If you have questions concerning deduction amounts or the timing of your payroll deduction, contact
FBMC at 1-855-569-3262.

Questions related to your tax-sheltered annuity must be directed to the provider company.