



## Boston College Retirement Plan Equivalency Payments

Boston College's basic retirement plan is a qualified 401(k) Plan with ~~year~~ <sup>one</sup> year service requirement for participation. Qualified plans are subject to strict IRS regulations and, consequently, Boston College is not able to waive, for any reason, the one-year waiting period for enrollment in the plan.

It is not uncommon for colleges and universities to waive the retirement plan service requirement for employees (particularly faculty) who come directly from other institutions of higher education. Recognizing this common practice, Boston College established the Retirement Plan Equivalency Payment. Under this policy a new employee may be eligible to receive an after-tax payment equal to 8% of his/her annualized starting salary [which represents the initial level of the University's contribution to the 401(k) Plan].

The rationale for making these payments is to prevent a person from losing a year of contributions when transitioning from one employer to another where contributions have stopped. The employee would receive after-tax amounts in lieu of 401(k) Plan contributions and, at the same time, would be expected to make equivalent, tax-qualified contributions to the University's 401(k) Plan.

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he total Equivalency amount by

will be taxed.

Retirement Program while  
subject to IRS limits), effectively