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Town of Douglas Public Schools 403(b) Plan 2018 Universal Availability Notice

Date: **October 1, 2018**

To: **All Employees of Douglas Public Schools**

In compliance with the requirements of IRC §403(b)(12)(A)(ii) this Notice will advise you of the voluntary 403(b) program established and maintained for the benefit of our employees. The following information provides details of the Plan and outlines the procedures for enrollment.

A 403(b) Plan is designed to help you save for your retirement. The pre-tax amounts you contribute to the 403(b) Plan are not subject to current Federal (and in most cases, State) income taxation. Taxes on the pre-tax amounts you contribute are deferred until these amounts are distributed. Investment earnings also accumulate with Federal and state income taxes deferred until they are distributed. All distributions of income on pre-tax contributions are subject to ordinary income tax and withdrawals of amounts attributable to salary deferrals before age 59 ½ are generally prohibited unless you have terminated employment and where allowed may, together with other withdrawals, may be subject to an additional 10 percent penalty tax.

ELIGIBILITY

In general, all employees must be provided the opportunity to defer a portion of their compensation pursuant to a salary reduction agreement. This is commonly referred to as the "universal availability" requirement. This universal availability rule means that if an employer permits one employee to defer salary into a 403(b) plan, the employer must extend this offer to all employees. However, certain employees may be excluded from the plan:

- Employees who will contribute \$200 annually or less.
- Those employees who participate in a 401(k) or 457 plans, or in another 403(b) plan.
- Non-resident aliens.
- Employees who worked less than 1,000 hours in the previous plan year or new employees expected to work less than 1,000 in their first 12 months of employment.
- Students performing services described in section 3121(b) (10).

CONTRIBUTION LIMITS

Federal tax law sets an annual limit on the maximum you may contribute to your 403(b) retirement savings plan. Contributions cannot exceed 100% of your compensation or, if less, the annual contributions limits below. You may start with as little as \$25 per pay period. You may change the amount of your contribution within tax law and program limitations.

Annual Contribution Limits

Tax Year	Basic Salary Deferral Limit for Employees Under Age 50	Maximum limit if you qualify for the Age 50+ Catch-up <u>but not</u> the 403(b) Years of Service Catch-up
2018	\$18,500	\$24,500
2019	TBD	TBD

You'll note that participants age 50 and over can contribute up to an additional \$6,000 in 403(b) contributions.

DISTRIBUTIONS

As mentioned previously, a 403(b) plan is designed as a source of retirement income so there are restrictions on withdrawing funds and any earnings before you reach age 59½.

A distribution may be taken from the program before age 59 ½ for the following reasons:

- Severance from employment
- Financial hardship
- Disability
- Death
- The amount distributed is a "qualified reservist" distribution

LOANS

You may be able to take out a loan from your 403(b) Plan. Loans are not subject to any tax or penalty. In many cases, you may borrow up to one-half of your non-forfeitable account balance, as long as the new loan doesn't exceed \$50,000 (reduced by your highest outstanding loan balance within 12 months of taking the new loan). Loans of \$10,000 or less from plans not subject to ERISA generally do not have to comply with the one-half of the non-forfeitable account balance limitation.

Loans must, of course, be repaid within the limitations specified by federal tax law. Principal and interest payments must be made on a substantially level basis at least quarterly, and the term of the loan generally cannot exceed five years. Any loan not repaid within the specified timeframe will be considered in default. Defaulted loans are treated as a distribution from the 403(b), and may be subject to ordinary income taxes and a 10% Federal penalty tax if prior to 59 ½.

IN-SERVICE EXCHANGES

Employees may be able to exchange all or a portion of their 403(b) contract value by transferring it to another 403(b) contract approved under the 403(b) Plan. Exchanges may be subject to the issuing company's withdrawal or contingent deferred sales charge.

The exchange of 403(b) contract value to vendors not available under the plan may not be permitted.

ASSISTANCE

If you would like to enroll in a 403(b) plan, please contact:

Participant Services

TSACG Participant Service Office
73 Eglin Parkway NE
Suite 302
Fort Walton Beach FL 32548

Contact information for General Inquiries

Telephone: 1-888-777-5827 Option 0
Email: programservices@tsacg.com

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