

403-b Information Session

September 29, 2008

October 1, 2008

**New
Changes to
403-b
Regulations**

What's all
the fuss?



Background

- Old Law
 - Minimal oversight
 - Employee-based compliance model
- New Law
 - IRS concerned about compliance
 - Potential taxable events
 - Employer-based compliance model

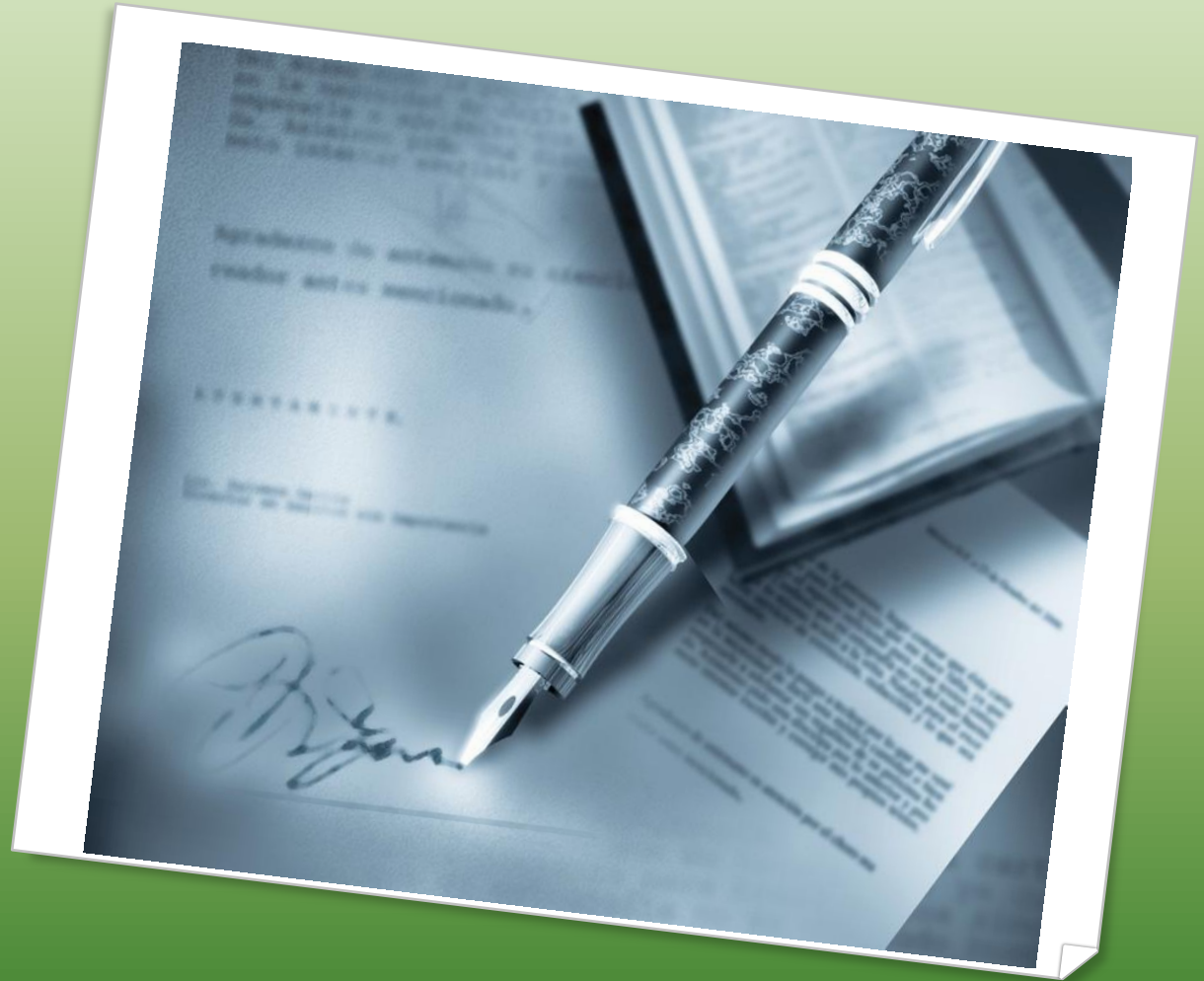
On Web:

- *Plan Document

- *Providers

- *Non Participating
Providers

- *Forms



www.westlake.k12.oh.us/AdminBldg/Treasurer/403b/403b.htm

What is a 403-b?

- Elective payroll deductions
- Not Ohio Deferred Compensation (457 plan)
- Not subject to federal or state income taxes
- May be subject to Medicare tax/municipal tax
- Contracts between employee and company
 - Contracts = Plan Contracts
 - Company = Provider
- Can be invested in annuities or custodial accounts
 - Annuities-insurance company
 - Custodial-mutual funds

Salary Reduction Agreements

- Between employee and provider
- Instructions to employer on elective deferral
- If provider on list 1-1-09, no new form required
- If provider not on list 1-1-09 , new form **required**
- Current limits may be indexed for inflation
- New/revised salary reduction forms due Dec 1, 2008

What do I need to know?

- Providers
 - Must select an “approved” provider (contributions)
 - **“Approved Provider”** list located on district website
 - Don’t assume your provider is on list
 - Be aware of fees/charges
 - Employee, NOT district responsible for investment decision
 - To transfer and continue participation, must select either an “approved provider” OR “non-participating” provider who agrees to share information
- Prior Contracts
 - Employees **REQUIRED** to notify treasurer office in writing of any prior contracts or exchanges (form posted on web)
 - Prior contracts = 403-b that you made contributions to before January 1, 2009 as an employee of district, but no longer contributing to

If Provider on List?

- OK to continue deferrals come 1-1-09
- Pay close attention to any information from provider about changes in plan design/requirements
 - Loans
 - Fees
 - Hardship withdrawal
 - Transfers

If Provider not on list?

- Consider another “approved provider”
- Existing monies can stay on account IF the district has an information sharing agreement with non-participating provider
- Existing monies should be transferred or exchanged to an approved provider OR provider with whom district has an ISA
 - Check w/provider if this is permitted!!
- May be permitted to transfer all/part to purchase additional STRS/SERS credit
- Do nothing and enroll in Ohio Deferred Comp (457)*