

Annuities: Questions, Answers, and Procedures

PARMA CITY SCHOOL DISTRICT SUPPLEMENTAL RETIREMENT PLAN 403(b) and 457 Plans

You may participate in the PCSD 403(b) or 457 Plans to help supplement your retirement.

1. What is a 403(b) Plan?

A tax-deferred plan designed for employees of public schools, colleges, and churches. Your payroll contributions are made on a before-tax basis. Contributions are taxed when withdrawn from the employer-sponsored Plan with the anticipation that when you retire you may be in a lower tax bracket. Generally, an IRS 10% premature distribution penalty tax also applies to distribution from the 403(b) taken prior to age 59 ½. Contributions can be rolled over into an IRA if employment is terminated.

2. What is a 457 Plan?

A tax-deferred plan designed for employees of state and federal governments and agencies. Distributions start at retirement age but distributions can be withdrawn in case of certain emergencies. Contributions can be rolled over into an IRA if employment is terminated.

3. Annual Contribution Limits:

There are annual contribution limits set by the IRS for both Plans. Tax penalties will apply if you contribute over the IRS limits in a calendar year. Please check with the local representative to find out the limits that apply to you.

4. Transfers:

You may only transfer monies from one PCSD approved annuity 403(b) Plan to another PCSD approved annuity 403(b) Plan.

5. Plan Document:

The Parma City School District has a Board adopted Plan Document. A copy of this Plan Document has been sent to each of the PCSD approved annuity companies.

6. Salary Reduction Agreement:

If interested in participating, please contact an agent on the attached PCSD Approved Annuity List. The agent will set up an account for you. Please request a Salary Reduction Agreement – note the biweekly amount you would like to contribute to a 403(b) or 457 Plan and the date to begin the contribution. The contribution amount may be a fixed amount or a percentage of your gross wages. Make certain that the annual amount will not exceed the IRS annual limitations. Submit the Salary Reduction Agreement to Tracy Dinard in the PCSD Treasurer's Office.

7. More information:

You will be able to log onto the www.planwithease.com website to check the status of your account. Using this website will make certain that any changes you would like to make to your account adhere to the PCSD Plan Document.

8. Contact Us:

Tracy Dinard, Financial Data Manager

dinardt@parmacityschools.org

440-885-8773

Important information:

You should consider the investment objectives, risks, and charges and expenses of the variable product and its underlying fund options; or mutual funds offered through a retirement plan, carefully before investing. The prospectuses/prospectus summaries/information booklets containing this and other information can be obtained by contacting your local representative. Please read the information carefully before investing. Variable annuities and mutual funds offered through a retirement plan are intended as long-term investments designed for retirement purposes.

For 403(b) plans, withdrawals prior to age 59½ may be subject to an IRS 10% premature distribution penalty tax. Early withdrawals from a variable annuity may be subject to a deferred sales charge. Money distributed from the plan will be taxed as ordinary income in the year the money is distributed. Investments are not guaranteed and are subject to investment risk including the possible loss of principal. Account values fluctuate with market conditions, and when surrendered the principal may be worth more or less than its original amount invested. An annuity does not provide any additional tax-deferral benefit, as tax deferral is provided by the plan. Annuities may be subject to additional fees and expenses to which other tax-qualified funding vehicles may not be subject. However, an annuity does provide other features and benefits, such as lifetime income payments and death benefits, which may be valuable to you.