

# Universal Availability Notice

ARLINGTON INDEPENDENT SCHOOL DISTRICT

PLAN HIGHLIGHTS

You are eligible to participate in the 403(b) retirement plan sponsored by Arlington Independent School District. Contributing to a 403(b) plan will help to give you peace of mind through financial security during your retirement. A 403(b) plan will allow you to contribute a portion of your compensation as a pre-tax or after-tax (Roth) contribution (if allowed by your Employer) in order to save toward your retirement. Participation in the 403(b) plan is completely voluntary. If you are already contributing to the 403(b) plan, now is a perfect time to increase your contributions.

## WHAT IS A 403(b) PLAN?

A 403(b) plan, also known as a Tax-Sheltered Annuity (TSA) plan, is a tax-deferred retirement plan for employees of certain tax-exempt, governmental organizations or public education institutions. An employer may sponsor a 403(b) plan to provide a benefit to its employees to save for retirement on a tax-deferred basis.

## WHAT ARE THE BENEFITS OF CONTRIBUTING TO A 403(B) PLAN?

### LOWER TAXES TODAY

The 403(b) contributions you make may be on a pre-tax basis. This means that you are taxed on a lower amount of income. For example, if your federal marginal income tax rate is 25%, and if you contribute \$100 a month to a 403(b) plan, you have reduced your federal income taxes by nearly \$25. In effect, your \$100 contribution costs you only \$75. The tax savings can grow with the size of your 403(b) contribution.

### TAX-DEFERRED GROWTH

In your 403(b) plan, interest and earnings accrue tax-deferred. This means that your interest will grow tax-free until the time of your withdrawal. The compounding interest on your 403(b) plan can allow your account to grow more quickly than saving money in a taxable account where interest and earnings are generally taxed each year.

### TAKING THE INITIATIVE

Contributing to a 403(b) retirement plan can help you take control of your future retirement needs. Other sources of retirement income, including state pension plans and, if applicable, Social Security, often do not adequately replace a person's salary upon retirement. A 403(b) plan can be a great way to provide you with additional income at retirement.

## POSSIBLE TAX CREDITS

If you contribute to the plan, you may be able to receive a tax credit, which could reduce your overall federal income tax paid for the year.

## ROTH

You may also choose to save part of your earnings on an AFTER-TAX (ROTH) basis. Qualified distributions will allow you to withdraw your money tax-free.

## HOW MUCH CAN YOU CONTRIBUTE TO A 403(b) PLAN

You may elect to save:

- Up to 100% of your income
- Up to \$16,500 in 2010
- Extra \$5,500 if age 50+

## QUALIFIED ORGANIZATION CATCH-UP

If you have at least 15 years of services with your Employer you may qualify for an additional \$3,000 catch-up amount. For additional information, please contact your Payroll Department.

**NOTE: Contribution limits are only for 2010. Please verify contribution limits for 2011.**

## HOW TO ENROLL IN THE PLAN

You will need to make an election regarding how much of your compensation you wish to defer to the 403(b) plan. You will also need to determine which company you would like to invest your contributions with. A list of approved vendors and the Salary Reduction Agreement can be found by visiting the National Benefit Services website at [www.nbsbenefits.com/403b](http://www.nbsbenefits.com/403b) or by contacting (800) 274-0503 extension 5. Once you have decided how much to contribute and which vendor to invest your funds, please contact the vendor directly to obtain and submit all necessary paperwork to open the account.

## INVESTMENT CHOICES

Annuity contracts provided through an insurance company or custodial accounts provided through a retirement account custodian are allowed in 403(b) plans. For more information and a list of approved investment providers for your plan, visit <http://www.nbsbenefits.com/403b>. You will need to contact the investment providers for a comprehensive listing and for information regarding the available investment choices they provide.

## EXCHANGES

As a participant in the 403(b) Plan, you have the option to request a tax-free contract exchange between different investment providers within the same plan. For a list of exchange eligible investment providers for your 403(b) Plan, please visit <http://www.nbsbenefits.com/403b>

## DISTRIBUTIONS FROM THE PLAN

You or your beneficiary will be able to withdraw your vested balance when one of the following occurs:

1. Total Disability
1. Death
2. Termination of Employment
3. Attainment of Age 59 ½

Please visit [www.NBSbenefits.com](http://www.NBSbenefits.com) to get a copy of the required NBS paperwork. The Vendor may require additional paperwork.

## LOANS

You may borrow up to ½ of your vested balance up to \$50,000 (whichever is less). Contact your current Vendor about the Loan Policy for your Plan.

## HARDSHIP DISTRIBUTIONS

Your plan may allow for Hardship Distributions – contact your HR Department for more information about the requirements. NOTE: If you take a hardship distribution you are required to stop making contributions for 6 months.

## GENERAL PLAN INFORMATION

To obtain additional information about participation, and about the savings products made available under the plan, please contact your payroll/human resources department.

### Plan Name:

Arlington Independent School District 403(b) Plan

### Plan Contact Person:

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