

## ***What is a 403(b)?***

The 403(b), also known as a tax-sheltered annuity (TSA) plan, is a retirement plan for certain employees of public schools and some tax-exempt organizations. It is an excellent way to save money for retirement whether as a supplement to a traditional pension plan or other retirement plan(s), or as a stand-alone plan.

Internal Revenue Service rulings create tax advantages for public school employees who elect to join in the tax-sheltered annuity program, also known as the 403(b) plan.

### **Please pay attention to the following policies:**

It is the responsibility of the employee and/or the vendor to determine the maximum deduction based on current IRS regulation. The school district is not liable for a deduction that exceeds maximum allowable contributions.

Deductions are made each pay period.

**It is the employee's responsibility to contact a vendor and to follow the vendor's enrollment procedures.**

## ***Who is eligible?***

All Employees are eligible to participate in the 403(b) plan. Please refer to the 403(b) Universal Availability Notice.

## ***How to get started?***

### **First time enrollees must:**

- 1.) Contact the vendor of your choice. You may choose from one of the approved vendors listed on Appendix 1 – Approved Vendors.
- 2.) Once you have opened a 403(b) account with an approved Vendor, you and your vendor or representative must fill out a Salary Reduction Agreement form to direct the Prior Lake-Savage Area Schools payroll department to make appropriate deductions from your compensation.
- 3.) Return the Salary Reduction agreement to the Human Resources Department for processing.

## ***How much may be contribute?***

2015 and 2016: You may contribute up to \$18,000

Employees that have 15 or more years of service in the district and who have contributed on average \$5,000 or less per year during this time may choose the "15-Yr Catch-up" and contribute a total of \$21,000 in 2015. This remains the same for 2016.

Employees that are age 50 or higher may choose the "Age 50+ Catch-up" and contribute an additional \$6,000.

## ***Does the District match contributions?***

Your matching eligibility is defined in your terms and conditions of employment.

## ***When should I start investing?***

The key to investing is to start early and gradually adjust your risk level as you approach your goal.

## ***When may I change or stop my contributions?***

An employee may cancel or make changes to their 403(b) plan during "Open Enrollment" period and two additional times from June through April. Open enrollment is offered in May. Enrollment, cancellation or changes require a Prior Lake-Savage Salary Reduction Agreement form.

## ***How do I add an additional 403(b) vendor?***

- 1.) Contact the new vendor of your choice from the approved vendors list.
- 2.) Once you have opened a new 403(b) account with the vendor, you and your vendor or representative must fill out a Salary Reduction Agreement form with your new deduction.
- 3.) Return the Salary Reduction agreement to the Human Resources Department for processing.

## ***How do I cancel my current 403(b) deduction and switch to a new vendor?***

- 1.) Return the Salary Reduction agreement to the Human Resources Department indicating a zero deduction to stop your deduction with a specific vendor.
- 2.) Once you have opened a new 403(b) account with the new vendor, you and the vendor or representative must fill out a Salary Reduction Agreement form with your new deduction.
- 3.) Return both the Salary Reduction agreements to the Human Resources Department for processing.

## ***What are my options when I retire or leave the School District?***

Retirees or employees no longer with the district may be eligible to withdraw from or transfer their 403b account. A signature/approval is required for this and can be obtained by contacting:

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