

Analysis of Auburn University Matching of Employee 403(b) Contributions

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In conjunction with:

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Faculty Salaries & Welfare Committee

- The committee shall look into and make recommendations concerning faculty welfare, benefits and salaries of the University. The explorations and recommendations shall be made within the institution and in comparison to those at other universities.
- Specifically, the committee reviewed the 403(b)-match provided to Auburn University faculty, and effectively all AU employees.



What is a 403(b)?

Per the IRS, A 403(b) plan (also called a tax-sheltered annuity or TSA plan) is a retirement plan offered by public schools and certain 501(c)(3) tax-exempt organizations.

Employees save for retirement by contributing to individual accounts.

Employers can also contribute to employees' accounts.

401(k), 403(b), Profit-Sharing Plans, etc.	2024	2023	2022	2021
Annual Compensation	345,000	330,000	305,000	290,000
Elective Deferrals	23,000	22,500	20,500	19,500
Catch-up Contributions	7,500	7,500	6,500	6,500
Defined Contribution Limits	69,000	66,000	61,000	58,000
ESOP Limits	1,380,000	1,330,000	1,230,000	1,165,000
	275,000	265,000	245,000	230,000



Auburn University Contributions

Will I receive an employer contribution from Auburn University?

Employer matching contributions will be made for eligible employees in amounts equal to 100% of elective deferral contributions up to 5 percent of your plan compensation. The matching contribution cannot exceed \$1,650 for any Plan Year (calendar year). If you contribute to both a pre-tax and after-tax Roth account during the same year, the Auburn University match is combined to reach the \$1,650 annual maximum match.

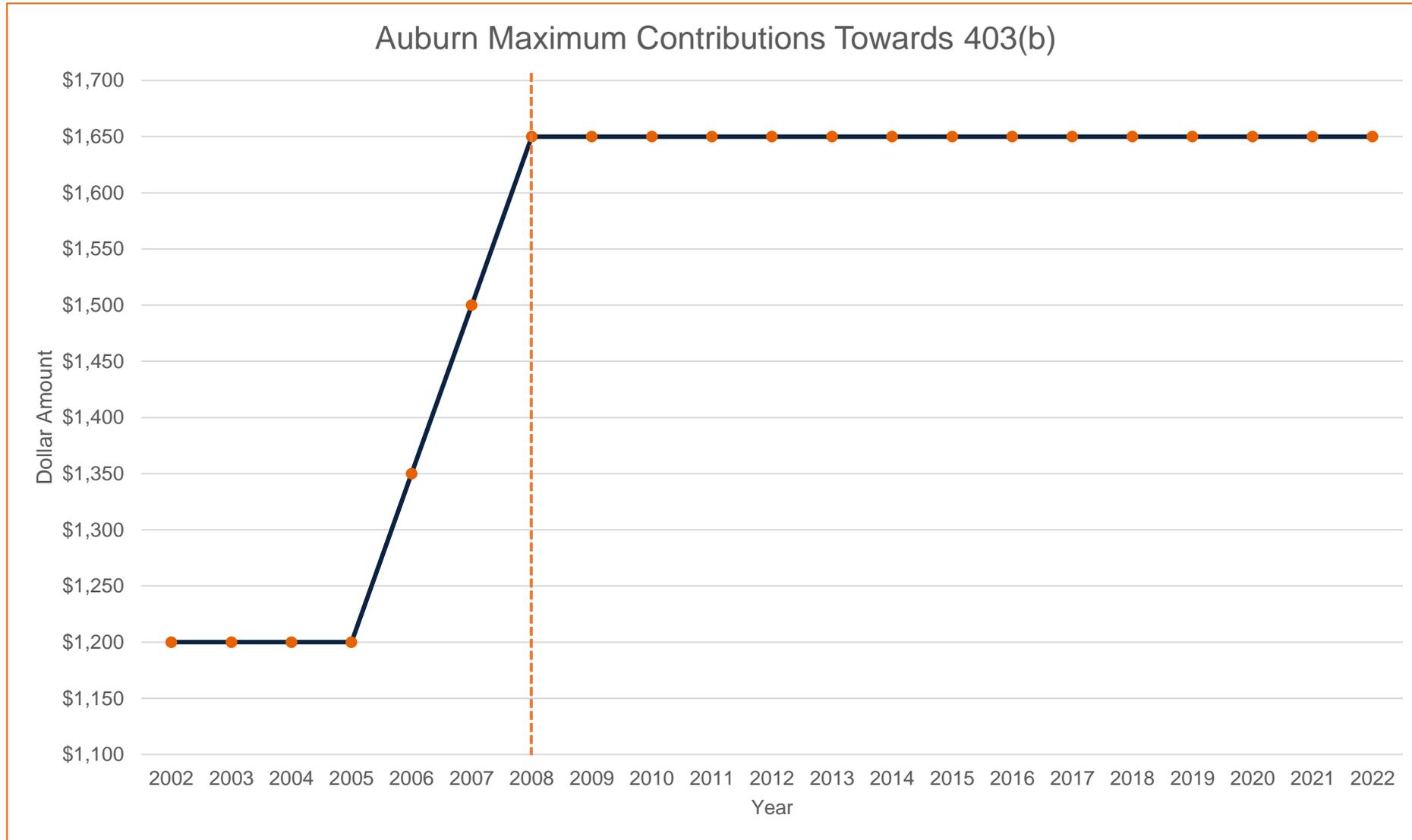
$\$1,650 = 5\%$ of a $\$33,000$ salary

Minimum hiring rate at Auburn starting January 1, 2024 = \$15 per hour

$\$15$ per hour x 52 weeks x 40 hours per week = $\$31,200$



Auburn University Contributions



Employee Participation in 2022

- There were 5,552 full time and 1,282 non-student part time employees at Auburn, totaling 6,384.
 - This includes 1,435 full time and 260 part time faculty, totaling 1,695.
- 3,584 employees participated in the 403(b) program, equating to approximately 56% of Auburn employees.
- Auburn contributed \$5,367,341 in matching funds towards employee 403(b) accounts, or \$1,498 per participant, on average.
- Employees contributed \$19,740,982 towards their 403(b) accounts, or \$5,508 per participant, on average, 3.7x as much as Auburn.



SEC Comparison

University	University 403(b) Match	Primary or Supplemental
University of Florida	No university match	Supplemental
University of Georgia	No university match	Supplemental
Louisiana State University	No university match	Supplemental
University of Mississippi	No university match	Supplemental
Mississippi State University	No university match	Supplemental
University of Missouri	No university match	Supplemental
University of South Carolina	No university match	Supplemental
University of Tennessee	No university match	Supplemental
Texas A&M University	No university match	Supplemental
University of Arkansas	5% guaranteed, up to 10% of regular salary	Primary
University of Kentucky	200% match of employee contribution	Primary
Vanderbilt University	3% match guaranteed, up to 5% of salary	Primary
Auburn University	5% match, up to \$1,650	Supplemental
University of Alabama	5% match, no cap	Supplemental



University of Alabama System



403(b) Deferred Compensation Plans

The University of Alabama System offers a 403(b) supplemental retirement plan that allows eligible employees a great way to accumulate wealth for retirement. The plan, administered by TIAA, offers convenient payroll deduction, pre-tax contributions, tax-deferred growth, and a wide variety of investment options including Roth options. The University of Alabama System makes a matching contribution for all regular Full-Time Exempt staff on employee contributions up to 5% of gross monthly pay. Any contributions above 5% are not matched by the System.



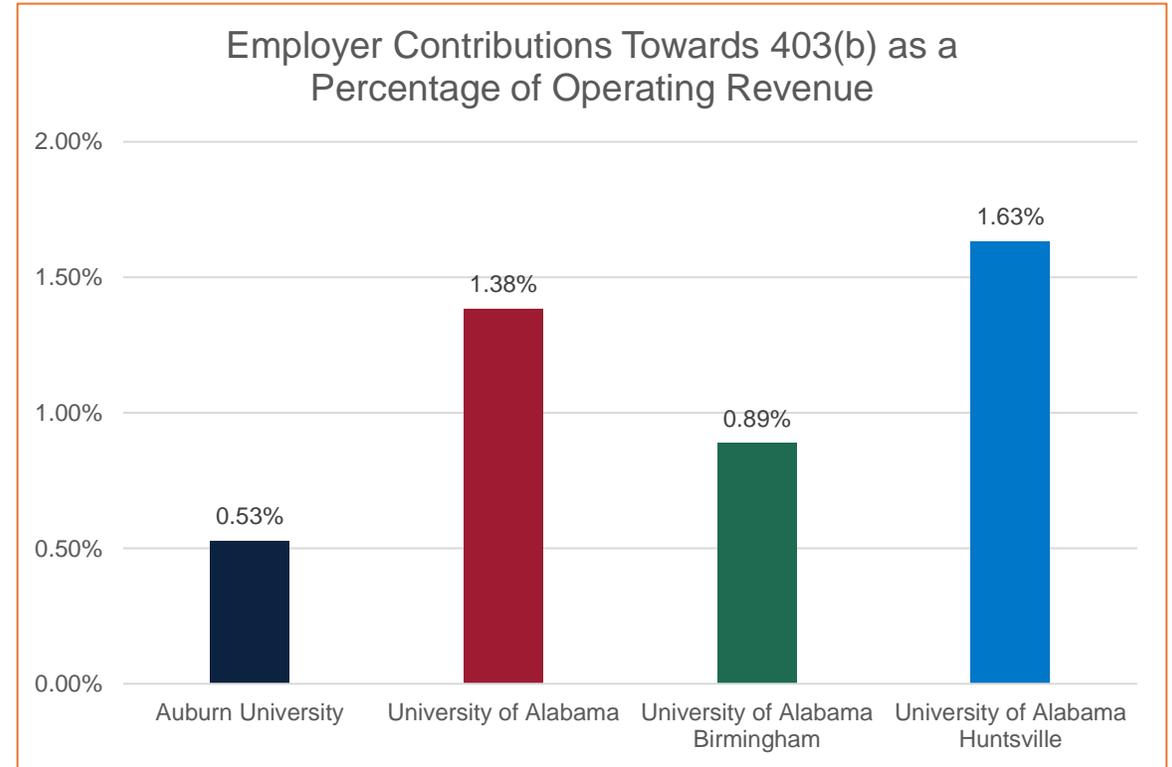
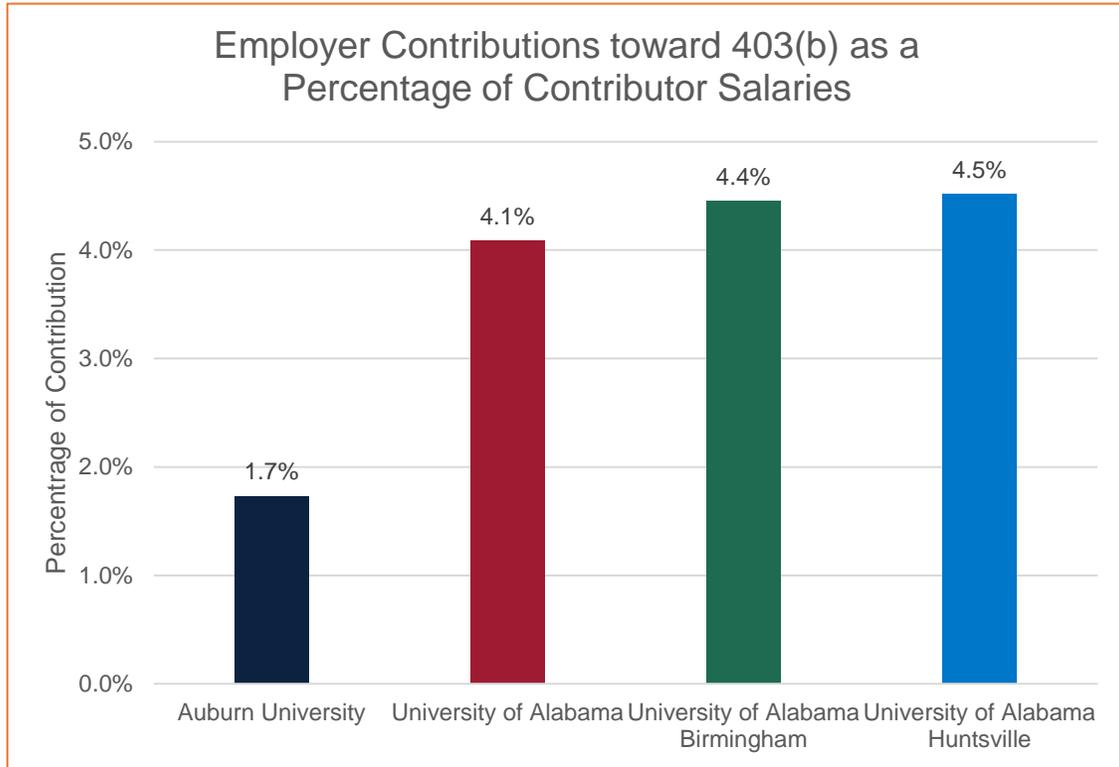
Auburn vs. U of A Universities (2022)



Operating Revenue	\$1,015,333,983	\$946,327,660	\$4,358,101,318	\$235,958,812
Salaries of Participating Employees	\$309,998,121	\$320,900,000	\$869,900,000	\$85,312,938
Total Contributions (Employer & Employee)	\$25,108,323	\$26,200,000	\$77,400,000	\$12,094,056
Employer Contributions (i.e., match)	\$5,367,341	\$13,100,000	\$38,700,000	\$3,849,426
Employee Contributions	\$19,740,982	\$13,100,000	\$38,700,000	\$8,244,630

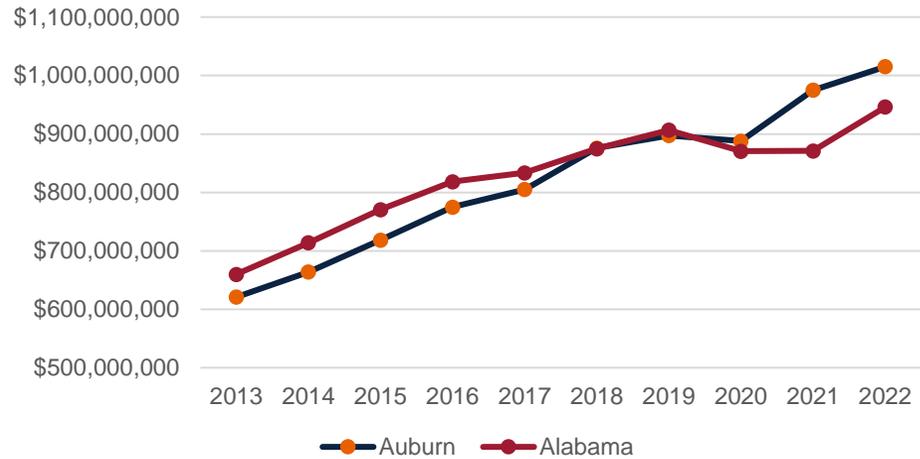


Auburn vs. U of A Universities (2022)

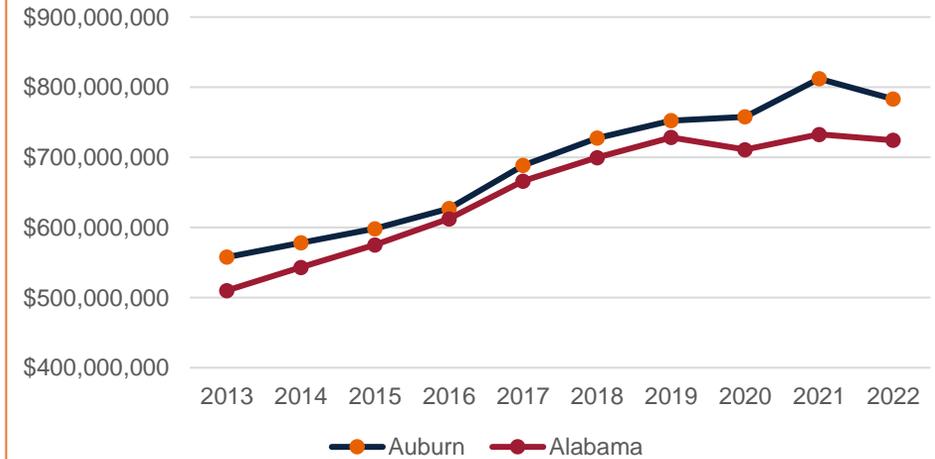


Iron Bowl Matchup

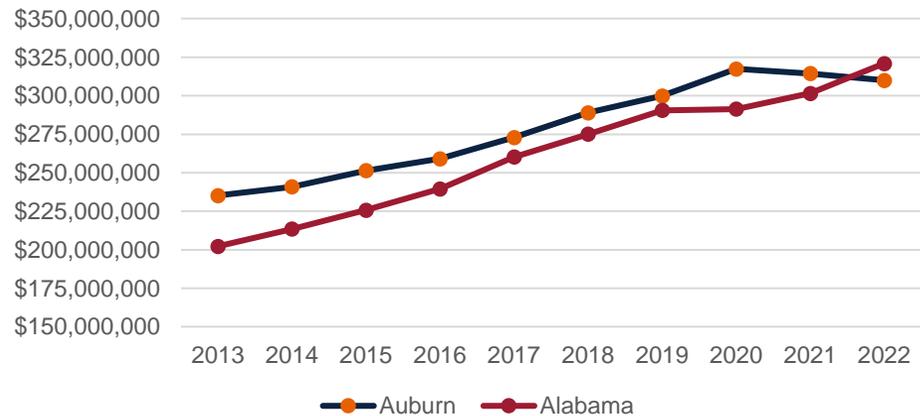
Operating Revenue



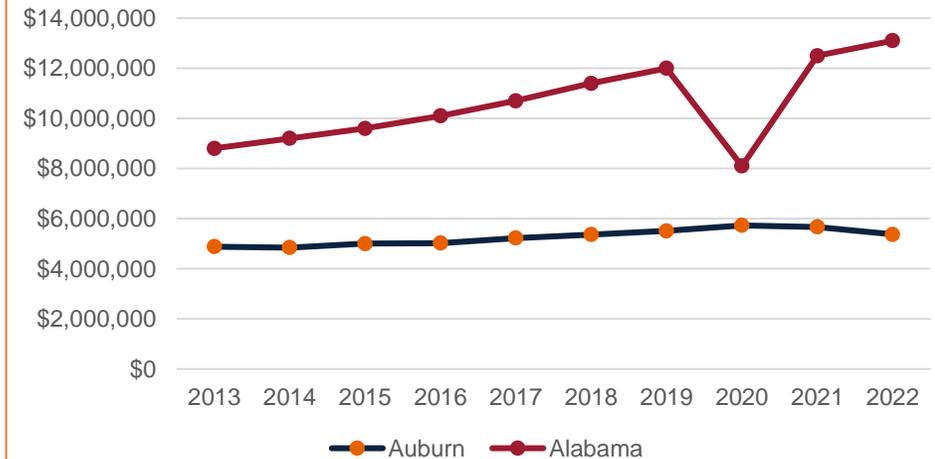
Total Employee Compensation and Benefits



Salaries and Wages of Participating Employees



Matching Contributions (in \$)



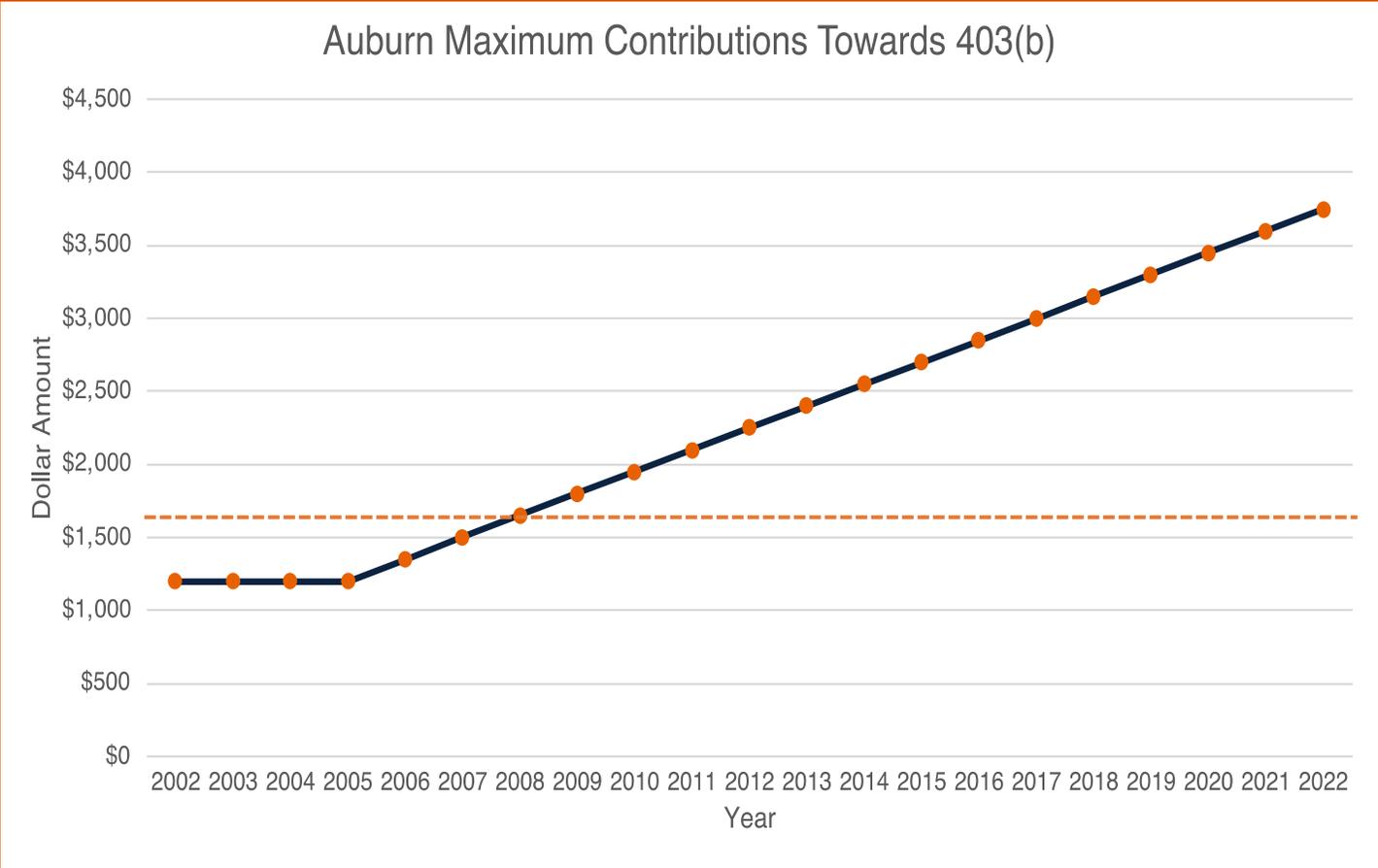
What if.....



Salaries of Participating Employees	\$309,998,121	\$320,900,000	\$869,900,000	\$85,312,938
Contribution as Percentage of Participant Salaries	4.1%	4.1%	4.4%	4.5%
University Match (Theoretical)	\$12,709,923			
University Match (Actual in 2022)	\$5,367,341			
Delta	\$7,342,582			



What if.....



Number of Participating Employees (2022)	3,584
Contribution as a Fixed Amount (82% of Cap)	\$3,075
University Match (Theoretical)	\$11,020,800
University Match (Actual in 2022)	\$5,367,341
Delta	\$5,653,459



Conclusion and Recommendation

- The 403(b) match has not been increased since 2008.
- Auburn contributes much less towards 403(b) matching than other major universities in Alabama.
- Annual budgets are a function of financial realities and administrative priorities towards achieving the university mission.
- Our recommendation is that Auburn prioritize funding 403(b) contributions the same as the University of Alabama system, (i.e., 5% match with no cap) or significantly increase the cap amount with built-in annual increases for all full time exempt and non-exempt AU employees.



Thank you!



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