



THREE RIVERS SCHOOL DISTRICT

Accounting & Finance

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Plan Document Summary

- 1) **Eligibility for salary reduction**– (mandatory) At the very least, the program **MUST** be made available to employees working more than 20 hours per week.
 - a. Who should be eligible?
 - i. All employees (includes substitutes)
 - ii. Only employees working more than 20 hours per week

All employees (permanent, temporary, or substitute) should be eligible and will be provided information about 403(b) contributions at the time they sign employment papers.
- 2) **Eligibility for employer contributions** – (optional) Should the plan document permit TRSD contributions?
Yes – but not required
- 3) **Automatic Enrollment** – (optional) Should the plan document require employees make 5% deferral contributions?
NO
- 4) **Eligibility for Roth 403(b) contributions** – (optional) Should the plan document allow Roth 403(b) contributions? (These are after tax contributions)
Yes
- 5) **Higher Catch Up Contribution Limits** – For Age 50+, or 15 years of service (optional) Should the plan document include both catch up contribution limits?
 - a. The limit for age 50+ is easy, but the 15 years of service can be risky because it requires a calculation based on at least 15 years of 403(b) contributions and we may not have records available to do the calculation properly.

Catch up allowed for Age 50+, not for 15 years of service.
- 6) **Timing of Deferral Elections** – (mandatory) Must allow deferral elections (sign-up), and investments changes at least once a year. Should the plan document set limits as to when an employee may sign-up or make investment changes? (i.e. annually, quarterly, no limit)
No limitations
- 7) **Authorized Vendors** – (mandatory) Must list allowable vendors.
Please see list at bottom
- 8) **Distributions from the plan** – (mandatory and optional) Should the plan document permit distributions upon age 59 $\frac{1}{2}$, or for financial hardship?
 - a. The plan must include restrictions on distributions prior to death, disability or separation from service. The plan *may* permit distributions upon age 59 $\frac{1}{2}$, or for financial hardship
 - b. Age 59 $\frac{1}{2}$ distributions are easy to administer, but hardship distributions are difficult and increase compliance liabilities (unless a TPA is used).

Yes, for both 59 $\frac{1}{2}$ and financial hardship (if allowed by vendor)
- 9) **Loans** – (optional) Should the plan document allow for loans?
 - a. The plan document can allow for unrestricted loans, but are complex and difficult to administer unless a TPA is used.

No

- 10) **Exchanges** - (optional) Should the plan document permit exchanges between vendors authorized under the plan?
Yes
- 11) **Transfers** – (optional) Should the plan document permit transfers into or out of the 403(b) plans?
a. This is only for an entire classification of employees, not individuals; and can be accomplished using a “rollover”.
No
- 13) **Rollovers into a 403(b) plan** – (optional) Should TRSD permit rollovers into the plan?
Yes
- 14) **Rollovers from the 403(b) plan** – (mandatory) Permits rollovers out of the plan as long as the employee has experienced a “distributable event”.
Yes
- 15) **Administrative** – (optional) Who will make administrative decisions about the district’s 403(b) plan?
In the future, if changes are to be made to the vendor list or plan document, a 403(b) committee will be convened consisting of members from all 4 bargaining units and a representative from the administrative team. Final approval required by the board.

Recommended Service Providers

- 1) **AIG Valic** – Scored the highest from our survey, local agents, and personalized service.
- 2) **ING** – Scored second highest.
- 3) **Oppenheimer** – Was next on the list, and had the highest employee participation.
- 4) **First Investors** – 4th on the list, full service company, with agent available by phone.
- ~~5) **PAX World Funds** – Only vendor with comprehensive green portfolio, and an agent is not required. *This vendor removed itself from the 403(b) market in November of 2008.*~~
- ~~6) **Smith Barney** – Only vendor who is a “custodial account”, offering a variety of mutual funds (including some mentioned above) and the ability to change investments between their offered funds. They also have a local agent and personalized service. *This vendor removed itself from the 403(b) market in November of 2008.*~~
- 7) **T.Rowe Price** – While they were not able to commit to 403(b) regulations at the time our survey was sent, they anticipate full compliance by June. The committee felt adding this vendor was beneficial for two reasons; this is a “do-it-yourself” company for those employees wanting that feature and 7 employees who will not have to rollover 403(b) funds.

There are many compliance issues that these companies must agree upon. If one or two were unable to sign contracts with the district there would still be a comprehensive pool of vendors available for district employees.