



403(b) Plan Eligibility Announcement to Employees

In compliance with the 403(b) regulations, we are pleased to offer eligible employees the opportunity to voluntarily save for retirement by participating in a tax-sheltered account (TSA).

A tax-sheltered account (TSA) is a tax-deferred retirement investment plan such as the 403b and 457 plans offered through the District. The terms "403b" and "457" refer to sections of the IRS Code which define the rules by which "pre-tax" investments may be made through payroll deduction. These voluntary saving plans supplement the mandatory defined-benefit pension plan (such as TRA or PERA) to which you already belong. Together they will help you be prepared for a more comfortable and secure life after you retire.

All employees who receive compensation reportable on an Internal Revenue Service (IRS) Form W-2 are eligible to participate in the plan, except for those specifically excluded by the Plan.

If eligible, you may participate in this Plan by establishing a 403(b) account with one of the Plan's approved Plan Vendors: Ameriprise Financial, ASPIre Financial Service, AXA Equitable, Economic Services, Inc, and Primerica Financial Services or a 457 account with MN State Deferred Comp and then completing a salary reduction agreement to make pre-tax contributions or (if permitted by the Plan) Roth 403(b) after-tax contributions. To begin, review the list of vendor choices and work with an agent to open an account.

Generally, salary reduction contributions can be made in an amount up to the lesser of 100% of includable compensation or the annual limitations set by the IRS. For the 2021 tax year, the annual contribution limit is \$19,500 with a catch-up contribution of up to \$6,500 for employees that are age 50 or older. If you have completed 15 years of service or more with the school district, you may qualify for an additional catch-up contribution of up to \$3,000. A separate calculation must be done with your investment advisor to determine eligibility. Any change to salary reduction must be requested by completing a new salary reduction agreement and returning to the payroll department.

If you participate in more than one 403(b) or 457 plan you will be responsible for tracking and reporting the amount of your total contributions to the school district so you do not exceed the annual contribution limitation permitted by the IRS.

By electing to participate in the Plan, you are acknowledging and agreeing to abide by the Plan's rules and all IRS regulations related to 403(b) and 457 plans.

For information about the 403(b) products and services offered by each approved Provider, employees will need to contact each company directly.

Once your account is set-up complete the TSA Salary Reduction form and submit to: Karin Manning (Employees with the last name A - L) or Kim Shirek (Employees with the last name M - Z) at the District Service Center.

Again, participation in a TSA is optional.

*Please be sure to consult with your legal or tax advisor before participating in the 403(b) Plan.
South Washington County School District does not provide tax or legal advice.*