

General Description of 403(b) Retirement Plan

1. What is a 403(b) plan?

A 403(b) plan is a tax-favored **retirement plan** established under Section 403(b) of the Internal Revenue Code, which permits eligible employees to make salary deferrals on a pre-tax basis in order to both save on income taxes and build up retirement funds. Please note: the plan is designed as a **retirement plan**. No loans, hardship withdrawals, or distributions prior to severing employment with the district are allowed under the plan.

2. Who is eligible to participate in the school district's 403(b) plan?

All employees who normally work 20 or more hours per week are eligible to participate. Further, substitutes working at least 1000 hours per calendar year may also participate.

3. How much can an employee contribute to the 403(b) plan?

The Internal Revenue Code sets limits on the amount that an employee can contribute to a 403(b) plan. That limit for 2021 is \$19,500. This is the basic annual limitation for a calendar year. An employee must contribute the annual minimum deferral amount of \$200 to participate.

4. How do I begin, change or end deferrals to the 403(b) plan?

A district salary reduction agreement is required. This form must be completed and into the Payroll Office by the 15th of the month prior to the month the salary reduction is to begin or be changed. May 15 is the last date changes may be made for the summer payroll for partial year employees. A salary reduction form is required for every company the employee decides to utilize. Companies have agents authorized to sign the salary reduction agreements. Contact information for these agents is available on the district website or through the benefits office.

5. If I am over 50, can I contribute more to the 403(b) plan?

An employee who has attained age 50 or more by the end of the calendar year is permitted to elect an additional amount. The maximum amount for 2021 is \$6,500, subject to a cost-of-living adjustment for subsequent years.

6. I am a long-time employee of the school district. Can I defer even more to the 403(b) plan?

If you have 15 years of service or more with the school district, the basic limit on elective deferrals may be increase by up to \$3000 per year with a lifetime limit of

\$15,000. To participate in both the “fifteen-year catch-up” and also over age 50, limitations exist. Contact a company agent for more information.

7. When can I start collecting disbursements from the 403(b) plan?

Distributions may not be made earlier than the earliest date on which a participant has a severance from employment for any reason including the employee’s death, disability, or retirement.

8. What companies may I use to invest my deferrals?

The school district has designated investment products available for the plan from VALIC, Lincoln Financial Group, MetLife, and Security Benefit. Agent contact information is available on the district website and through the benefits office. Please note that you have the sole authority and discretion to select and direct investment of all of the assets in your account among the investment funds provided by these four companies. You accept full and sole responsibility for the success or failure of any investment selection you make.

*If the summary and plan document do not agree, the plan document will dictate all provisions.