

DIXIE SCHOOL DISTRICT

Business Services Administration

TO: **ALL DIXIE SCHOOL DISTRICT EMPLOYEES**

SUBJECT: **Notice of your Eligibility to Participate in the
Dixie School District 403(b) Voluntary Retirement Plan**

DATE: **November 2017**

ALL EMPLOYEES: *Do you already have a 403(b) plan? Would you to start one? Who wouldn't like to reduce income tax AND save for retirement at the same time? Read on to see what a 403(b) plan can do for you.*

This is your annual reminder that as an employee of the Dixie School District you are eligible to participate in a 403(b) retirement plan. This includes substitutes as well as other supplemental, temporary and part-time employees of the District, regardless of hours worked. Participation is voluntary and allows you to contribute pre-tax dollars deducted from your paycheck to a retirement account with an approved Investment Provider ("Provider") of your choice. Since your 403(b) contributions are removed from gross pay before your income tax is calculated, your Federal and State tax go down! Please read this notice for details on how the plan works.

How to participate: A 403(b) is a **voluntary, personal**, IRS-approved retirement income account.

Employees can start, stop, or change contributions to a 403(b) plan at any time by submitting a request for payroll deduction using a Salary Amendment Agreement (attached). If you are selecting a new Provider, the account must be opened prior to submitting the request (see below).

How to find a new Provider: The process of finding a Provider and starting a new 403(b) plan is described in "Frequently Asked Questions" on the back page. ***We urge you to consult a financial professional of your own choosing prior to selecting an Investment Provider.*** You may also contact The TDS Group for assistance, or contact Payroll & Benefits for questions about the process.

Contribution Limits: For **2018**, the annual contribution limit for employees under age 50 will increase to **\$18,500**. The catch-up contribution limit for employees age 50 and over (if eligible) is \$6,000, making a total annual contribution limit of **\$24,500** per year for employees nearing retirement! Or, you can start out slow – many Providers will accept as little as \$25-\$50 per month.

Note re: payroll deductions: If you have a permanent assignment and are paid on the end of month payroll, your monthly 403(b) contributions will be deducted at the end of the month. If you are a substitute or temporary employee and *only* paid on the supplemental mid-month payroll, your deductions will be taken mid-month. ***Important note for supplemental employees:*** if your monthly wages are not sufficient to cover taxes plus your 403(b) contribution as elected, that contribution will be suspended for the month.

Note re: administration fees: Some of the approved Providers are passing a \$3.00 monthly administration fee through to investors. Please refer to the list of providers attached to the Salary Reduction Agreement. If you want to invest with a Provider that charges the fee, \$3.00 will be deducted each month in which a contribution is made.

Please read the FAQ on the back of this page which provides information on how the plan works and how to start one. Also, a 403(b) "Request for Information" card is attached from our administrator, The TDS Group. You may contact them for more information, use the reply card provided, or contact Payroll with questions.

DIXIE SCHOOL DISTRICT
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Frequently Asked Questions

What is a 403(b) plan? It is a retirement plan for employees of public schools and certain other tax-exempt organizations. Personal, individual accounts are established and maintained by the eligible employees. There are three different types:

- an annuity contract provided through an insurance company (also known as tax-sheltered annuities, or TSA's);
- a custodial account of mutual funds;
- a retirement income account for which investment options are either annuities or mutual funds. The employer will determine which financial institutions are approved.

What are the benefits to 403(b) participation?

- reduced taxable income through pre-tax contributions;
- tax-deferred earnings on plan contributions;
- the likelihood of paying less tax on assets since distributions usually occur during retirement when an employee may be in a lower tax bracket;
- the ability to take loans from the 403(b) accounts.

How do I open a 403(b) account and begin contributions? Since this is a personal account, you must first select an Investment Provider. The best way to begin is to visit www.403bcompare.com, a website created and maintained by the California State Teachers Retirement System. On this website you can become educated on the subject of 403(b) plans, and browse and learn about various products and approved Providers.

Once you have made your selection, contact the Provider at the number listed on the website and request a new account enrollment form. After you have received and completed this form, return it to your Provider. When your account has been opened and you have an account number from your Provider, obtain a Salary Amendment Agreement from the Payroll Department. Complete that agreement and return it to Payroll to begin contributing to your 403(b) plan.

Is there someone who can assist me in making the selection of Investment Provider? Employees are encouraged to consult their own financial advisor (read below). If you do not have an advisor and need assistance, you may contact our third party administrator, The TDS Group (Tax Deferred Solutions). One of their benefit counselors will be happy to assist you. TDS contact information is on the front of this notice.

Why does the District use a 403(b) plan administrator? The Dixie District has elected to use The TDS Group as the 403(b) plan administrator to ensure compliance with IRS regulations. The IRS requires strict oversight and monitoring of the 403(b) plan. Learn more by visiting www.tdsgroup.org.

A note about financial advisors (abstracted from www.403bcompare.com):

*“Some **financial planners** and **investment advisers** offer a complete financial plan, assessing every aspect of your financial life and developing a detailed strategy for meeting your financial goals. They may charge you a fee for a plan, a percentage of your assets that they manage, or receive commissions from companies whose products you buy, or a combination of these. You should know exactly what services you are getting, how much they will cost, and how your investment professional gets paid.*

Smaller investment advisers are generally regulated by states. You can find more information at the [California Department of Corporations](http://www.cdc.ca.gov) Web site.

***Brokers** make recommendations about specific investments like stocks, bonds or mutual funds. Brokers are generally paid commissions when you buy or sell securities through them.*

You can research your prospective or current broker online through the [Financial Industry Regulatory Authority, Inc. \(FINRA\)](http://www.finra.org) Web site or the [California Department of Corporations](http://www.cdc.ca.gov).” (SEC)

