



403(b) and 457(b) Tax-Deferred Retirement Savings Plan & Tax-Deferred Matching Contribution Plan

What are 403(b) and 457(b) plans and why should I participate?

403(b) and 457(b) plans are tax-deferred retirement plans where participants make contributions through a payroll deduction and invest their contributions in annuities or mutual funds. The plans are a great way to save for retirement because contributions are made with pre-tax dollars, which reduces your taxable income each year, and your investment earnings grow tax deferred. That means 100% of your earnings are reinvested and you pay no taxes until you take a distribution.

Who is eligible to participate?

All District 196 employees are eligible to participate in the Tax-Deferred Retirement Savings Plan and can enroll and/or change their contribution level at any time. After a certain number of years of employment, employees may also be eligible to participate in the Tax-Deferred Matching Contribution Plan where the employee and the district each make a designated contribution to the employee's 403(b) or 457(b) account. Eligibility for the Tax-Deferred Matching Contribution Plan and the amount of matching contribution is defined in each of the district's collective bargaining agreements and in school board approved benefit provisions for those employees not covered by a collective bargaining agreement.

What are my 403(b) and 457(b) plan choices?

Employees can elect to contribute to one or more of the following district-approved vendors/plans.

<u>403(b) Plans</u>	<u>Roth 403(b) Plans</u>	<u>457(b) Plans</u>
Fidelity	Fidelity	MNDCP (Minnesota Deferred Compensation Plan)
MetLife	MetLife	MetLife

How much can I contribute to the 403(b) and 457(b) plans?

The Internal Revenue Code limits contributions to a 403(b) or 457(b) tax-deferred retirement plan. For 2022, the general limit is \$20,500 for contributions to the 403(b) Plan and \$20,500 for contributions to the 457(b) Plan. If you will be age 50 at the end of the calendar year, you may also contribute up to an additional \$6,500 to each plan, for a total of \$27,000 per plan. To substantially increase your savings, you may contribute up to the maximums for both the 403(b) plan and the 457(b) plan.

Where can I find information on the vendors and plans?

You can find information on the plans online at www.district196.org/benefits. MetLife representatives are also available periodically at each building in the district to meet with interested employees.

What are the differences between the vendors/plans?

Each plan offers a variety of investment options and charges different administrative fees. The MetLife plan has local representatives available to meet with employees to explain the plan and offer investment advice and therefore has a higher administrative fee. The Fidelity and MNDCP plans do not offer investment advice services and have low administrative costs.

What are the fees for each plan?

Each plan has two kinds of expenses: administrative costs and investment management fees (also referred to as expense ratios or fund operating expenses).

MetLife: Investment management fees, which vary based on the investments selected, plus administrative fees collected by MetLife from a participant's account in the amount of 0.25% (or 25 basis points, effective 7/1/22) of account value.

Fidelity: Investment management fees, which vary based on the investments selected, plus administrative fees collected by Fidelity from a participant's account in the amount of \$20 per year. There is also a small monthly fee deducted from the participant's Fidelity account passed on for the third-party plan administrator, Aviben, fee charged for administering this plan.

MNDCP: Investment management fees, which vary based on the investments selected, plus the annual administrative fee in the amount of 0.10% of account value (assessed on account balances up to \$125,000; the maximum annual administrative fee is \$125).

How do I enroll in a 403(b) or 457(b) plan?

Employees can enroll in a 403(b) or 457(b) Tax-Deferred Retirement Savings Plan at any time by setting up an account with the 403(b) or 457(b) plan vendor you select and completing the district's Salary Reduction Agreement form.

What forms are required?

- District 196 Salary Reduction Agreement form
- Enrollment form for the plan vendor you select (MetLife, Fidelity or MNDCP).

The Salary Reduction Agreement form can be found online at www.district196.org/benefits under 403(b)/457(b) Plans.

The MetLife, Fidelity and MNDCP plans have websites where you can access enrollment forms (links can be also be found at www.district196.org/benefits). You may also enroll in the MetLife plan with the assistance of the MetLife representative for your building (a list of the MetLife representatives and their contact information can be found at www.district196.org/benefits).

You cannot participate in the Tax-Deferred Matching Contribution Plan until you meet the eligibility requirements for your employee group. The district will notify eligible employees during a matching plan open enrollment period each year in May/June.