

# 2016 INFORMATION

## Flowing Wells Unified School District, AZ

### 403(b) Plan and 457(b) Deferred Compensation Plan

The 403(b) and 457(b) Plans are valuable retirement savings options available through Flowing Wells Unified School District, AZ. This notice provides a brief explanation of the provisions, policies and rules that govern the 403(b) and 457(b) Plans.

Plan administration services for the 403(b) and 457(b) plans are provided by TSA Consulting Group, Inc. (TSACG). Visit the TSACG website ([tsacg.com](http://tsacg.com)) for information about enrollment in the plan, investment product providers available, distributions, exchanges or transfers, 403(b) and/or 457(b) loans, and rollovers.

#### Eligibility

All employees are eligible to participate in the 403(b) and 457(b) plans immediately upon employment, however, private contractors, appointed/elected trustees and/or school board members and student workers are not eligible to participate in the 403(b) Plan. Employees may make voluntary elective deferrals to both the 403(b) and 457(b) plans. Participants are fully vested in their contributions and earnings at all times.

#### Employee Contributions

Upon enrollment, participants designate a portion of their salary that they wish to contribute to their traditional 403(b) and/or 457(b) account(s) up to their maximum annual contribution amount on a pre-tax basis, thus reducing the participant's taxable income. Contributions to the participant's 403(b) or 457(b) accounts are made from income paid through the employer's payroll system. Taxes on contributions and any earnings are deferred until the participant withdraws their funds.

The Internal Revenue Service regulations limit the amount participants may contribute annually to tax-advantaged retirement plans and imposes substantial penalties for violating contribution limits. TSACG monitors 403(b) and 457(b) plan contributions and notifies the employer in the event of an excess contribution.

**The 2016 Basic Contribution Limit for each plan is \$18,000.**

(This contribution limit is independent from contributions made to a 457(b) plan.)

Additional provisions allowed:

#### Age-Based Additional Amount

Participants who are age 50 or older any time during the year qualify to make an additional contribution of up to \$6,000 to the 403(b) and/or 457(b) accounts.

#### Enrollment

Employees who wish to enroll in the 403(b) and/or 457(b) plan must first select the provider and investment product best suited for their account. Upon establishment of the account with the selected provider, a "Salary Reduction Agreement" (SRA) form and/or a deferred compensation enrollment form and any disclosure forms must be completed and submitted to the employer. These forms authorize the employer to withhold 403(b) and/or 457(b) contributions from the employee's pay and send those funds to the Investment Provider on their behalf. A SRA form and/or a deferred compensation enrollment form must be completed to start, stop or modify contributions to 403(b) and/or 457(b) accounts. Unless otherwise notified by your employer, you may enroll and/or make changes to your current contributions anytime throughout the year.

Please note: The total annual amount of a participant's contributions must not exceed the Maximum Allowable Contribution (MAC) calculation. For convenience, a MAC calculator is available on the Internet at [www.tsacg.com](http://www.tsacg.com).



## Investment Provider Information

A current list of authorized 403(b) and 457(b) Investment Providers and current employer forms are available on the employer's specific Web page at [www.tsacg.com](http://www.tsacg.com).

## Plan Distribution Transactions

Distribution transactions may include any of the following depending on the employer's Plan Document: loans, transfers, rollovers, exchanges, hardships, unforeseen financial emergency withdrawals or distributions. Participants may request these distributions by completing the necessary forms obtained from the provider and plan administrator as required. All completed forms should be submitted to the plan administrator for processing.

## 403(b) and 457(b) Plan Loans

Participants may be eligible to borrow their 403(b) and/or 457(b) plan accumulations depending on the provisions of their 403(b) and/or 457(b) account contract and provisions of the employer plan. If loans are available, they are generally granted for a term of five years or less (general-purpose loans). Loans taken to purchase a principal residence can extend the term beyond five years depending on the provisions of their 403(b) and/or 457(b) account contract and provisions of the employer. Details and terms of the loan are established by the provider. Participants must repay their loans through monthly payments as directed by the provider. Prior to taking a loan, participants should consult a tax advisor.

## Plan-to-Plan Transfers

A plan-to-plan transfer is defined as the movement of a 403(b) and/or 457(b) account from a previous plan sponsor's plan and retaining the same account with the authorized investment provider under the new plan sponsor's plan.

## Rollovers

Participants may move funds from one qualified plan account, i.e. 403(b) account, 401(k) account or an IRA, to another qualified plan account at age 59½ or when separated from service. Rollovers do not create a taxable event.

## Distributions

Retirement plan distributions are restricted by IRS regulations. A participant may not take a distribution of 403(b) plan accumulations without penalty unless they have attained age 59½ or separated from service in the year in which they turn 55 or older. Generally, a distribution cannot be made from a 457(b) account until you have a severance from employment, reach age 70½, or are deceased. In most cases, any withdrawals made from a 403(b) or 457(b) account are taxable in full as ordinary income.

## Exchanges

Within each plan, participants may exchange account accumulations from one investment provider to another investment provider that is authorized under the same plan; however, there may be limitations affecting exchanges, and participants should be aware of any charges or penalties that may exist in individual investment contracts prior to exchange. Exchanges can only be made from one 457(b) plan to another 457(b) plan, or from one 403(b) plan to another 403(b) plan.

## Hardship Withdrawals

Participants may be able to take a hardship withdrawal in the event of an immediate and heavy financial need. According to IRS Safe Harbor regulations, to be eligible for a hardship withdrawal, a participant must have exhausted all other available financial resources. The eligibility requirements to receive a Hardship withdrawal are provided on the Hardship Withdrawal Disclosure form at [www.tsacg.com](http://www.tsacg.com). After receiving a hardship withdrawal, the participant may not make voluntary contributions to any employer sponsored retirement plan for a period of six months.

## Unforeseen Financial Emergency Withdrawal

You may be able to take a withdrawal from your 457(b) account in the event of an unforeseen financial emergency. An unforeseeable emergency is defined as a severe financial hardship of the participant or beneficiary. The eligibility requirements to receive a Unforeseen Financial Emergency Withdrawal are provided on the Unforeseen Financial Emergency Withdrawal Disclosure form at [www.tsacg.com](http://www.tsacg.com).

## Employee Information Statement

Participants in defined contribution plans are responsible for determining which, if any, investment vehicles best serve their retirement objectives. The 403(b) and 457(b) plan assets are invested solely in accordance with the participant's instructions. The participant should periodically review whether his/her objectives are being met, and if the objectives have changed, the participant should make the appropriate changes. Careful planning with a tax advisor or financial planner may help to ensure that the supplemental retirement savings plan meets the participant's objectives.

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## TSA Consulting Group

Website: [www.tsacg.com](http://www.tsacg.com)

### Plan Administrator Contact Information

#### Transactions

P.O. Box 4037  
Ft. Walton Beach, FL 32549  
Toll-free: 1-888-796-3786  
Toll-free fax: 1-866-741-0645

#### For overnight deliveries

73 Eglin Parkway NE, Suite 302  
Ft. Walton Beach, FL 32548  
Toll-free: 1-888-796-3786  
Toll-free fax: 1-866-741-0645

# Flowing Wells Unified School District

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## Authorized Investment Providers

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### **403(b)**

Ameriprise Financial	(800) 862-7919
ASpire Financial Services	(866) 634-5873
Fidelity Investments	(800) 343-0860
Foresters Financial	(800) 423-4026
Lincoln National Life Insurance Company	(800) 454-6265
Metropolitan Life Insurance Company	(800) 638-5433
Putnam Funds	(800) 225-1581
ReliaStar Life Insurance Co (A Voya Company)	(877) 882-5050
Security Benefit Group	(800) 888-2461
The Legend Group	(888) 883-6710
VALIC	(800) 448-2542

### **457(b)**

ASpire Financial Services	(866) 634-5873
Fidelity Investments	(800) 343-0860
Foresters Financial	(800) 423-4026
Lincoln National Life Insurance Company	(800) 454-6265
Metropolitan Life Insurance Company	(800) 638-5433
ReliaStar Life Insurance Co (A Voya Company)	(877) 882-5050
Security Benefit Group	(800) 888-2461
The Legend Group	(888) 883-6710
VALIC	(800) 448-2542

## Flowing Wells Unified School District, AZ Salary Reduction Authorization for 403(b) Annuity Contract or 403(b)(7) Custodial Account

Name of Company - 403(b) Product Provider	Account Number <input type="checkbox"/> No Load Account ( No agent signature Required)
Employee's Name	Social Security Number

**Original Agreement**

With respect to services rendered by the Employee hereafter, the Employer and the Employee hereby agree the Employee's compensation for such services shall be reduced by:

Equal amounts of \$ \_\_\_\_\_ per pay period.

The amount elected above shall result in a total ANNUAL REDUCTION not to exceed the maximum allowable contribution calculation. The Employer agrees that it will remit the amount of such reduction for the 403(b) Tax Sheltered Annuity or 403(b)(7) custodial account offered by the Company listed above.

\*Contributions are taken from school year employees over 20 pay periods. Contributions are taken from 12 month employees over 26 pay periods.

**Amendment Agreement - Type of Change Desired**

Increase from \$ \_\_\_\_\_ per pay period to \$ \_\_\_\_\_.

Decrease from \$ \_\_\_\_\_ per pay period to \$ \_\_\_\_\_.

Suspend—Name of Company \_\_\_\_\_

Effective Date of Change \_\_\_\_\_, 20 \_\_\_\_

I have read the above and understand the proposed change. I hereby request that such change be effected. I realize that if the change results in decrease or elimination of reduction under the 403(b) T.S.A. program, that this reduction or elimination cannot be "made up" in the future unless it falls within the allowable limits for that year.

\*Contributions are taken from school year employees over 20 pay periods. Contributions are taken from 12 month employees over 26 pay periods.

**Terminal Pay at Retirement or Termination**

One-time reduction from Terminal Pay \$ \_\_\_\_\_  
Total from Terminal Pay

The Employee expressly understands and agrees that if the amount requested above is more than the amount due to the Employee (less applicable taxes), no reduction will be made and the entire amount will be paid to the Employee.

This Agreement shall be legally binding and irrevocable with respect to amounts earned while the Agreement is in effect, and any termination of this Agreement shall be effective only with respect to amounts not yet earned at the time of said termination. It is provided that this reduction does not exceed the Employee's statutory limits under Section 402(g) or the limitation of Section 415 of the Internal Revenue Code. This limits the total allowable salary reduction to all Companies to which salary reduction contributions can be made. It is understood that the amount specified will be forwarded to the Company listed above, provided that the Employee has sufficient earnings during the immediately preceding pay period to accommodate the requested reduction. In the event that the calculations provided by the District are lower than the calculations provided by the company / representative, the District's calculation shall prevail.

I hereby authorize my Employer to reduce or suspend any contributions established by this agreement, if in its opinion, the total annual contributions would exceed my Maximum Allowable Contribution in any calendar year.

The Employee is responsible for the accuracy of the excludable amounts stated in this Agreement. Any overstatement of the amounts excludable as a salary reduction in this agreement, or any other violation of the requirement of Section 403(b) could result in additional taxes, interests, and penalties to the Employee.

It is the intent of the parties that the non-forfeitable retirement deferred annuity or custodial contract pursuant to this Agreement shall qualify for the Federal Income Tax benefits provided for in Section 403(b) of the Internal Revenue Code of 1954, as amended. **Any change to this Agreement must be in writing to the Employer and becomes effective upon the execution of this Agreement by Employee and Employer.**

This Agreement may be terminated by either the Employer or Employee upon thirty (30) days notice to the Company and to the Employer or Employee as applicable.

Effective Date of this Agreement \_\_\_\_\_, 20 \_\_\_\_.

Flowing Wells Unified School District, AZ

\_\_\_\_\_  
AGENT / REPRESENTATIVE NAME

\_\_\_\_\_  
AGENT/REPRESENTATIVE PHONE NUMBER

\_\_\_\_\_  
EMPLOYEE

\_\_\_\_\_  
EMPLOYER

Dated \_\_\_\_\_, 20 \_\_\_\_

Dated \_\_\_\_\_, 20 \_\_\_\_

**Flowing Wells Unified School District, AZ  
Participation Agreement for Internal Revenue Code  
Section 457(b) Deferred Compensation Program**

Name of Company - 457(b) Product Provider	Account Number
Employee's Name	Social Security Number

**Original Agreement**

With respect to services rendered by the Employee hereafter, the Employer and the Employee hereby agree the Employee's compensation for such services shall be reduced by:

Equal amounts of \$ \_\_\_\_\_ per pay period.

**Amendment Agreement - Type of Change Desired**

Increase from \$ \_\_\_\_\_ per pay period to \$ \_\_\_\_\_.

Decrease from \$ \_\_\_\_\_ per pay period to \$ \_\_\_\_\_.

Suspend \_\_\_\_\_ Effective Date of Suspension \_\_\_\_\_, 20 \_\_\_\_  
NAME OF COMPANY

**"Catch-Up" Election** (Available only for plan years in which less than the maximum deferral was made by the participant)

I elect to use the 457(b) "catch-up" provision. I certify that I am now in my final three years of employment prior to my scheduled year of retirement. My retirement date is scheduled for \_\_\_\_/\_\_\_\_/20\_\_\_\_. (REQUIRED) (Min Age 55, Max 70.5)  
Deduct equal amounts of \$ \_\_\_\_\_ per pay period beginning with the \_\_\_\_\_, 20\_\_ pay period.

The undersigned hereby agrees to the terms and conditions of the Flowing Wells Unified School District, AZ Deferred Compensation Plan ("Plan") as such Plan now exists or is hereinafter amended and a copy of the Plan has been made available to them. This election shall continue until the undersigned makes a subsequent election as provided by the Plan. The employer hereby authorizes on the provider company to issue a annuity contract or custodial arrangement for the benefit of the participant without the signature of the employer provided that the owner of the annuity contract or custodial arrangement is designated as the employer's 457 Deferred Compensation Plan.

I ( the Employee) understand and agree to the following:

My deferrals cannot begin sooner than the month following Participation Agreement approval. My accumulated deferrals will be held in trust by the Flowing Wells Unified School District, AZ for the exclusive benefit of participants and their beneficiaries until paid to me under the rules of the Plan. I realize I may not assign or transfer my rights under the Plan.

I am responsible for the accuracy of the excludable amounts stated in this Agreement. Any overstatement of the amounts excludable as a salary reduction in this agreement, or any other violation of the requirement of IRS Code Section 457 could result in additional taxes, interest, and penalties to the Employee.

I hereby authorize my Employer to reduce or suspend any deferrals established by this agreement, if in its opinion, the total annual deferral would exceed the maximum allowable limit in any calendar year. Should my deferral exceed the maximum limit, I authorize my Employer to disallow deferral of the excess amount and direct these amounts to be refunded to me.

**Release of Liability** - The Employee agrees that the Employer and its agents shall have no liability whatsoever for any and all losses suffered by me with regard to my selection of the annuity and/or custodial account, its terms, the selection of the insurance company, custodian, or regulated investment company, the financial condition, operation of or benefits provided by said insurance company, custodian, or regulated investment company, or my selection and purchase of shares of regulated investment companies.

The employer hereby authorizes on the provider company to issue a annuity contract or custodial arrangement for the benefit of the participant without the signature of the employer provided that the owner of the annuity contract or custodial arrangement is designated as the employer's 457 Deferred Compensation Plan.

Earnings, if any, will be applied to my accumulated deferrals in accordance with the Company and product I have selected. Neither the Employer, nor Trustees, nor agencies of the Employer shall be liable for the performance of the Companies or products selected by the Employee.

**Any change to this Agreement must be in writing to the Employer and becomes effective upon the execution of this Agreement by Employee and Employer.**

This Agreement may be terminated by either the Employer or Employee upon thirty (30) days notice to the Company and to the Employer or Employee as applicable.

**Designation of Beneficiary** - The beneficiary for each annuity contract or certified account to which contributions are allocated shall be determined in accordance with the terms of that specific contract or account.

Effective Date of this Agreement \_\_\_\_\_, 20 \_\_\_\_.

Flowing Wells Unified School District, AZ

AGENT / REPRESENTATIVE

EMPLOYEE

By: \_\_\_\_\_  
EMPLOYER REPRESENTATIVE

DATED \_\_\_\_\_, 20 \_\_\_\_

DATED \_\_\_\_\_, 20 \_\_\_\_

**Important Notice**- A copy of the account application must accompany this agreement and the following ownership and beneficiary designations must be used:  
Owner - "Flowing Wells Unified School District, AZ 457(b) Plan FBO (participant's name)"

Beneficiary - Any single or multiple beneficiaries named by the participant. (Do not list Flowing Wells Unified School District, AZ as a beneficiary)