

EMPLOYEE RETIREMENT BENEFITS

Based upon eligibility, SACS offers two types of retirement options for employees. As an employee in a public-school system, classified employees are eligible to participate in the Indiana Public Retirement System (INPRS) Public Employees Retirement Fund (PERF). Certified Teachers are eligible to participate in the Teachers Retirement Fund (TRF). You are also eligible to participate in the SACS Matching Annuity Plan.



SACS Matching Annuity Plan/Internal Revenue Code 401(a) and 403(b) Tax Qualified Defined-Contribution Pension Account

This plan also contains two different savings components, a qualified 401(a) Annuity Plan also known as the **SACS Contribution** and the 403(b) Plan also known as the **Employee Contribution**. Employees contribute pre-tax dollars through a salary reduction agreement that will be matched dollar for dollar by SACS contributions up to a maximum of 2.5%. Employees must contribute 2.5% of their base salary in order to receive the maximum match contributions by SACS. A list of vendors from which you can choose to direct the investment of your contributions is attached along with additional information about this plan. The vendor SACS uses is AIG for classified employees. The vendor SACS uses for teachers is Equitable. Employees can choose any listed vendor on page 30.

403-B Plan

How does a 403(b)-plan work?

You set aside money for retirement on a pre-tax basis through a salary reduction agreement with your employer. You choose from among the vendors offered by your employer where your money is to be invested. The money grows tax free until withdrawal at retirement.

How much can I contribute annually?

For 2021, employees can contribute \$19,500 in regular contributions. The IRS refers to regular contributions as elective deferrals. A participant age 50 or older at any time during the year can contribute an additional \$6,500 for 2021. For those with employer matches or other employer contributions limit is \$37,500 for 2021 or 100% of compensation (whichever is less). The participant is still limited to the employee elective deferral limit (\$19,500) for 2021). An employer can add up to \$37,500 for 2021.

Employees with 15 years or more of service with employer and an annual average contribution of less than \$5,000 per year, are eligible to contribute an additional \$3,000 per year up to a lifetime maximum catch-up of \$15,000.

NOTE: For participants eligible for both the Age 50 Catch-up and the 15 Years of Service provision, the IRS will apply contributions above the 2021 limit of \$19,500 first to the 15 Years of Service provision. For example, if an employee eligible for both catch-ups contributed \$23,500 during the year 2021, \$19,500 would count toward the regular contribution limit for 2021; \$3,000 would count toward the 15 Years of Service provision; and \$1,000 would count toward the Age 50 Catch-up.

Are part-time employees eligible to contribute to a 403(b)?

In order to meet nondiscrimination requirements of the law, once a plan sponsor permits any employee to elect a salary deferral into the 403(b), the opportunity must be extended to all employees of the organization. However, certain employees may be excluded. Employees who may be excluded include: employees who will contribute \$200 annually or less; those who are participants in an eligible deferred compensation plan [457 or 401(k)] or participants in another TSA; non-resident aliens; and certain students and employees who normally work less than 20 hours per week.

Duration of agreement

This Agreement shall continue indefinitely until amended or terminated by either party by giving at least (30) days written notice prior to the date of such amendment or termination. Southwest Allen may reduce or discontinue my salary deferrals in any year in which this Agreement is in effect, if necessary, to comply with Southwest Allen terminates the Plan, this Agreement shall automatically terminate.

Under what circumstances may a hardship withdrawal be made?

This provision allows withdrawal of funds from a 403(b) if under severe financial distress. The participant must have no other resources available. A hardship withdrawal may be made for:

- Un-reimbursed medical expenses of the participant or his/her spouse and dependents.
- Down payment on primary residence.
- Tuition and fees for higher education needs, and only for the next 12 months.
- Eviction or foreclosure on your primary residence.

Hardship withdrawals are not exempt from an IRS 10% penalty. Furthermore, withdrawals are subject to ordinary income taxation in the year withdrawn. To qualify you must certify that you have no other recourse, including the possibility of taking a loan. The IRS makes it tough to access money this way for a reason: they don't want you to use the 403(b) as a form of short-term savings. For exact details on your situation it is recommended that you contact both your vendor and a tax professional before proceeding.

Also, while the IRS permits withdrawals, it is allowable for plan sponsors (the employer) to not permit them. The employer has some responsibility in making hardship withdrawals. The employer has to "OK" the hardship, based on written information provided by the employee as to the nature of the hardship. The employer has to determine, based on the facts, whether the employee has an "immediate and heavy financial need."

Consulting a tax professional before making a hardship withdrawal is highly recommended.

403-B Plan

Company Name	403(b) ASP (American Funds, Oppenheimer and Franklin)	AIG	American Fidelity	Equitable	Lincoln Financial Group	MetLife
Years in Business	6 Years	53 Years	39 Years	160 Years	115 Years	46 Years
Local Contact	Mark Grieger and Associates	Steven Hull/Jared Roush <i>Classified/Admin 401a</i>	Shawn Shepherd	Justin Schaefer - Certified 401a	Randy Chin	Al Siracusa
Contact Phone No.	866-407-3900 ext. 15	260-760-8567	317-871-2480 ext. 238	260-494-8171	260-416-9308	908-253-1505
Contact Email	mgrieger@sigmarep.com	steven.hull@aig.com Jared.Roush@aig.com	Shawn.Shepherd@americanfidelity.com	Justin.Schaefer@equitable.com	Randy.Chin@lfg.com	asiracusa@metlife.com
Transfer and Change Limits	None	15 per year	12 per year	None	None	None
Internet Access Changes	All but beneficiary change	All but beneficiary and name changes	None	Existing investment Elections, Future Investment Elections, Asset Allocation, and more through AXA.com	Change of Address Only, Current Investment Elections, Future Investment Elections	All but beneficiary
Investment Options	Mutual Funds	Annuities <i>Self-Service Mutual Funds (only available by phone or internet)</i>	Annuities	Variable Annuity 112 Investment Options including Mutual Funds, Guaranteed Interest Account, and Speciality Elections	Annuities	Annuities
Mutual Fund Admin. Charges	\$40 annual admin fee .10% management fee .98% fund fee average	\$40 annual admin fee .36% to 1.17% fund fee	N/A	Annual admin fee is lesser of 2% of acct. value never to exceed \$30 .38% - 1.77% Fund Fee	N/A	N/A
Annuity Admin. Charges	N/A	No Policy Fee .75% to 1.25% Mortality and Expense .25% to 1.05% fund fee	Up to ten year surrender fees of 4% to 6%	Max of .80% Mortality and Expense	1.00% Mortality and Expense .52% to 1.52% fund fee	No annual fee .95% Mortality .27% to 1.12% fund fee
Roth Offered	Yes	Yes	No	Yes	Yes	Yes
Surrender Fees	None	None VALIC FAX # 877-202-0187	Up to ten year surrender fees of 4% to 6%	7 yr contractual surrender, but <u>waived</u> if participant severs from employment regardless of age, number of years in the plan, or any reason for separation	None	None