

HORTONVILLE AREA SCHOOL DISTRICT

ELECTIVE SALARY DEFERRAL, NON-ELECTIVE SALARY DEFERRAL, AND ROTH CONTRIBUTION INFORMATION

The following information is offered to briefly explain the elective salary deferral, non-elective salary deferral, and Roth contribution plans. Any specific questions you may have as it relates to establishing a plan for yourself or any questions concerning your personal finances should be directed to the financial advisor of your choice, however, you must use one of the District approved vendors to set up an account.

What types of retirement plans does the District offer?

403(b) elective – The 403(b) tax sheltered account (TSA) plan is a retirement plan available to employees of educational institutions. Employees may choose between a tax-deferred plan and/or a Roth after-tax plan.

403(b) non-elective – As described in the Teacher handbook, those teachers who are eligible will receive a non-elective tax sheltered account payment at the conclusion of the school year.

457(b) – The 457(b) is a retirement plan available to any tax-exempt organization. Employees may choose between a tax-deferred plan and/or a Roth after tax plan. The Wisconsin Department of Employee Trust Funds maintains the Wisconsin Deferred Compensation Plan.

Who is eligible to start an elective salary deferral retirement plan?

Generally, employees of schools, colleges, hospitals, churches, and other non-profit organizations are eligible. If you are an employee of the District, you are eligible to participate in the District's plans.

Tax Deferred Retirement Plan

What is a tax deferred retirement plan?

A tax deferred retirement plan is simply an investment plan which is used to reduce current taxes and invest for retirement.

Contributions and investment earnings in a 403(b) are pre-tax, which means that your taxes are based on your salary minus your contributions, instead of your full salary. Therefore, your taxes are lower and take-home pay is higher.

You'll pay taxes on withdrawals (distributions) during retirement.

How does a tax deferred retirement plan work?

The employee first decides on the amount to be deducted from his/her normal paycheck. This amount is then deducted from the employee's gross wages and federal and state taxes are determined on the remaining amount of gross wages. Because gross wages have been reduced, the resulting taxes will also be reduced.

Example:	<u>Without TSA</u>	<u>With TSA</u>
Gross Wages	\$750.00	\$750.00
Tax Deferred Deduction	<u>0.00</u>	<u>50.00</u>
Taxable Wages	\$750.00	\$700.00
Federal & State Taxes	<u>-143.00</u>	<u>-135.00</u>
Net Wages	\$607.00	\$565.00
Overall Benefit:		
Net Wages	\$607.00	\$565.00
Tax Deferred Deduction	0.00	50.00
Tax Savings	<u>0.00</u>	<u>8.00</u>
Benefit Total	607.00	623.00

Roth (After Tax) Retirement Plan

What is a Roth (after tax) retirement plan?

A Roth retirement plan is an investment plan whereby contributions are made with after tax dollars, which means that you do not receive a tax break during your working years. During retirement, your withdrawals are tax-free.

How a tax deferred retirement or Roth plan is started

Retirement plans are administered by the vendors listed below. If you are interested in beginning an elective salary deferral retirement plan or Roth plan, you will need to contact a representative or financial advisor for any of the plans listed. That representative/advisor should explain to you the details regarding an elective salary deferral plan or Roth plan, what types of investment options are available to you within their company, and what the associated fees are. The different investment options allow you to choose the level of risk you wish to assume, which then dictates the rate of return that can be expected on the invested funds.

Sign Up Requirements

If you do start an elective salary deferral or Roth retirement plan, you will need to sign an agreement with the District approved representative/advisor. You will also need to sign a Salary Reduction Agreement form authorizing the District to deduct from your wages and send those deducted monies to the specified company. See the District's website under District Services > Business Services > Staff Resources > Benefits > Employee Elective Retirement Plans (403(b)/457(b)) for more information.

Annual Contribution Limits

The IRS sets the limit annually as to the amount you can contribute. For 2021, the annual limit is \$19,500. Employees who meet other qualifying criteria may be able to contribute more than the standard annual limit.

Third Party Administrator

In order to be compliant with IRS regulations for employees' 403(b) accounts, the District is using a Third-Party Administrator to oversee our employees' accounts. The District's Third-Party Administrator for 403(b) plans is TSA Consulting Group (TSACG). The District's Third-Party Administrator for 403(b) non-elective plans is MidAmerica Administrative & Retirement Solutions.

If you have a 403(b) account - All plan related transactions such as new accounts, contribution changes to current accounts, transfers, rollovers, etc. will be handled through TSACG. On their website, you will find information on how to proceed for new accounts, how to change your current plan, along with other information. If you want to start a 403(b) plan or change your current plan, you will need to work directly with TSACG. You will need to fill out a Salary Reduction Agreement which can be found on TSACG's website: <https://www.tsacg.com>. TSACG will then contact us with any changes they received from our employees. If you choose to participate in the District's elective 403(b) plan(s), a yearly after-tax payroll deduction of \$12 per year (\$3 per quarter) will be charged to you to pay the per participant fee charged by the Third-Party Administrator. However, if your account is not currently active, you will not be charged for the months of inactivity.

If you have a 403(b) non-elective account - If you are eligible for a payment to the 403(b) non-elective account, funds will initially be invested in a fixed account with American United Life Insurance Company (AUL). There is an administrative charge of \$5.00 per participant per quarter. You may keep your funds in the fixed AUL account, exchange/transfer your funds to one or more of the other AUL investment options available, or exchange/transfer your funds to any other District approved 403(b) plans.

457(b) Account - If you enroll in a 457(b) account, you will need to use the Salary Reduction Agreement form listed on the District's website. Our vendor for the 457(b) is the Wisconsin Deferred Compensation Program. After completing the Salary Reduction Agreement, you should forward the form to Brenda Bergmann in the Business Office. If you change your current 457(b) account online, you will still need to complete a Salary Reduction Agreement. There is no annual fee for a 457(b) account.

Plan Vendors - The following vendors are approved as part of our tax deferred retirement plan and Roth after-tax plan:

403(b) Plans

Aspire Financial Services
MetLife
Thrivent Financial-tax deferred only

403(b) Plans-Non Elective

American United Life Ins Co (AUL)
(only to be used with non-elective deferrals)

457(b) Plan

Wis Deferred Compensation

Transfers Only

*Jackson National Life

*Funds may only be transferred into this fund from existing funds you may have in other 403(b) accounts.

Financial Representatives/Advisors Currently Serving Our District - In order to assist you with your personal financial matters, you may wish to consult with a financial advisor. The list of financial advisors that follows is offered as a resource and does not constitute HASD endorsement for services provided. These individuals have expressed an interest in working with HASD staff. Please also be aware that some investment companies do not require you to have an investment advisor in order for you to set up your account.

Elective 403(b) deferrals

Contact

Paul Bonikowske
Northwestern Mutual
4620 N. Ballard Rd.
Appleton, WI 54913
Office: (920) 882-8363

Company(s)

Aspire Financial Services
MetLife
Jackson National Life

Bradley Borgen
Edward Jones
W7003 Parkview Drive, Suite C
Greenville, WI 54942
(920) 757-1815

Aspire Financial Services

Jaime Phillips
Edward Jones
2920 N Ballard Rd, Ste C
Appleton, WI 54911
(920) 731-1799

Aspire Financial Services

Greg Rogers
Edward Jones
315 E Main St, Ste 301
Hortonville, WI 54944
(920) 779-6031

Aspire Financial Services

James McGlone
Kerntke Otto McGlone Wealth Mgmt Group
3601 E. Evergreen Drive, Ste 100
Appleton, WI 54913
(920) 733-3876
Fax (920) 733-3882
Email: jim.mcglone@onekom.com

Aspire Financial Services

Thrivent Financial
4321 N. Ballard Rd
Appleton, WI 54913 (920) 734-5721
(Please contact your current advisor)

Thrivent Financial

Non-Elective 403(b) deferrals – (after the initial deposit, funds may be transferred into the same elective deferral options as listed under the 403(b) Plans)

Contact

Mike Strobl
Retirement Income Account Representative
Retirement Income Division
National Insurance Services of WI, Inc.
250 S. Executive Drive, Suite 300
Brookfield, WI 53005-4273
Office: (262) 780-1228, Fax: (262) 814-1228
E-mail: mstro@nisbenefits.com

Company(s)

American United Life Ins Co (AUL)

Elective 457(b) deferrals

Alex Brost
Wisconsin Deferred Compensation Program (WDC)
5325 Wall Street, Suite 2755
Madison, WI 53718
Office (608) 241-6604 Mobile: (303) 737-0000
E-Mail: alex.brost@empower.com

Wisconsin Deferred Compensation Program

Questions

If you have any questions regarding a tax deferral retirement plan or Roth plan, please contact your financial advisor or the Internal Revenue Service.