CHESTER SCHOOL DISTRICT
EXCELLENCE IN EDUCATION

November 11, 2020

Our 403(b) Plan Is a Valuable Benefit

This annual notice provides you with important information regarding our 403(b) Plan. Whether you are just starting out or have been working many years, the 403(b) Plan can be an excellent way to help you build up your retirement savings. It offers the convenience of automatic payroll deductions and gives you the ability to save with pre-tax dollars—that means your contributions and any investment earnings can be tax-deferred until withdrawn. Here's some important information about the plan:

Who Is Eligible

You are generally eligible to participate in our 403(b) Plan if you are a full-time or part-time employee.

However, IRS rules permit 403(b) Plans to exclude employees if any of the following apply. To learn about our 403(b) Plan's eligibility requirements, visit www.planconnect.com to log in to the plan website and select "*References > Plan Information > Your Plan Features*" on the main menu or contact PlanConnect using the contact information provided in the last section of this notice.

- Employee will contribute $200 annually or less.
- Employee is a non-resident alien who receives no compensation which constitutes U.S. source income.
- Employee normally works less than 20 hours per week and are either not expected to work 1,000 hours or more during the first year of employment, or has worked less than 1,000 hours in the prior calendar year.
- Employee is eligible to participate in another 403(b), 401(k), or governmental 457(b) plan of the employer.
- Employee is a student performing services for a school, college, or university described in Section 3121(b)(10) of the Internal Revenue Code.
- Employee is leased or an independent contractor.

How to Enroll

Current plan participants

You do not need to re-enroll in the plan or take any other action.

New plan participants

You can enroll at any time. It's easy:

- First complete an annuity contract or custodial account application to set up your plan account. Application forms are available from the representative of the investment provider you select. For a list of available investment providers, contact PlanConnect at support@planconnect.com or (800) 923-6669 (9 a.m.–5 p.m. ET, Monday through Friday).
- Then, complete a salary reduction agreement form by working with the representative of the investment provider you select or by contacting PlanConnect at support@planconnect.com or (800) 923-6669 (9 a.m.–5 p.m. ET, Monday through Friday).
- Your participation will begin at the start of the payroll period following the date PlanConnect® and our Payroll Department processes your completed salary reduction agreement.

As a current plan participant, the first time you log on to www.planconnect.com

Your user ID is your Social Security Number (without any spaces or dashes) and your password is your date of birth (mmddyyyy). You can change your user ID and password any time after your initial login.

Contributions to the Plan

What type of contributions can I make to the plan?

Our plan accepts pre-tax salary deferral contributions and may permit other types of contributions. To learn more, please log into the plan website and select "References > Plan Information >Your Plan Features" or contact PlanConnect.

Change or stop your contributions at any time

Just log in to **www.planconnect.com** and select "Log Into Your Account". Or, you can contact PlanConnect to obtain a Salary Reduction Agreement. The change will take effect at the start of the payroll period following the date our Payroll Department processes your request.

www.planconnect.com is the place where you can:

- Learn about our 403(b) Plan.
- Enroll in our 403(b) Plan.
- Check your account balance in the Plan.
- Make changes to your contribution rate and/or initiate other plan transactions.
- Get a list of the Plan's investment providers.
- Access online tools and resources, which are designed to help you get and stay on track to reach your retirement savings goal.

The IRS sets a limit on how much employees can contribute

This year the limit is $19,500. You may also make "catch-up" contributions of up to $6,500 if you will be age 50 or older by December 31st of this year. And, under certain conditions, additional catch-up contributions may be permitted. For more information, log in to **www.planconnect.com** and select *"References > Plan Information > Your Plan Features"*.

Not sure how much you can contribute? Use the PlanConnect contribution calculator. It's on **www.planconnect.com** under *"Learning Center > Tools & Calculators"* (no login needed).

The IRS sets a limit on how much employees and their employers combined can contribute

The maximum annual limit for 2019 generally is $56,000. However, certain participants (such as those who are at least age 50) may have a higher limitation, if provided for under the Plan. To learn more, log in to **www.planconnect.com** and select *"References > Plan Information > Your Plan Features"*.

All contributions to the plan must be aggregated. In certain circumstances, they must also be aggregated with other "qualified retirement plans" to determine whether they are within the maximum annual contribution limits under the law. Therefore, if you meet all of the conditions below, the Internal Revenue Service requires that you contact the Plan Administrator (employer) or Third-Party Administrator (TPA), PlanConnect, to determine whether or not you have or will exceed your maximum annual contribution limit. *Failure to provide the Plan Administrator or TPA with certain necessary and correct information may result in adverse tax consequences, including your inability to exclude the amounts contributed to this Plan from your taxable income.*

You must notify the Plan Administrator or TPA, PlanConnect, if you meet **all** the following conditions:
You make contributions to this Plan, you are "in control" of another company, and the other company maintains a "qualified retirement plan" and makes contributions to your account.

What does it mean to be "in control" of another company?

For you to be considered "in control" of another business, you generally must have a significant ownership interest in the other business. Determining whether you are 'in control" of another business is complicated. Your tax advisor can assist you in making this determination.
Example: You are a doctor or professor that participates in this Plan and you also own more than 50% of a private practice or consulting business. You are considered to be "in control" of the outside business.

What types of retirement plans fall within the meaning of a "qualified retirement plan"?

For this purpose, a "qualified retirement plan" includes certain defined contribution plans that receive special tax benefits under the Internal Revenue Code. These include defined contribution plans that qualify under Code §401(a) (such as a profit sharing, 401(k) or money purchase plan), another 403(b) plan, or a simplified employee pension (SEP) plan.

What amounts are counted for purposes of determining whether you exceed the maximum annual contribution limit?

The following amounts are counted towards the maximum annual contribution limit:
- ☐ Employer contributions (including matching contributions and SEP contributions)
- ☐ Salary deferrals
- ☐ After-tax contributions
- ☐ Certain other amounts allocated to your account (this does not include earnings or rollover amounts)

PlanConnect Is Ready to Assist You

To enroll, initiate a contribution rate change, and/or learn more about the plan and retirement issues:

- Go to **www.planconnect.com**.
- Send us an e-mail at **support@planconnect.com**.
- Call us at **(800) 923-6669** (9 a.m.–5 p.m. ET, Monday through Friday).

PlanConnect looks forward to connecting with you and helping you reach your retirement savings goals.

Sincerely,

Tanya Dawson

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