

TO: MILTON PUBLIC SCHOOLS EMPLOYEES

FROM: Barbara Pakalnietis (bpakal@miltonps.org)
Principal Clerk
Payroll Office
617-696-5040 ext 5585

RE: 403 b ACCOUNTS (TAX SHELTERED ANNUITIES)

In addition to Massachusetts Teachers Retirement contributions, you can elect to contribute pre-tax dollars to a 403b annuity account through payroll deductions. (403b accounts are the public sector equivalent of a 401K, but without matching funds)

The following information will provide an overview of how to participate in payroll deduction for a 403b account.

We have two open enrollment periods every year, in the months of March and September. During the open enrollments, you can increase/decrease your deductions, start deductions, and change companies.

Please see the attached Milton Public Schools 403b Plan Highlights, which gives an overview of the process, including eligibility requirements, along with a list of the vendors that Milton Public Schools have signed agreements with. It is the responsibility of the individual employee to set up their own account with one of these companies.

(Milton Public Schools does not endorse or recommend any specific vendor.)

After you have an account set up, the next step is to fax your Salary Reduction Agreement form (SRA) to the third party administrator (TPA) for the Milton Schools. This can be done either by you or your financial representative in charge of your account. please see attached form)

The TPA for Milton Schools is MidAmerica Administrative & Retirement Solutions, Inc.
211 E Main Street, Suite # 100
Lakeland, FL 33801
(866) 873-4240 ext 129
Fax (863)688-4466

Visit: <http://www.midamerica.biz>

Click: "Participants" at top of page

Click: 403(b) TPA Services, then "Click here to go to your plan"

Enter: Milton Public Schools in box.

Click: spokeskids link to download SRA form

Print or complete the forms online, print and then sign.

Fax the completed SRA to (863) 688-4466.

MidAmerica will send the approved forms to my office, and I will start the payroll deduction for you when I receive the approval from MidAmerica.

Your first payroll deduction will be on the check you receive October 4, 2012, and will continue throughout your employment in the Milton Public Schools. If necessary, deductions can be *stopped* at any time, but any other changes (increases or reductions in amounts, or a change in companies) will not be allowed until April of 2012, during our next open enrollment period. You must fill out a new SRA form with MidAmerica whenever you make any of these changes. Please be sure that your annuity account is fully established with the company you have chosen, with an account number before

submitting your paperwork to MidAmerica. (If you were already participating in a 403(b) with another school system, you still must submit the SRA form to MidAmerica.) Your account number should be included for any *new* account, with the paperwork that you submit, along with the exact dollar amount to be deducted from each paycheck. (Do not submit *percentage* of pay.) Please allow enough time to complete this process. If you wait until the last week, your company may not be able to fully set up your account in time for this enrollment period.

All approvals from MidAmerica must be received in the Payroll Office no later than September 21, 2012.

If you miss the deadline for this enrollment, we will have open enrollment once again during the month of March for deductions beginning in April 2013.

Updated information for spring enrollment will be sent to your MPS email account at the beginning of March 2013.

If you have any questions please call me at 617-696-5040 ext 5585, or send an email to: bpakal@miltonps.org

Milton Public Schools 403(b) Plan

Plan Highlights

Introduction: Milton Public Schools is pleased to offer the 403(b) Plan to help eligible employees save for retirement. The plan allows you to save on a tax deferred basis, a Roth basis and also includes nonelective contributions paid for by Milton Public Schools. Plan oversight and administration is provided by MidAmerica.

This Plan Highlights outlines the key provisions of the plan as well as who to contact to sign up, for plan or investment related questions, or other information. We encourage you to seriously consider taking advantage of this valuable benefit to help enhance your financial future.

Eligibility:

- **Employee Contributions:** All Employees are eligible to contribute to the 403(b) plan.
- **Milton Public Schools Non-elective Contributions:** All employees are eligible for nonelective contributions.

Entry Date: Employees are able to enroll in the Plan immediately upon commencing employment with Milton Public Schools.

Contribution Types:

- **Employee Contributions:** Generally, you can contribute up to 100% of your income up to \$17,000 (in 2012). You may be eligible to contribute an additional \$5,500 if you are age 50 or older.
- **Roth 403(b) Contributions:** Along with pre-tax deferrals, you have the option to contribute to the Plan on an after-tax basis by utilizing the Roth 403(b) option. The same limits apply as to those for Employee Contributions.
- **Milton Public Schools Non-elective Contributions:** Milton Public Schools may make a nonelective contribution to the Plan at their discretion.

Vesting:

- **Employee Contributions:** You are always 100% vested in your own contributions, plus earnings.
- **Milton Public Schools Non-elective Contributions:** You are 100% vested in Milton Public Schools' non-elective contributions immediately.

Withdrawal Options: (Subject to each vendor's policies. Check with your vendor for availability.)

- **In-Service Withdrawal:** If age 59 ½ or older.
- **Separation of Service:** Possible 10% penalty if under the age of 59½. Various payment options are available.
- **Loans:** Tax-free loans enable you to access your account without permanently reducing your account. You may have only one outstanding loan, with a minimum \$1,000 loan amount. The loan amount is limited to 50% of your elective deferral vested account balance. Loans must be repaid within 5 years, or 15 years for a principal residence. Loans not repaid in accordance with the repayment schedule will result in taxation of the outstanding loan amount and a possible 10% penalty.
- **Hardships:** You may take a withdrawal for financial hardships. Hardship withdrawals are limited to the amount you have contributed to the plan and are only permitted for limited financial circumstances that must be substantiated.

Investments: A list of approved vendors is provided at www.spokeskids.com/MiltonPS.

Please Contact:

- **Vendor:** For forms such as distribution, loans, or hardships, account balances and to transfer funds.
- **MidAmerica Administrative & Retirement Solutions, Inc.:** For any plan related questions, to start or stop a contribution, or change your deduction please call 866-873-4240 or visit www.spokeskids.com/MiltonPS.

Please mail all forms to: MidAmerica Administrative & Retirement Solutions, Inc.
Attn: 403(b) TPA
211 E. Main Street, Suite 100
Lakeland, FL 33801

**Please refer to the Plan Document for more information on the Plan.
In the event of a discrepancy, the Plan Document will prevail.**



MidAmerica

Administrative & Retirement Solutions, Inc.
211 East Main Street, Suite 100, Lakeland, FL 33801

Toll-Free: 866.873.4240 ♦ Fax 863.688.4466 ♦ www.midamerica.biz



MidAmerica

Administrative & Retirement Solutions, Inc.
211 East Main Street, Suite 100, Lakeland, FL 33801
866.873.4240 / Fax 863.688.4466
www.midamerica.biz

403(b) Retirement Savings Plan

Questions? Call our Service Center at 1-866-873-4240

Salary Reduction Agreement

Use this form to set up or change contributions to your 403(b) Account. Please type or print your information and fax to (863) 688-4466.

Employee Data – ALL FIELDS REQUIRED

Employer Name:	
Name:	Social Security #:
Address:	Email Address:
Daytime Phone #:	Date of Birth:
Evening Phone #:	Date of Hire:

Contribution Specifications

Complete this section to set up or change contributions to your 403(b) Account. Please note that the contribution amount may not exceed the maximum allowable limits as determined by the Internal Revenue Code. Review your Plan Highlights for the availability of Roth 403(b) contributions and Age 50 Catch-Up Contributions.

Tax Year	Basic Salary Deferral Limit for all employees.	Annual limit If you qualify for the Age 50+ Catch-Up.
2012	\$17,000	\$22,500

- Start new payroll deductions (Account must be established prior to submitting SRA, fill in Account Number below).
- Increase existing payroll deductions. Decrease existing payroll deductions.
- One-time payroll deduction then stop deductions. One-time payroll deduction then revert to existing deductions.
- Change investment providers. Stop contribution to _____ and start contributions to _____.
- Please stop my contributions to _____.

Make changes effective with payroll date _____.

You are responsible for establishing any annuity contract or custodial account with the Investment Provider(s) indicated below prior to submitting your Salary Reduction Agreement. Please provide your account # to avoid delay in processing your changes.

Investment Provider(s)	Account #	Pre Tax	After Tax (Roth)	Annual Salary Reduction	Salary Reduction Per Pay Period
1.		<input type="checkbox"/>	<input type="checkbox"/>	\$	\$
2.		<input type="checkbox"/>	<input type="checkbox"/>	\$	\$
3.		<input type="checkbox"/>	<input type="checkbox"/>	\$	\$
4.		<input type="checkbox"/>	<input type="checkbox"/>	\$	\$

Total deduction each pay period \$ _____

Approval Signature

- 403(b) deferrals can start no earlier than the first pay period following the date this agreement is signed.
- This Salary Reduction Agreement is irrevocable with respect to amounts earned while it is in effect and applies only to amounts earned after the agreement becomes effective.
- This Salary Reduction Agreement will continue until amended or terminated. This agreement shall automatically terminate with severance from employment.
- The Employee agrees that the Employer shall have no liability whatsoever for any loss suffered by the Employee with regard to his/her selection of an investment provider, or the solvency of the operation of, or benefits provided by, said investment provider.

Signature of Employee _____

Date (mm/dd/yyyy) _____



GET STARTED NOW! RETIREMENT CALCULATOR FAQS FORMS CONTACTUS

403(b) FAQ

Information provided should not be considered as tax advice. Please consult with your tax professional.

1. What is a 403(b) plan?

The 403(b) plan is a tax deferred retirement savings plan much like a private company 401(k) plan. 403(b) plans are available to employees of public schools. The names refer to the section in the Internal Revenue Code.

2. What does tax-deferred mean?

Your contributions are deducted from your paycheck before taxes, thereby reducing your taxable income, which may reduce the federal and state income tax you pay each year. These deductions are still subject to FICA (social security) tax. Your balance and investment earnings grow tax deferred until you take the money out at retirement. At that time both your contributions and earnings are taxed as income.

3. Why contribute to a 403(b) when you already have a pension?

A 403(b) plan can supplement your pension. Most pension plans, even when combined with Social Security benefits, may not provide enough to make it through retirement, especially with growing health care costs.

4. Will contributions to my 403(b) plan reduce my Social Security benefits?

No. Your 403(b) contributions do not reduce wages for the purpose of determining Social Security benefits.

5. Is there a tax credit if I have a low salary?

Yes. If you participate in your 403(b) plan or other eligible retirement plan, you can receive a tax credit of up to 50 percent on your contributions (up to \$2,000). Eligibility for the credit is based on your Adjusted Gross Income (AGI). Please check with a tax advisor to determine if you are eligible.

6. Why would I want to deposit my 403(b) funds with my previous employer or previous investment provider into my new plan?

You may wish to exchange or transfer money for a variety of reasons: loan provisions, more varied fund selection, lower fund expenses, better fund performance, etc.

7. Can I invest with a vendor of my choice?

In order to participate in the 403(b) plan, you must invest with one of your employer's approved vendors.

8. How much can I contribute?

For 2012, you can contribute up to \$17,000. If you are 50 or older at any time during 2012, you can contribute an additional \$5,500. If you have completed 15 years of service with the same employer and you did not contribute more than an average of \$5,000 to a 403(b) in the previous years, you can increase your contributions an additional \$3,000 per year (up to a \$15,000 lifetime maximum) if your district's plan document allows it.

9. Can I change the amount I contribute toward my 403(b) retirement plan?

Each employer has a unique plan. Some employers allow you to change your contribution at anytime, yet some employers restrict it to quarterly or yearly. Please contact your plan administrator.

10. Can I stop contributing altogether?

You may stop contributing at any time.

11. What if I have a financial crisis and need the money?

A "Hardship Withdrawal" is allowed in most plans if you are under severe financial distress and have no other resources available. 403(b) withdrawals come with a 10% IRS penalty. Other restrictions may apply. Some plans also allow you to take out a loan against your balance in certain circumstances. See your plan administrator for details.

12. Can I rollover or withdraw my 403(b) account if I leave employment with the district?

Yes. Your money is always 100% yours and can be rolled over into your new retirement plan when you leave employment. If you withdraw your money, taxes will be due on the distribution and there may be an IRS premature distribution penalty if you are not age 55 when you separate from service. If your employer has a matching program, you may not be able to withdraw your employer's contributions because some employers phase in your ownership of their contributions ("vesting schedule") over a period of time. See your plan administrator for details.

If you change jobs, there are several options:

- Transfer the money into your new employer's retirement savings plan
- Roll it into an IRA
- Leave it where it is
- Take a lump sum payment (penalties, taxes and other fees may apply).

13. When can 403(b) money be accessed without penalty?

In most cases you can make a withdrawal from your 403(b) without incurring an IRS penalty when you reach age 59 ½, if you retire at 55 (or later) or if you become disabled or die. If you retire before age 55, you may be eligible to receive a series of periodic payments.

14. What if I get a divorce?

A withdrawal and distribution to an "alternate payee" is permitted if all or part of the account is awarded to an ex-spouse by divorce judgment.

15. What happens to my 403(b) if I die?

Just like Life insurance, when you open your retirement savings plan, you will designate a beneficiary. There are different rules of disbursement depending upon whether the death occurs before or after age 70 ½.

[Get Started Now!](#) | [Retirement Calculator](#) | [FAQs](#) | [Contact Us](#)

Administrative Procedures for Plan Participants

To Enroll in the 403(b) Plan –

1. Go to the webpage for your plan (instructions below).
2. Choose an Investment Provider from the approved list for your plan.
3. Contact the Investment Provider directly to establish your 403(b) account.
4. Once you have established your account, complete and sign the Salary Reduction Agreement provided on your plan's webpage.
5. Fax the Salary Reduction Agreement to MidAmerica for processing (Fax: 863-688-4466).

All participant transaction requests and Salary Reduction Agreements (SRA) must be submitted to MidAmerica for validation prior to being processed by your payroll department or your Investment Provider. This includes all distributions, rollovers, transfers/exchanges, loans, hardships, or Salary Reduction Agreements.

Contact your Investment Provider for all transaction forms such as distribution requests, loan requests, hardship distributions, transfers and exchanges. After completing the transaction request form, submit the paperwork to MidAmerica for compliance review and authorization.

Go to www.MidAmerica.biz to access plan information and obtain forms such as Salary Reduction Agreements and Plan Highlights.

- Click on Participants
- 403(b) TPA Services from the right menu
- Click Here To Go To Your Plan
- Start typing in your Employer Name until the link appears for your Plan
- Click on your Plan link to go to your Employer's customized web page

If you only need to download forms, they are available on this page. Or you can click on your Plan's customized Spokeskids link for additional information such as:

- A complete list of the Investment Providers approved on your plan
- Videos and FAQs with general information about 403(b)
- Retirement Calculator
- Forms for your plan

Customer Service: 866-873-4240

MidAmerica's Customer Service Representatives for English and Spanish speaking participants are available:

Monday – Thursday	8:30 a.m. – 8:00 p.m. EST
Friday	8:30 a.m. – 6:00 p.m. EST

TPA Fax: 863-688-4466

Transactions secure upload website link:

<https://www.midamerica.biz/forms/file-upload-pages/403b-transactions/?ssl>

SRA secure upload website link:

<https://www.midamerica.biz/forms/file-upload-pages/403b-sra/?ssl>