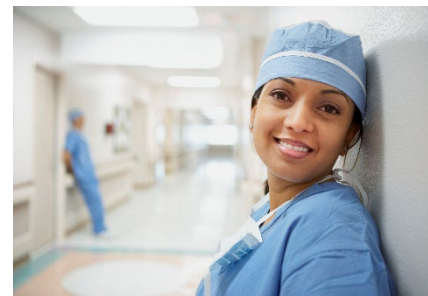


# **Advanced Retirement Planning for Rutgers Medical Doctors, Dentists, and Professors in the New Jersey Alternate Benefit Plan (“NJ ABP”)**

## **Executive Summary**

- **Maximize tax-advantaged savings** by coordinating the NJ ABP 401(a), 403(b), and governmental 457(b) plans and using available catch-up provisions.
- **Understand plan rules and limits**—including mandatory vs. voluntary contributions, matching formulas, and liquidity restrictions—to avoid missed opportunities.
- **Align investments and income strategies** with retirement timing, cash-flow needs, and legacy goals to optimize long-term outcomes.

The New Jersey Alternate Benefit Program (“NJ ABP”) is a defined contribution retirement plan that is offered to physicians and professors employed by Rutgers University in New Brunswick and Newark NJ. There are unique features, rules, investment providers, and investment options that are offered through the NJ ABP that faculty can take advantage of.



Mid and late career medical doctors need to maximize their contributions appropriately when investing between retirement offerings for accelerated savings. Understanding which retirement plans to fund inside the NJ Alternate Benefit Plan, and which ones afford additional catch-up planning, is critical to ensure retirement and legacy goals are met. The following will help uncover how popular 401(a), 403(b), and Governmental 457(b) plans work in the New Jersey Alternate Benefit Program and how important financial planning for Rutgers faculty is.

## **401(a) Retirement Plan**

401(a) retirement plans are usually offered to medical doctors, professors, and administration who are employed by Rutgers University, including, but not limited to:

- Rutgers Robert Wood Johnson Medical School (“RWJMS”) in New Brunswick, NJ
- Rutgers New Jersey Medical School (“NJMS”) in Newark, NJ
- Rutgers Cancer Institute in New Brunswick, NJ
- Rutgers School of Dental Medicine in Newark, NJ
- Rutgers School of Medicine (anticipated June 2027)

Similar to 401(k), where the “k” designates a retirement plan offered for employees who work in the private sector, the “a” in 401(a) signifies a retirement plan offered to employees in public academia, or university hospitals.

The 401(a) is a higher education employer-sponsored retirement plan that is generally structured as a tax-sheltered annuity as a mandatory plan. This means that participants of the plan are required to contribute a specific percentage of their base salary (which is why it is considered a “defined” contribution retirement plan) to the 401(a) whether they are part time or full-time. Vesting in the plan, where employer contributions are considered yours, typically takes one full year.

Medical doctors who are employed by RWJMS and the NJMS are typically part of the New Jersey Alternate Benefit Program (“NJ ABP”) which is comprised of a 401(a), 403(b), and governmental 457(b) plan.

**The 401(a) NJ ABP retirement plan for Rutgers Robert Wood Johnson Medical School and Rutgers New Jersey Medical School currently offers:**

- **5% Mandatory Base Salary Contribution**
- **8% Rutgers Match Contribution**

Medical doctors who are making a high income need to be mindful that they may not receive a match on their full salary. For example, for Rutgers’ 8% match contributions to Robert Wood Johnson Medical School and New Jersey Medical school doctors, the 8% is typically matched up to \$175,000 in annual compensation inside the NJ ABP Plan 401(a).

For salaries higher than \$175,000, the ABP Trust (offered by TIAA) allows the excess 8% match to continue up to the federal IRC annual compensation limit which is \$360,000 in 2026. The ABP Trust is a separate account from the 401(a). Furthermore, for medical doctors who earn over \$360,000 and were hired before December 31<sup>st</sup>, 2017<sup>1</sup>, the BAP (“Benefits Assistance Program”) could extend the compensation threshold for which the match could be received on.

The BAP plan allowed certain employees hired into legacy UMDNJ positions who make higher than the \$360,000 pensionable earnings limit to have the ability to elect after-tax employee contributions (5% of the amount over \$360,000) to the BAP, while Rutgers University would continue to contribute 8% of the amount over \$360,000 on an after-tax basis with any of the participating ABP investment providers. However, this program is no longer accepting enrollment and most medical doctors will be enrolled in the ABP Trust instead.

## **NJ ABP Investment Providers**

Depending upon your 401(a) plan, there may be various insurance and investment providers who can invest your contributions. The New Jersey Alternate Benefit Plan 401(a) currently offers multiple investment providers, including:

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<sup>1</sup> Rutgers University Human Resources, [uhr.rutgers.edu/benefits/benefits-assistance-program-bap](http://uhr.rutgers.edu/benefits/benefits-assistance-program-bap)

- TIAA
- Empower (formerly MassMutual & Prudential)
- Equitable (formerly AXA),
- MetLife (Brighthouse)
- VOYA
- Corebridge (formerly AIG).

Note that Prudential (now Empower) does not offer a 403(b) plan, but MassMutual (also now an Empower option) does offer a 403(b) plan. Each insurance company has its own fee and menu of investment options.<sup>2</sup> Make sure you analyze both the expense ratios for each investment option and any mortality and expense fees for each provider.

What is unique about the NJ ABP is you can change carriers, or transfer your money to another provider, without incurring any cost or penalties. You generally cannot withdraw 401(a) retirement contributions until you are retired or separated from service or you risk losing your match. Furthermore, the 401(a) is limited in that you cannot contribute more than the defined percentage or your salary into the 401(a) plan.

### 403(b) Retirement Plan

Similar to the 401(a) plan, the 403(b) plan is a tax-sheltered annuity retirement plan. If you do not have a 401(a), you may have a 403(b) with a matching contribution as your core retirement plan.

For those who have a 401(a), the 403(b) will serve as your voluntary plan, where you voluntarily contribute additional amounts above and beyond the 401(a) mandatory contribution. For 2026, the 403(b) contribution limit is \$24,500 for those under age 50.

#### IRS CONTRIBUTION LIMITS FOR EMPLOYEES AGED 50 AND ABOVE

| Plan          | Age 50-59                                                        | Age 60-63                                                         | Age 64+                                                          |
|---------------|------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------|
| <b>403(b)</b> | \$32,500<br>(IRS Limit<br>plus \$8,000<br>age-based<br>catch-up) | \$35,750<br>(IRS Limit<br>plus \$11,250<br>age-based<br>catch-up) | \$32,500<br>(IRS Limit<br>plus \$8,000<br>age-based<br>catch-up) |

\* Age as of 12/31/2026

If you look at the above IRS 403(b) contribution limits, you will see that those age 60-63 can now contribute a “super catch-up” contribution of \$11,250 (instead of the \$8,000 catch-up). Ensure that your

<sup>2</sup> State of New Jersey Division of Pension and Benefits Designated Service Providers Comparison Guide, chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.nj.gov/treasury/pensions/documents/pdf/dspcompguide.pdf

employer offers this as it is optional. The 403(b) for Rutgers RWJMS and Rutgers NJMS offers this super-catch-up limit which physicians can take advantage of.

The 403(b) option may offer the same, or more attractive investment options than the 401(a) plan. For example, for participants working with TIAA inside the New Jersey Alternate Benefit Plan, TIAA Traditional (a guaranteed fixed annuity investment option) can have an 84 month lock up period to gain access to all of their TIAA Traditional money in their 401(a) account. Inside the 403(b) plan, this same option may be 100% liquid with a slightly lower interest rate. For medical doctors approaching retirement, this flexibility may be extremely attractive and worth strategically weighting more of this option inside their 403(b) versus their 401(a).

Most 403(b) plans offer a loan provision. You can generally borrow \$50,000 or 50% of your account, whichever is lesser, depending upon your years of service in the plan. Borrowing from a 403(b) or 401(a) plan should be used as a last resort. While some 403(b) plans will allow you to earn a crediting rate of interest and not fully lose out on the investment opportunity cost of having the borrowed money completely out of the stock and bond markets, it is not without other drawbacks. Since you pay back your loan with after-tax dollars (money that has already been taxed) and you will eventually take out your money at retirement (taxed again), you will effectively be double taxed on your loan amount.

Inside the NJ ABP there is an in-service withdrawal provision for the 403(b) plan. This is available to late career medical doctors who reach age 59 ½.

**The In-Service Withdrawal Provision allows a medical doctor to reposition 403(b) assets outside of your NJ ABP retirement system, which can be attractive for those looking to work alongside a fee-only financial planner who specializes in Rutgers RWJMS and Rutgers NJMS retirement planning.**

We usually recommend not to close out the 403(b) plan and keep a minimal amount of money in the plan in order to continue to maximize tax deferral savings (presumably in a doctor's highest peak earning years when it is most needed to reduce taxes).

## **457(b) Governmental Plan**

The state of New Jersey offers the New Jersey State Employees Deferred Compensation Plan ("NJSEDCP"). This governmental 457(b) Deferred Compensation Plan is a supplemental retirement plan exclusively offered to New Jersey state and university hospital employees. It is offered solely through Empower (which was formerly offered through Prudential).

The 457 plan is similar to the 403(b) retirement plan in regards to contribution limits, but it has some important differences and can be an invaluable tool to supplement one's retirement income. The 457(b)

plan has a separate contribution limit (which includes employee and employer contributions) that is not combined with deferrals made to your 401(a) or 403(b) plans.

The 457(b) contribution limits for 2026 are \$24,500 for those under age 50. The following chart will illustrate what contributions are for those over age 50 in 2026:

| Plan       | IRS Contribution Limits for Employees Aged 50 and Above |                                                       |                                                      |
|------------|---------------------------------------------------------|-------------------------------------------------------|------------------------------------------------------|
|            | Age 50-59                                               | Age 60-63                                             | Age 64+                                              |
| <b>457</b> | \$32,500 (IRS Limit plus \$8,000 age-based catch-up)    | \$35,750 (IRS Limit plus \$11,250 age-based catch-up) | \$32,500 (IRS Limit plus \$8,000 age-based catch-up) |

**Most Rutgers medical doctors and faculty don't realize that they can "max" out both their employee contributions to their 403(b) AND their 457(b) plan!**

This is a huge opportunity many miss to further reduce their taxable income for the year while simultaneously saving for retirement. For 2026, Rutgers medical doctors over 50 (but not yet 60) can max out by contributing \$32,500 to both their 403(b) and 457(b) NJSEDCP plan.

In addition, there is a special provision only within the 457(b) plan that allows a saver to defer up to a total of \$49,000 (double the \$24,500 limit) in 2026 known as the "double limit catch up" or "last 3 -year catch up" provision, allowing medical doctors nearing retirement to compensate for years in which they did not contribute to the plan, but were eligible to do so. This can be implemented during the last three years of employment prior to the plan's normal retirement age.

Please keep in mind you cannot use both the age-50 catch up and the 3-year catch up (you can use only one of the larger of the two). Hypothetically speaking, a Rutgers physician age 50 and over could defer \$32,500 into their 403b, and \$49,000 into their 457(b) governmental plan.

Finally, similar to the 401(a), you cannot reposition this account elsewhere until you are retired or separated from service. For those who are planning on retiring earlier than 59 ½, you may want to consider not rolling over your 457(b) to an IRA or you will be subject to a 10% federal penalty on early withdrawals. The NJ 457 plan is unique in that there is penalty free access to funds once you break from service which may be attractive for those retiring before 59 ½.

## **How to Change Your Rutgers 401(a), 403(b), and 457(b) Salary Deferrals**

In order to change your retirement contributions to the 401(a) mandatory plan or the 403(b) voluntary plan, you must fill out a [salary reduction agreement](#) form through Rutgers HR (also known as OneSource).

While you can indicate the percentage to save on the form, HR usually requires an exact dollar amount to be entered. You can fill out this form and email it to [OneSource@rutgers.edu](mailto:OneSource@rutgers.edu) for processing. It may take one or two pay cycles to see your changes implemented.

You may also notice on the salary reduction agreement form that there is a Roth component that you can contribute to inside the 403(b). You may contribute to this account on an after-tax basis which will not reduce your taxable income as pre-tax contributions would. For high earning physicians and medical doctors, they may be surprised to know that there are no income limitations when contributing to the Roth 403(b) or Roth 457(b) – unlike Roth IRAs. This can be a very powerful way to get more money into a Roth account.

However, a careful retirement planning and tax pro forma analysis should be done to compare what current tax brackets you are in now, versus where they may be in retirement to determine if contributing into a Roth is right for you. There may be additional financial headwinds and tailwinds that may factor into this decision (i.e., what are your children's anticipated tax brackets, will you retire to a state with no or low state income tax, etc.) Additionally, you can mix and match pre-tax versus Roth contributions, provided you do not go over the IRS annual contribution limits. You can change your 457(b) Deferred Compensation Plan salary deferrals by submitting an Empower [457\(b\) Salary Deferral Change form](#).

## **New Jersey Alternate Benefit Plan Retirement Income Options**

Since many of the NJ ABP providers are insurance companies, they offer the ability to turn your 401(a), 403(b), or 457(b) plan into a pension like stream of income through an annuity with your selected provider. Some providers may offer a specific guaranteed account, like TIAA Traditional, which allow you to annuitize all or a portion of your funds inside this investment option.

Generally, you can receive the highest monthly payout if you take the stream of income over your life, versus choosing an option that pays an income stream to both you and your spouse.

Deciding to annuitize all or a portion of your retirement account should not be taken lightly as this is often an irrevocable decision. For those that have delayed taking their social security, done a great job of saving, or would like to leave a higher legacy to their children, it may not make sense to choose the annuity option. If you have not done such a great job of saving, an annuity may make sense because it could provide a higher income than a standard core stock and bond portfolio may provide. Ensure you work with an independent financial advisor for Rutgers doctors who can help you evaluate this decision with financial planning software to choose what is best for you and your family.

## **Conclusion**

If coordinated correctly, leveraging New Jersey 401(a), 403(b), and 457(b) governmental plans can accelerate savings and significantly grow retirement wealth. A careful analysis should compare all in

fees for each provider in each plan and be optimized for maximum diversification and liquidity when you reach retirement.

The NJ ABP combination of 401(a), 403(b), and 457(b) plans creates many wealth building opportunities – but also some complexity (especially if you have outside investment accounts). If you are a Rutgers medical doctor or Rutgers faculty and would value a second perspective on how these accounts work together within your overall financial plan, I would be happy to connect for a brief conversation.

### About the author:

**Greg Giardino, CFP®, CPWA®**, is a financial advisor for Rutgers medical doctors, dentists, and professors. Since 2012, he has provided retirement, tax planning, and wealth management tailored to Rutgers faculty in New Brunswick and Newark, NJ.

Greg has been recognized as:

- InvestmentNews *Rising Stars: Best Wealth Managers and Advisors Under 40* (2025)
- NJBIZ *40 Under 40* Honoree (2025)

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*Greg Giardino was named among Investment News Rising Stars “Best Wealth Managers and Advisors Under 40 in the USA”, announced October 2025 for the time period October 2025–October 2026. Greg Giardino was named among NJBIZ’s 2025 “Forty Under 40” honorees, announced September 16, 2025 for the time period October 2024 – September 2025.*

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