

Employee Retirement Savings Newsletter 2009-2010

How can I start a 403(b) account?

- Choose a vendor that is available under your employer plan. A list of available vendors can be found at our website. Please go to:
<http://www.ffga.com/403b/403bMain.aspx>
- Contact an agent/financial advisor. Be aware that your agent must have completed the enrollment on our website www.ffga.com prior to submitting a salary reduction authorization form.
- Do you need an agent?
<https://www.ffga.com/403b/ZipSearch.aspx>
- Complete a Salary Reduction Agreement (SRA) and fax or mail the form to First Financial. **Only** our Salary Reduction Agreement form will be accepted to start and/or make any changes to your 403(b) accounts. (Please send vendor applications directly to the vendor).
- Agent signatures are only required on new accounts—new: starting contributions to a new vendor or starting contributions with a new school.
- Need the due dates to have Salary Reduction Agreements processed in the allotted time?
<http://www.ffga.com/403b/PlanDescription.aspx>

Transferring to a new school district and want to continue 403(b) contributions?

Complete a Salary Reduction Agreement for the new school district. On the SRA, circle “new” because you are a new employee with the school district.

Contact the vendor and advise them you have changed districts and your contributions will be coming from your new employer.



Savings Tax Credit (Saver's Credit):

If you make contributions to a qualified employer-sponsored retirement plan such as a 403(b), 457, or 401(k), or to an individual retirement arrangement, you may be able to take a tax credit of up to \$1,000 (up to \$2,000 if filing jointly).

The Retirement Saving Contributions Credit applies to:

- Individuals with incomes up to \$27,750 (\$41,625 for head of household)
- Married couples with incomes up to \$55,500, who file jointly.
- You must be over the age of 18, and you cannot be a full-time student, or be claimed as a dependent on another person's return.

How much can I contribute?

Current contribution limits are as follows:

- Under age 50 -- up to \$16,500 per calendar year.
- Age 50+ -- up to \$22,000 per calendar year

The 15-year catch up is *no longer* allowed.

How and when can I get my money out?

You must have a qualifying event in order to withdraw your money. The qualifying events are:

- Severance from service
- You have reached 59 ½ years of age or older
- Disability
- Death
- Financial Hardship

(Hardships are subject to plan allowance)

Types of Distributions:

Exchanges:

An exchange allows you to move money from one vendor in the plan to another vendor in the same employer plan. For instance, if you have a 403(b) account with one vendor and want to start with a new vendor on the approved list, you can consolidate your funds in your new account.

Q: What paperwork do I submit?

A: You must submit all required paperwork from both the surrendering company and the receiving company.

Buying Years of Service:

You may transfer your 403(b) account to buy back TRS years of service or purchase out of state credit, if they are available to you.

Q: What paperwork do I submit?

A: You will need to send the surrendering company paperwork along with the TRS trustee to trustee rollover form.

Transfers:

When you have a qualified event, you may be eligible to transfer your account to another retirement plan (457, IRA, a plan with your new employer, etc.)

Q: What paperwork do I submit?

A: You must have the surrendering company and the receiving company forms.

Loans:

To apply for a loan, you must determine if your district plan (1) allows loans and (2) the number of outstanding loans permitted. Most plans limit loans to one at a time. If your district has this limitation, please make sure that you have no outstanding or defaulted loans before submitting paperwork to us for approval. Obtain necessary forms from the vendor and submit to FFA for approval.

Due to the requirement for written documentation of the information from vendors, loans could take up to 3 weeks to process.

You must contact your vendor for the required forms.

Please allow 3-5 business days before calling to check the status of your request.

To review *IRS regulations*, go to www.irs.gov or call (800) 829-3676.



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Major Areas of Concern

- **Please do not sign any forms or documents unless requested by FFA.** All paperwork received from a vendor, agent or employee should be forwarded to FFA. **When compliance review is completed, we (FFA) will sign on behalf of the Employer.**
- **Do not** make payroll changes prior to receiving the transmittal approval from your Retirement Specialist. To guarantee compliance, **all** paperwork must be processed by FFA **before** the Payroll Department makes any 403(b) changes to payroll. Our transmittal (an excel spreadsheet) is our approval to you that we have ensured compliance and that you may now apply those changes to payroll.
- **Do not** send contributions for employees who are not listed on the transmittal as they will be returned.
- **Do not** release information to annuity agents. Due to HIPAA requirements, employee authorization must be obtained in order to release information.

Employer Responsibilities

IRS REQUIREMENTS:

Annual Notification:

- **IRS requires ANNUAL NOTIFICATION to ALL employees.** Therefore, please distribute the "Employee Retirement Newsletter" to all employees. **Make sure this is available to employees via your website, employee handbook, bulletin boards, bus barn, posted in the building etc.**
- Do include your substitute teachers and ALL non-TRS eligible employees in the distribution of the employee newsletter.

Universal Availability:

All employees must be offered the opportunity to contribute to a 403(b) plan; however, certain employees may be excluded from the plan:

- Employees who will contribute \$200.00 annually or less.
- Non-resident aliens
- Employees who normally work less than 20 hours per week (under 1,000 hours annually). We do recommend that you make part-time employees aware of the 403(b) program.
- Students performing services described in section 3121(b)(10). (This information may be found in the **Internal Revenue Bulletin: 2005-2**, available online).

We recommend you allow ALL employees to participate in a 403(b) annuity to avoid the tracking of hours, as required by the IRS, as well as any possible violation of the universal availability requirement.

Agent Solicitation

- If you continue to have an agent who is not abiding by the rules of solicitation established for your district, you can either ban the agent from writing new business or remove the Investment Carrier as an approved vendor in your plan. Please notify FFA should you have any issues.

Agent Solicitation Continued:

- **BE AWARE:** Texas law states: if you allow one agent to solicit, you must allow everyone. The solicitation rules state "No on-campus solicitation." Please notify us of **any** unauthorized Sales Agent in your district.

403(b) Form Requests

- **Only** the FFA Salary Reduction Agreement (SRA) form will be accepted.
- The SRA, as well as additional information, can be obtained from our website at: www.ffga.com.

REMINDERS

School Administration Changes:

- Please notify us of any personnel or office changes (i.e. Payroll / Business Manager, contact, address, phone and fax numbers, etc).

Timing of Distributions:

- Distributions are processed in the order received.
You will be notified for additional information when a distribution is received (Status of the employee, date of birth, or vendors the employee has contributed to)
- The participant must contact the vendor for the proper forms needed.
- If any paperwork is submitted directly to the school, please forward to FFA for review and approval.
- Please keep in mind that the timing of distributions will be expedited as soon as the information we need from you is received.
- Paperwork received in good order can normally be processed within 2-7 business days. MOST paperwork is not in good order when received.

Paperwork not in good order could take up to:

- Distributions: 2-4 business days
- Loans: Because we need letters from the vendors, loans could take up to 3 weeks to process.
- Exchanges: 5-7 business days.
- Transfers: 5-7 business days

These timeframes are an estimate, as we rely on others to forward requested information in a timely manner.

Other Reminders

- 403(b) contributions received without the proper paperwork will be returned to the Payroll Department.
- Advise your Retirement Service Specialist when an employee terminates or is on a leave of absence.
- Direct all inquiries from sales agents and employees regarding 403(b) accounts to your First Financial Retirement Specialist.
- We have an additional toll free fax line specifically for distributions, loans, transfers/rollovers, exchanges and hardships. You can now fax to (866) 265-4594.
- All faxes are logged into our system on a daily basis at 10:00 a.m. and 3:00 p.m.
- Need your vendor list? Go to:
<http://www.ffga.com/403b/Providers.aspx>

Plan Document

Make sure you have signed and returned a copy of your plan document to FFA by 12/31/09. We are still amending some plans, so you should receive these shortly.