

## 403(b) Announcement to Employees

Date: 12/18/09  
To: All Employees  
Subject: 403(b) Plan Information

Unified School District 507 maintains a 403(b) Plan for the benefit of its employees. Participation in this plan is voluntary.

In 2007, the Internal Revenue Service issued regulations relating to the operation of the plans. These regulations become effective January 1, 2009, and require that the employer assume more responsibility over the administration of the plan. Because of these requirements, we have taken steps to ensure that the plan is operated in compliance with Section 403(b) of the Internal Revenue Code. To assist with the ongoing administration, the District has contracted with AFPlanServ™ to provide administrative services.

One requirement of the 403(b) regulations is that all eligible employees must be given information on their eligibility to participate in the plan and that information must contain enrollment information. The first notification is attached.

Outlined in the notification are changes to procedures for plan transactions and possible changes to the list of vendors/providers allowed to receive contributions under the plan. With the requirements of the new regulations, not all vendor/providers will be permitted or able to participate in the plan. Please review the notice carefully. If your current 403(b) contribution is to a vendor/provider **not** listed, your contributions will cease after January 1, 2009, and will stop until you activate a salary reduction agreement with an approved vendor.

Thank you for your attention and cooperation.

## Employee 403(b) Plan Eligibility Notice

### Unified School District 507

We are pleased to offer employees the opportunity to participate in the Unified School District 507 403(b) Plan ("the Plan"). The opportunity for eligible employees to participate is offered on a voluntary basis.

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

A 403(b) Plan allows eligible employees the opportunity to save for retirement. Amounts contributed to the Plan are, in general, contributed on a tax-deferred basis. This means that the contribution is not subject to federal income tax or, in most cases, state income tax until distributed by the plan. This tax deferral also applies to any earnings on the contributions. Because the Plan is intended as a means of saving for retirement, distributions are limited to certain events.

#### Who is eligible to participate?

All employees are eligible to participate in the Plan unless specifically excluded by the written plan. Any exclusion(s) in our Plan will be indicated below. If no exclusions are checked, all employees are eligible for Plan participation.

- Employees who participate in a 401(k) plan, 457(b) plan or another 403(b) plan of the employer.
- Students performing services at the Employer institution.
- Employees who normally work fewer than 0 hours per week.
- Employees who are non-resident aliens.

#### How much may be contributed to the Plan?

The amount that may be contributed to the Plan is set by federal tax law. The limit set is an annual contribution limit.

For the 2009 tax year, the contribution limits are:

- Basic salary deferral limit for all employees \$16,500
- Additional Contribution for age 50+ catch-up \$ 5,500
- An additional catch-up contribution will be permitted for employees with 15 years of service with the employer. This additional catch-up limit, if permitted, requires the completion of a worksheet to determine eligibility for the additional catch-up contribution.  
*(If not checked, NO additional catch-up contribution will be permitted.)*
- After tax Roth 403(b) contributions are permitted under the Plan. If Roth 403(b) contributions are permitted, see your provider for more information.  
*(If not checked, After tax Roth 403(b) contributions are NOT permitted.)*

### When is a distribution allowed under the Plan?

The 403(b) Plan is intended as a source of retirement income so there are withdrawal restrictions on the funds, including earnings, until you reach age 59½.

A withdrawal or distribution may be taken prior to age 59½ for the following reasons:

- Severance from employment
  - Total and permanent disability
  - Death
  - A “qualified reservist” distribution
- Hardship distributions are permitted under the Plan. If a hardship is taken, contributions to the Plan must cease for six (6) months following the distribution.  
*(If not checked, Hardship distributions are NOT permitted.)*

### May I change investment options under the Plan?

- Employees are permitted to move all or a portion of the value of one investment option under the plan for another approved investment option under the plan. This transaction is called an exchange. These exchanges may be subject to withdrawal or contingent deferred sales charges.  
*(If not checked, exchanges are NOT permitted.)*

### What other transactions are permitted under the Plan?

Other transactions may be permitted under the Plan. The following list will indicate what options are available:

Transfers into the Plan from another employer’s 403(b) Plan	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Rollovers into the Plan from another eligible qualified plan	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Loans from investment options permitting such transactions	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Roth 403(b) or 401(k) direct rollovers into the Plan	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### Who are the approved investment option providers under the Plan?

The attached list indicates the providers that are approved investment option providers under the Plan. If you are participating in the 403(b) Plan and your current provider is listed on the appendix, no action is required and your contributions will continue until changed by you. If you are participating and your current provider is **NOT** listed, you must contact a provider on the list and complete the proper forms to continue 403(b) contributions for the 2009 plan year. *After January 1, 2009, contributions will not be made to unapproved providers.*

If you are not a current 403(b) Plan participant and you wish to participate, you should contact a provider on the attached list. You must complete a salary reduction agreement authorizing your employer to reduce your salary for the contribution amount. You must also complete the proper paperwork as required by the provider to establish your account with that entity.

### If my current 403(b) provider is not on the list, am I required to move my account balance to an approved provider?

No. There is no requirement that you transfer any existing account balances to a provider on the list. In fact, you should be very careful about entering into any transaction that would transfer balances to another provider. No transaction should be entered into unless you have all of the information needed to determine if such a transaction is suitable for you and your retirement planning needs.

### **Is Plan approval required for transactions?**

The Plan has contracted with AFPlanServ™ for selected plan administrative services. Among the services provided by AFPlanServ™ is approval of salary reduction agreements for beginning or changing amounts and/or providers.

The regulations require Plan approval of plan distributions and loans. As of January 1, 2009, the forms are or will be available at [www.afplanserv.com](http://www.afplanserv.com), or may be requested by calling 1-866-560-6415 (toll-free). The proper form must be completed. Certain transactions may require additional documentation. You should follow the instructions on the form. The form with requested documentation should then be sent to AFPlanServ™. The mailing address is:

AFPlanServ  
P. O. Box 269008  
Oklahoma City, OK 73126-9008

If approval is granted for the transaction, this approval should be forwarded to the provider. The provider may or may not require that the provider's forms also be completed to effect the transaction.

### **Who do I contact if I have questions?**

If you have questions concerning account balances, the status of approved transactions, or investment option details, contact your investment provider.

If you have questions on changing your contribution amount, contact your employer or investment provider.

If you have questions on transaction approval, contact AFPlanServ™ at:

Mailing Address:  
AFPlanServ  
P. O. Box 269008  
Oklahoma City, OK 73126-9008

Phone Number (toll free):  
1-866-560-6415

Fax Number (toll free):  
1-866-578-0962

**APPENDIX 1**  
**Approved Investment Option Providers**  
Unified School District 507

**Providers authorized to receive contributions, Exchanges, and Transfers**

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<u>Provider Name</u>	<u>Provider Contact</u>	<u>Provider Telephone</u>
Ameriprise Financial Services Inc	Dave Ford	(612) 671-5704
American Fidelity Assurance	Cherie Horsfall	(405) 523-5503
The Variable Annuity Life Insurance Company	Plan Sponser Service Team	(877) 879-2449

**Important Notes:**

1. As provided under the Plan, any authorized Vendor named in Appendix 1 has agreed to share information necessary for compliance purposes with Employer, an Administrator and/or with any other 403(b) provider as may be required to facilitate compliance with the Plan and all applicable laws and regulations.
2. Each Vendor named above is required to maintain records of the Funding Vehicles offered under the Plan to comply with the information sharing requirements of the Plan and applicable information sharing agreements.

This Appendix is dated: 12/18/08