

Denton Independent School District
Summary Approval of 403b/457 National Benefit Services
February 9, 2021

SUMMARY:

This item requests that the existing contract with National Plan Administrators be terminated per the provisions of the contract and Denton ISD contract with National Benefits Services (NBS) as the Third-Party Administrator overseeing the 403b accounts, as well as implement 457 IRS sanctioned, tax-advantaged employee retirement plans on behalf of the employees of Denton ISD effective with approval and termination of current agreement. This action will also include a financial education component provided by Teacher's Pension in conjunction with NBS.

BOARD GOAL:

Culture & Climate... In pursuit of excellence, we will:

- Promote mental health, physical wellness and social-emotional well-being.

Growth & Management ... In pursuit of excellence, we will:

- Demonstrate effective and efficient management of district resources.
- Provide leadership and/or oversight to ensure District meets all fiscal, legal and regulatory requirements.

PREVIOUS BOARD ACTION:

The Board approved a Resolution on July 29, 2008, designating the Executive Director of Administrative Services the authority and responsibility to adopt a 403b plan, to act on the Board's behalf with respect to the plan and to take all actions necessary to implement, maintain and administer the plan in accordance with the Board's intentions and all applicable state and federal law.

BACKGROUND INFORMATION:

The District contracted with National Plan Administrators to provide third party administrator services for the 403b plans effective as of 1998.

In an effort to improve service and products for Denton ISD employees to promote mental health, physical wellness and social-emotional well-being, research was conducted on 403b accounts, 457 IRS sanctioned, tax-advantaged employee retirement plans on behalf of the employees of Denton ISD, by the Director of Payroll, Kaylee Carlock and the Executive Director of Risk Management, Benefits and Child Nutrition. This endeavor led us to source potential third party administrators through Service Center, public sector offerings, and existing partners of Denton ISD.

NBS, who currently offers Denton ISD employees Medical Flexible Spending and Dependent Care accounts, offers online features and training opportunities that are currently not available. The ease of utilizing the NBS online portal allows employees the opportunity to make changes, take out loans and manage their long-term financial plans with ease. NBS currently offers services to 600+ school districts within Texas and partners with Teacher's Pension on the training of educators without pressure on product selection. Teacher's Pension supports districts in creating an environment that advocates for a dignified retirement for all district employees through the delivery of no-cost "Retirement Education", so each employee can make informed decisions regarding their retirement.

SIGNIFICANT ISSUES:

As of January 2021, Denton ISD has 1,250 employees that are utilizing the 403b option for financial planning. Employee accounts will transition to NBS with no action needed from employees. All employees will be informed prior to the transition. Scheduled training opportunities will be communicated to all employees. There will also be FAQs available on the Payroll and Benefits web pages.

Teacher's Pension will educate all employees of the benefits of 403b and 457 plans. For example, money saved in a 457 plan is designed for retirement, but unlike 401k and 403b plans, you can make a withdrawal from the 457 without penalty before you are 59 and a half years old. There is no penalty for an early withdrawal, but participants that do utilize this feature will face income tax on any money withdrawn from a 457 plan (at any age).

FISCAL IMPLICATIONS:

- Failure to implement and maintain a written 403b Plan Document will cause the loss of “income exclusion” for contributions to the District’s 403b Plan.
- Employees have payroll deductions that are submitted to NBS and then allocated to their specific choice of product.
- Denton ISD incurs a monthly processing fee of \$1.75 on behalf of each employee.

BENEFIT OF ACTION:

To provide all Denton ISD employees multiple plan offerings, including 403b and 457, with online educational resources for their financial planning.

SUPERINTENDENT’S RECOMMENDATION:

It is recommended that the existing contract with National Plan Administrators be terminated per the provisions of the contract. It is further recommended that Denton ISD contract with National Benefits Services (NBS) as the Third-Party Administrator overseeing the 403b accounts as well as implement 457 IRS sanctioned, tax-advantaged employee retirement plans on behalf of the employees of Denton ISD. This recommendation also includes a financial education component provided by Teacher’s Pension in conjunction with NBS.

STAFF PERSONS RESPONSIBLE:

Dr. Scott Niven, Chief Financial Officer
Chris Bomberger, Executive Director of Risk Management, Benefits & Child Nutrition
Kaylee Carlock, Director of Payroll

ATTACHMENT:

None

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Signature of Divisional Assistant Superintendent: _____

Signature of Superintendent: _____