

November 1, 2018

To: **All Employees**
From: **Treasurer's Office**
Re: **403(b) Tax Sheltered Annuities**

(I.R.S. Required Notice)

Annual 403(b) Plan Eligibility Notice

Kettering City Schools offer our eligible employees the opportunity to save for retirement by participating in the **Kettering City Schools 403(b) plan**. You can participate in this plan by making pre-tax contributions. You are eligible to participate in this plan, whether or not you are actively contributing to it.

Not yet contributing to the 403(b) plan?

To start your contributions to the 403(b) plan, complete and return a salary reduction agreement to the payroll office of **Kettering City Schools**. Enclosed are the rules and regulations of the plan. Please note that in addition to completing and returning a salary reduction agreement, you must also establish an account with the appropriate investment provider(s) that you have selected on the salary reduction agreement and you may also need to provide any additional information that may be required to enroll you in the 403(b) plan.

Already contributing to the 403(b) plan? Great news! You have an opportunity to increase your contributions to the 403(b) plan.

If you are already currently contributing to the 403(b) plan, you are able to increase your pre-tax contributions **at any time**. To change your contributions, complete and return a salary reduction agreement to the payroll office of Kettering City Schools.

Of course, you can keep your contributions at their current level. In the alternative, if your current financial situation means that you need to lower your savings for retirement, you can change your contribution rate by completing and returning a salary reduction agreement as described above.

How much can I contribute?

In general, you may contribute up to \$18,500. This amount may be adjusted annually. Also, if you are at least 50 years old and/or you have completed at least 15 years of service, you may also be able to make additional catch-up contributions. Each catch-up has its own limits.

This **notice** is not intended as tax or legal advice. Neither your employer nor the investment providers offering retirement savings products under the plan can provide you with tax or legal advice. Employees are encouraged to contact their financial representative or tax professional with any questions.

Kettering City School District

3750 BAR HILLS AVENUE
KETTERING, OHIO 45429-2584
937.499.1400
WWW.KETTERINGSCHOOLS.ORG



AUGUST, 2015

*Serving The
Children Of
Kettering
And More*

KETTERING CITY BOARD OF EDUCATION RULES AND PROCEDURES FOR EMPLOYEE TAX SHELTERED ANNUITY PROGRAM

1. GENERAL STATEMENT

Investments embodying the "tax sheltered" benefits of Section 403(b) of the Internal Revenue Code of 1986 as amended (including annuity contracts and mutual funds) may be purchased for employees from insurance companies and other qualified financial institutions if the following conditions are met:

- A. Insurance companies have been approved by the Kettering City Board of Education and licensed by the Ohio Department of Insurance to issue annuity contracts. Other qualified financial institutions must demonstrate that they qualify as "custodians" within the meaning of Internal Revenue Code Section 403(b)(7) and are licensed by the National Association of Securities Dealers to sell mutual funds.
- B. Companies have agreed to comply with administrative rules and procedures for Tax Sheltered Annuities issued by the Kettering City Board of Education.
- C. Companies have contracted at least 1% of the number of full-time employees (9 employees) according to Am. H. B. 805 (effective August 9, 1982), which states that a school district is authorized to require new companies to have at least 1% of the Board's full-time employees or 50 (whichever is less) in order to be approved as a tax-sheltered annuity carrier.
(NOTE: Companies no longer having annuitants enrolled through this Board of Education shall be dropped from the current approved list.)
- D. Companies have submitted a maximum excludable allowance calculation form with each Salary Reduction Agreement.
- E. Each employee assumes the sole responsibility in the selection of the company from which he/she wishes the annuity to be purchased.

- F. Effective with the 10/1/93 negotiated contract agreements there will be a maximum of two (2) annuity companies per employee which must be reported on one (1) salary reduction agreement contract as required by IRS regulations.

2. SALARY REDUCTION AGREEMENT

Each employee wishing to participate in the program must execute a Salary Reduction Agreement, thereby reducing the annual salary and authorizing the amount of reduction to be used to purchase an annuity.

Each agreement must be submitted to the Treasurer for processing.

3. MAXIMUM EXCLUDABLE ALLOWANCE CALCULATION

In addition to the Salary Reduction Agreement, a calculation form indicating the maximum excludable allowance of the employee's salary must be submitted in accordance with IRS Code, Section 403. In the event that an employee chooses a "Special Option", a calculation form detailing the determination of the special amount must be submitted. The responsibility for the proper calculation is that of the employee. Companies are to provide such forms. Insurance companies shall annually review the exclusion allowance for each policy holder to determine that the premium continues to be fully excludable from current taxable income. If two annuity companies are selected the combined salary reduction can not exceed the maximum excludable allowance.

4. ANNUAL PREMIUMS

Premiums will be limited to a minimum of \$15.00 per payroll for 26 payrolls, \$390 annual minimum. If an annual premium is not divisible by 26 to an exact cent, the remaining cents will be waived and will not be deducted or remitted by the Board of Education.

No premiums or part thereof shall be used for the purchase of life insurance or for any purpose other than the purchase of a deferred annuity.

NOTE: Contributions in excess of the IRS limitation will not be allowed through payroll deduction.

5. PREMIUM PAYMENTS

Premiums will be derived from salary reductions providing for twenty-six (26) payments from bi-weekly payrolls. No partial or "catch-up" premium payments will be made. If two companies are selected the companies and amounts must be clearly stated on the salary reduction agreement.

Remittances to the insurance company will be made bi-weekly on the date of the payroll. The Board will furnish a listing indicating the name of the employee, the social security number, and the amount of premium per employee being remitted. No other procedure for reporting of remittances will be permitted and no invoicing by the insurance company will be accepted.

Premiums shall have precedence over all other claims against salary except retirement contributions, tax, and other mandatory deductions.

Each Salary Reduction Agreement shall be divided by 26 pay periods.

6. CANCELLATIONS

The payroll deductions for a tax sheltered annuity may be cancelled anytime during the calendar year. Written notification from the employee is required to effect the cancellation. It is the responsibility of the employee to notify the insurance company of such cancellation.

7. EMPLOYEE CONTACT

Companies and/or representatives may not conduct business with employees during working hours.

8. DISTRIBUTION OF MATERIALS

No company TSA materials will be distributed through in-house mail boxes.

9. Direct all correspondence, forms, etc. to:

OFFICE OF THE TREASURER
KETTERING CITY BOARD OF EDUCATION
3750 FAR HILLS AVENUE
KETTERING, OHIO 45429

KETTERING CITY SCHOOL DISTRICT

403(b) Salary Reduction Agreement

(Please Check One)

Initial 403(b) Salary Reduction Agreement

Change in Contribution Amount or Percentage, Investment Provider Allocation, and/or Money Source

(Supersedes any prior agreement)

Terminate Agreement (Stop/Cancel) Complete Employee and Employer Information, sign, and return

Employee and Employer Information	Employee Name (first, middle initial, last) _____	Social Security Number _____															
	Employee Address (Street, City, State, ZIP Code) _____																
	Plan Number	Employer Name															

403(b) Salary Reduction Allocation Election (Check one)	<input type="checkbox"/> Initial Salary Reduction Agreement Effective Date: _____ (allow for at least one pay cycle to be effective) I elect to reduce my salary to (elect one) \$ _____ or N/A % each pay period on a pre-tax basis <input type="checkbox"/> Change Salary Reduction Agreement Effective Date: _____ (allow for at least one pay cycle to be effective) I elect to amend my salary to (elect one) \$ _____ or N/A % each pay period on a pre-tax basis																
Money Source	<input type="checkbox"/> Employee Voluntary <input type="checkbox"/> Employer Contribution Please note: each money source change will require a separate form to be completed.																
Investment Provider Allocation Election • Allocation % total must equal 100% • Whole Percentages only	Effective Date: _____ Employee is responsible for establishing an account with the investment provider to be used for the investment. <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Investment Provider</th> <th style="width: 30%;">Contract/Account Number</th> <th style="width: 40%;">Allocation %</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr> <td colspan="2" style="text-align: right;">Total:</td> <td> </td> </tr> </tbody> </table>		Investment Provider	Contract/Account Number	Allocation %										Total:		
Investment Provider	Contract/Account Number	Allocation %															
Total:																	
Authorized Signatures	<p>This Agreement is intended to meet the requirements of, and qualify under, Section 403(b) of the Internal Revenue Code of 1986, as amended, and of the plan adopted by Employer. The Employer and Employee agree that the employment agreement between Employer and Employee is being initiated or amended as stated above. This amendment is incorporated and made a part of the agreement as of the effective date above.</p> <p>The terms of this Agreement are as follows: (1) The Agreement is a legal and binding contract and is irrevocable with respect to amount earned while it is in effect, and applies only to amounts earned while it is in effect; (2) it shall automatically apply to the employment agreement between Employer and Employee for each succeeding year unless amended or terminated by a written notice to Employer; (3) it is terminable at any time for amounts not earned; (4) A termination request remains in effect unless or until a new Agreement is submitted; (5) it replaces any previous Agreement and therefore includes all applicable contribution choices; (6) Employee irrevocably releases all present and future rights to receive payment of said sum/total earned from Employer while this agreement is in effect in exchange for the release of the money as pay if is being diverted to the employee account with the investment provider identified above.</p> <p>The maximum amount of salary reduction may not exceed the limits of IRC 401(a)(30), 402(g)(1), 403(b)(1)(E), 415(c) and any other applicable IRC provisions.</p> <p>In witness whereof, this Agreement has been executed by and on behalf of the parties this _____ Day of _____</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; height: 40px; vertical-align: bottom;">Employee Signature</td> <td style="width: 50%; height: 40px; vertical-align: bottom;">Employer Signature and Title (if required)</td> </tr> </table>		Employee Signature	Employer Signature and Title (if required)													
Employee Signature	Employer Signature and Title (if required)																

Confidential