SAINT PAUL PUBLIC SCHOOLS

Universal Availability Notice

Visit NBSbenefits.com/403b for additional information.

Congratulations! You are eligible to participate in the 403(b) retirement plan provided by the **Saint Paul Public Schools.** Contributing to a 403(b) plan will give you peace of mind through financial security during your retirement. A 403(b) plan allows you to contribute a portion of your compensation as a pre-tax or post-tax (Roth) contribution (if allowed by your Employer) in order to save for 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), is a tax-deferred retirement plan provided for employees of certain tax-exempt, governmental organizations or public education institutions.

What are the benefits of contributing to a 403(b) Plan?

LOWER TAXES!

The 403(b) contributions you make can be on a pre-tax basis. This means that the money used to invest in the 403(b) plan is not taxed until the funds are withdrawn. For example, if your federal marginal income tax rate is 25%, and 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 grow with the size of your 403(b) contribution.

TAX-DEFERRED GROWTH

In your 403(b) plan, interest and earnings grow 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 allows your account to grow more quickly than money saved in a taxable account where interest and earnings are taxed each year.

TAKING THE INITIATIVE

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

POSSIBLE TAX CREDITS

Pre-tax contributions may put you in a lower tax bracket reducing your overall tax rate.

ROTH

You may also choose to invest part of your income on an after-tax (Roth) basis. Roth contributions are taxed at the time of the investment though contributions *and* earnings grow tax-free until withdrawn. Qualified distributions will allow you to withdraw your money tax-free.

HIGHER LIMITS

Annual contribution limits are much higher than those of an IRA.

How much can you contribute to a 403(b) Plan?

You may elect to save up to 100% of your income.

For the current IRS contribution limits, including the age 50+ catch-up, please reference www.nbsbenefits.com/limits

INITIAL ELIGIBILITY

You must meet the following requirements to become eligible to contribute to the 403(b) Plan:

Employee Deferrals

- Immediate Eligibility

Employer Match and Non-Elective Contributions

- Immediate Eligibility
- Must be separated from service to receive the Non-Elective Contribution for the leave conversion.

HOW TO ENROLL IN THE PLAN

Your employer has provided investment option(s) for you. A list of approved vendor(s) and the Salary Reduction Agreement ("SRA") can be found by visiting the National Benefit Services (NBS) website at NBSbenefits.com/403b or by contacting NBS (contact information below).

Once you have chosen an approved vendor, please open a 403(b) account directly with them. To begin investing, send the completed SRA form to NBS who will work with your employer to begin contributions.

It is important to make sure your salary reductions do not exceed contribution limits as determined by applicable law. As a participant, it is your responsibility to notify your Employer if you

Saint Paul Public Schools 403(b) Plan

Plan Contact Person:
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360 Colborne Street
Saint Paul, MN 55102
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own more than 50% of another business and adopt a retirement plan for that business to ensure you do not exceed the maximum contribution amount to all plans involved. Any contribution that exceeds the maximum contribution limit must be distributed from my Employer's 403(b) plan first.

COMPANY CONTRIBUTIONS
The company may elect to match part of your contributions, make a Nonelective Contribution, or both. Company contributions are discretionary and will be announced when made.

INVESTMENT CHOICES
Annuity contracts made available through insurance companies or custodial accounts through a retirement account custodian are allowed in 403(b) plans. You will need to contact the vendor for a comprehensive listing and information regarding the available investment options.

VESTING
You always own 100% of the contributions you make to the 403(b) and their earnings.

Company contributions, if any, vest at the following rate, based upon your years of service with the company:

Vesting Schedule

100% Immediate

(A year of service is a Plan Year during which you work at least 1,000 hours.)

EXCHANGES
As a participant in the 403(b) Plan, you have the option to move funds, or "exchange" tax-free between different vendors within the same plan.

ROLLOVERS
You also have the option of rolling retirement funds from previous employers to your current employer's plan thus simplifying retirement management.

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

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

The vendors may require additional paperwork.

LOANS
You may borrow up to 50% of your vested balance up to $50,000 (whichever is less). Contact your current vendor about their specific loan provisions.

HARDSHIP DISTRIBUTIONS
An in-service hardship distribution may be allowed if you satisfy certain criteria. Contact NBS for more information about the requirements. If you take a hardship distribution you are required to stop making contributions for 6 months.

REQUIRED MINIMUM DISTRIBUTIONS (RMD)
Distributions are required at age 70 ½. Exceptions may apply.

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