



## South St. Paul Schools 403(b) Plan Summary

10/1/2020

The 403b plan is an employer-sponsored supplemental retirement savings plan that, like a 401k plan, allows employees to contribute on a pre-tax basis. A 403(b) plan can only be sponsored by a public school or a 501(c)(3) tax-exempt organization. Below is a list of benefits to participating in South St. Paul's 403(b) Plan. This is a summary and should not be taken as Financial or Tax advice. Please consult with an accountant or financial advisor for individual advice.

- **Tax-deferred investment earnings.** Your 403(b) contributions are submitted before taxes. This means that your funds continue to grow tax free until you make a withdrawal.
- **Ability to reduce your taxable income.** You determine the amount of your 403(b) contributions (up to IRS-defined limits) through a salary reduction agreement with your employer. Your contributions will be pre-tax, reducing your current taxable compensation.
- **Age 50 Catch-up and 15 years of service contributions.** If you are over age 50 or have worked at the district for more than 15 years you may be able to contribute more than the IRS defined limits. Please consult with a financial advisor for specific contribution advice.
- **Employer Matching Contribution.** Based off your collective bargaining agreement or employment contract the district may make a dollar for dollar matching contribution on your behalf.
- **Investment options that you can control.** Typically, a 403(b) plan will offer a wide selection of investment options. Investment options may vary between different vendors. Please see the complete list of available vendors below.
- **Employees can access their accounts when they have a distributable event under the Plan.** Amounts typically are subject to income tax when withdrawn from the Plan and you may also be subject to the IRS 10% premature distribution penalty tax unless you meet one of the IRS exemptions.

**Portability.** If you leave your job, you can leave your money in plan, roll your 403(b) account to into another employer's eligible retirement plan, or to a traditional IRA or (if rolled directly) a Roth IRA. You also have the option of cashing out and paying taxes plus any applicable penalties.

### How to Participate in the Plan

To participate in the plan, review the list of approved vendors and work with an agent from one of the organizations to open an account. Once your account is set-up, complete the 403(b) Salary Reduction Agreement and submit to Payroll. The list of approved vendors and the 403(b) Salary Reduction Agreement form is available on district website under Human Resources Department/Retirement (403b Plan). Deductions from your paycheck will then begin and monies will be transferred to the designated account/vendor set up by the employee.

### **Approved Vendors**

*You may use any representative from a company listed below to establish your account. Phone numbers are included on the approved vendor list posted on our website.*

Ameriprise Financial Services	Horace Mann
ASpire Financial	MetLife
AXA Equitable	Oppenheimer
EFS Advisors	Thrivent Financial
Fidelity	VALIC
Franklin Templeton	VOYA
Great West	Waddell & Reed

### **Loans**

A 403(b) plan loan **must be paid back** to the borrower's retirement account under the plan. The money is not taxed if loan meets the rules and the repayment schedule is followed. Contact your 403(b) vendor or financial advisor for loan rates and repayment information.

### **Hardship Withdrawals**

A hardship distribution is a withdrawal from a participant's elective deferral account made because of an immediate and heavy financial need, and limited to the amount necessary to satisfy that financial need. The money is taxed to the participant and is not paid back to the borrower's account. Contact your 403(b) vendor or financial advisor for eligible hardship situations.

### **Third Party Vendor**

The District has a third-party administrator, Aviben (formerly Educator Benefit Consultants), who administers our 403(b) plan. Educator Benefit Consultants ensures the District plan is in compliance with IRS regulations. Please direct questions such as hardship transfers, loans, or rolling over a tax shelter annuity to: Aviben, 763-689-0111, toll-free 855-369-5518.

### **Address or Name Change**

If your address or name changes, please contact Human Resources to update your records and notify your financial advisor to update your account records.