403(b) and 457(b) Defined Contribution Plans

BIGGS UNIFIED SCHOOL DISTRICT

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Tax Deferred Solutions

The TDS Group
Plan Administrator

WHAT IS A 403(b) PLAN?

A 403(b) plan is a retirement plan for certain employees of public schools, tax-exempt organizations and ministers. Individual 403(b) accounts are established and maintained by eligible employees.

Accounts under a 403(b) plan can be one of the three following types:

- an annuity contract provided through an insurance company; these 403(b) annuity plans are also known as tax-sheltered annuities (TSA's) and tax-deferred annuities (TDA's).
- a custodial account provided through a retirement account custodian; investments are limited to regulated investment companies, such as mutual funds.
- a retirement income account, for which investments options are either annuities or mutual funds.

The employer may determine the financial institution(s) at which individual employees may maintain their 403(b) accounts

WHAT IS A 457(b) PLAN?

A 457(b) Deferred Compensation plan is an employer sponsored plan that allows employees to deduct pre-tax dollars from their paychecks and contribute the monies into a retirement savings plan.

The 457(b) plans pre-tax status is similar to the traditionally offered 403(b) retirement savings plan.

457(b) plans are eligible governmental supplemental retirement plans and as such, are not subject to qualified plan distribution rules.

WHAT IS THE DIFFERENCE BETWEEN 403(b) and 457(b) PLANS?

Although the 403(b) and 457(b) plans are both funded with pre-tax contributions, the plans differ significantly.

403(b) programs are 'Qualified Retirement Plans' under Internal Revenue Code. Once a participant contributes money to a 403(b) plan, he/she can access the funds but may incur an early distribution penalty unless they are at least age 59 1/2 or age 55 and separated from service.

457(b) plans are considered to be 'Eligible Plans' which allows a participant access to their funds at any age upon separation of service without an early withdrawal penalty.

Both the 403(b) plan and the 457(b) plan are employer sponsored. This means it is the employer's responsibility for maintaining the plan. All plan transactions such as hardship withdrawals, Loans, Rollovers, Eligibility, and QDRO's must be monitored by the employer.

Tax Deferred Solutions provides the employer with plan compliance monitoring and full plan administration. Plan transactions and responsibilities will be managed through TDS, thereby providing administration assistance and oversight to the plan and participants.

2012 403(b) and 457(b) RETIREMENT PLAN LIMITS

403(b) LIMITS

Individual Standard Limit	$17,000
Age 50 Catch-Up Provision	5,500
“15 Years” Catch-Up Provision	3,000*

457(b) LIMITS

Individual Standard Limit	$17,000
Age 50 Catch-Up Provision	5,500
“Final 3 Years” Catch-Up Provision	17,000*

You can save the maximum amount in **both** your 403(b) and 457(b) accounts.

** This amount must be approved by the Plan Administrator. We encourage speaking to a financial consultant or tax professional prior to utilizing a catch-up provision.*

FREQUENTLY ASKED QUESTIONS

Q: How do I open a 403(b) account?

A: To open a 403(b) account you must first select an Investment Provider. This can be done by reviewing the Providers available to you on www.403bcompare.com. Contact the Provider you have selected at the number shown on the website and request a new account enrollment form. Once you have received and completed this form, return it to your Provider. When your 403(b) account has been opened, obtain a Salary Reduction Authorization form from your Employer, complete it with your contribution information, and return it to your Employer. Contributions will then flow to your 403(b) account.

Q: How do I open a 457(b) account?

A: To open a 457(b) account you will first meet with a Benefits Counselor to determine an appropriate investment choice. You will review all available investment options with your counselor and select an Investment Provider. Once you have worked with your Benefits Counselor and selected an Investment Provider, your counselor will provide you with the necessary forms to open an account and begin contributions.

Q: Is there someone who can assist me in making an Investment Selection?

A: Yes, if you need assistance in deciding which investment option is best for you, you can work with a financial advisor in your community. TDS does maintain a list of Benefits Counselors which are able to meet with you and walk you through the selection and enrollment process if requested.

Q: How can I take a loan, distribution, or hardship withdrawal?

A: To complete any transaction request on your 403(b) or 457(b) account, you must first obtain the necessary forms from your Investment Provider. For certain transactions you may also need to complete the 403(b) or 457(b) Transaction Request form found on the TDS website, www.tdsgroup.org. All forms should be submitted to TDS for authorization and processing.

Q: How long does it take to process my transaction request?

A: If the transaction request is received at TDS in good order, it typically takes no more than 3 business days to authorize and forward to your Investment Provider. Please check with your Provider to verify the processing time once received.

Q: What happens to my transaction request once it has been processed?

After the submitted transaction request is processed it is forwarded directly on to the Investment Provider. Copies of the completed transaction can be returned to the participant upon request. Copies of the transaction will not be forwarded to alternate parties to ensure the privacy of the participant.

Q: Where can I learn more about participating in a 403(b) Plan or financial tools?

A: The Tax Deferred Solutions website is available for forms, education, and resources. Please visit us at www.tdsgroup.org.

ADDITIONAL 403(b)/457(b) PLAN RESOURCES

www.tdsgroup.org	Tax Deferred Solutions Website
www.calstrs.com	CalSTRS Website
www.calpers.com	CalPERS Website
www.irs.gov	IRS Website

CONTACT US

Tax Deferred Solutions is your 403(b) Plan Administrator and 457(b) Plan Provider. We can assist you with items such as:

- Opening a new 403(b)/457(b) account
- Understanding your 403(b)/457(b) Plan options
- Processing account transactions such as
  - Loans
  - Hardship Withdrawals
  - Distributions
  - Rollovers/Exchanges

IF YOU WOULD LIKE MORE INFORMATION ON THE PLANS OR WOULD LIKE TO SCHEDULE TIME TO MEET WITH A BENEFITS COUNSELOR, PLEASE CONTACT US AT:

Mail:
6939 Sunrise Blvd., Suite 250
Citrus Heights, CA 95610

Phone:
866-446-1072, option 4

Email:
benefitcounselor@tdsgroup.org

FOR FURTHER INFORMATION

If you would like additional information, please contact us at any time. You may also return this form to us at:

Fax: 916-221-5040

Mail: 6939 Sunrise Blvd., Suite 250
Citrus Heights, CA 95610

Email: benefitcounselor@tdsgroup.org

Name: _____

Home Address: _____

City: _____ State: _____ Zip: _____

Home Phone: _____ Cell Phone: _____

Email: _____

School District: _____

School Site: _____

I am interested in:

- ❑ Meeting with a Benefits Counselor
- ❑ Reviewing/updating my current retirement plan
- ❑ Maximizing my STRS/PERS benefits