

Deciding Your 2008 Contribution

Get help deciding

Get help deciding on how much to contribute during 2008 with free investment advice and counseling services offered by Stanford. You can:

- Use the Before-Tax Calculator on the Stanford Benefits web site
- Use the financial planning tools on the investment companies' web sites, or
- Schedule an individual counseling session with a representative by calling:

Fidelity	(800) 642-7131
Vanguard	(800) 662-0106 ext. 14500
TIAA-CREF	(800) 842-2007

Avoid missing out on university matching contributions

When you contribute to SCRCP each pay period, here's how much the university will match on your behalf.

When you contribute	Stanford's Matching Contribution
1%	1.5%
2%	3%
3%	4%
4%	5%

Here's how to maximize your before-tax contributions

Determine the appropriate whole percent of your eligible earnings to contribute on a before-tax basis during the year. You can adjust this percent at any time during the year. These basic rules for **2008** apply to both the SCRCP and TDA.

- Eligible earnings include your base salary, paid leave, and any summer supplemental pay you receive *after* becoming eligible for the plan, up to **\$230,000**
- If you are under age 50, you can make **\$15,500** in before-tax contributions to the SCRCP or TDA.*
- If you are age 50 by December 31, 2008, you can make an additional **\$5,000** in before-tax contributions to the SCRCP and TDA.*
- Your year-to-date before-tax contributions are displayed on your paycheck.
- If you reach your maximum contribution during the year, you may continue to save with after-tax contributions. If you do, you may want to discontinue contributing on an after-tax basis before January of the following year when your before-tax contributions automatically re-start.
- Before-tax contribution limits apply to all before-tax contributions you make during the calendar year, including any before-tax contributions made to a prior employer's plan within the same calendar year.
- Maximum you may contribute to SCRCP and TDA *combined*.

Example – Employee A

Employee A wants to maximize before-tax contributions and avoid making after-tax contributions. Here's how it's done:

- 2008 eligible earnings \$72,000
- Age at December 31, 2008 50
- 2008 maximum before-tax contribution \$20,500 (\$15,500 + \$5,000 for being age 50 by 12/31)
- Deduction percentage \$20,500 is approximately 28% of eligible earnings

Employee A elects to contribute 28% each pay period throughout the year.

If Employee A's earnings turn out to be more than expected, the 28% contribution rate needs to adjust down to avoid running into the \$20,500 limit. If earnings are less than expected, the 28% contribution rate can be adjusted up to reach the \$20,500 limit.

How to maximize both before-tax and after-tax contributions

The total contribution limit for 2008 is \$46,000 if you're under age 50 or \$51,000 if you're 50 by December 31, 2008. This limit includes all TDA and SCRPP contributions (employee before-tax, employee after-tax, University match, University basic).

Example – Employee B

Employee B is a second wage earner in the family and under 50. The family can live comfortably on one salary, so they decide to save as much as possible of Jane's salary for retirement. Jane will have \$50,000 in eligible earnings in 2008 and wishes to maximize her contributions. Since she has been with the University over five years, she knows that the University matching and basic contributions to SCRPP will total 10% of her salary, or \$5,000. She also knows that she can contribute up to \$15,500 to the plan on a before-tax basis. Since her total contribution limit is \$46,000 she is also allowed to contribute an additional \$25,500 on an after-tax basis. As a result, in January she elects to contribute 31% to the SCRPP on a before-tax basis and 51% on an after-tax basis.