

HORTONVILLE AREA SCHOOL DISTRICT

Non-elective Tax Sheltered Account Information For Applicable Staff

As of the 2015-2016 school year the School Board began to provide a Non-elective Tax Sheltered Account (TSA) teacher benefit as described within the Teacher Handbook. The intent of the information which follows, is to provide some general information so that teachers will have some understanding of how to proceed and manage this benefit. This information, is as stated, general in nature. After some sections you will notice references to other documents you should read to gain more detailed information. In addition, please consult with your financial advisor to determine what does or does not make sense for your own personal financial situation.

The following steps are suggested to learn about and manage this TSA benefit.

1. Become informed on TSAs. Very briefly stated, a TSA is simply an IRS allowed investment plan used to save for retirement. It can be set up so the funds going in are either pre-tax or post-tax (Roth investments). While the non-elective TSA deferral benefit is somewhat new to our District, the opportunity for District employees to participate in an elective TSA deferral has been available for years. To learn more about a TSA, please reference the General Notice document - this document can be found under the HASD Website under District > District Services > Business Services > Staff Resources > Benefits > Employee Elective Retirement Plans (403(b)/457(b).
2. Understand the difference between an elective and non-elective deferral for a TSA. An elective deferral is one in which you decide to have funds withdrawn from your pay for a TSA account. A non-elective deferral is one initiated by the District to fund a TSA for you. Non-elective TSA funds can only be deposited on a pre-tax basis. Knowing the difference between elective and non-elective becomes important when reviewing your investment options (see 7b below).
3. Become informed on different investment choices. Depending upon the investment company you choose from the approved list, you may not necessarily have to have an investment advisor. Many people do choose to work with an investment advisor so that the advisor can help them better understand different investment choices. Financial advisors usually begin by helping you to determine your risk tolerance and investment goals. After that, they will help you to select an investment portfolio to potentially reach your goals. Keep in mind that there are fees associated with investment choices. To see a list of financial representatives currently serving our District, please refer again to the General Notice document. Providing this list of financial advisors should not be construed as an endorsement of the advisors by HASD; it simply means these advisors have simply asked to work with staff on TSA matters.
4. For those teachers who are eligible for a non-elective TSA benefit, you will receive a non-elective employer contribution to the Employer Sponsored Plan with American United Life for the current and upcoming years when due (payments will usually be in June).
5. Funds will be initially invested in a fixed account with American United Life Insurance Company (AUL). There is an administrative charge of \$5.00 per participant per quarter. This charge is paid by the participant.
6. After the initial deposit is made, participants will receive a welcome packet from MidAmerica. MidAmerica Administrative & Retirement Solutions, Inc. is our Third Party Administrator for our non-elective TSA. Please keep in mind there are restrictions on access to funds in a 403(b) account. Qualifying events must occur in order to access funds.
7. Once your funds are in your fixed account at AUL, you may:

- a. Keep your funds in the fixed AUL (non-elective) account. If you choose to keep your funds in the fixed account, no other paperwork is required at this time. Many people will (depending on their investment objectives) consider transferring their funds out of this account. The AUL fixed non-elective account is initially used so that the HASD Business Office can process the benefit as efficiently as possible.
- b. Exchange (or transfer) your AUL fixed funds to one or more of the other investment options available to you within AUL (all AUL funds are non-elective and cannot be combined with elective funds). As example, you cannot choose to add your own elective TSA deferral to your AUL non-elective account, but you can move your non-elective deferral to your own elective deferral account. Reference document - General Notice. This document lists TSA vendors including AUL representatives and their contact information. This choice will require additional paperwork from you, please see #8 below.
- c. Exchange (or transfer) your funds to any other District approved TSA vendor. Reference document - General Notice. This document lists all TSA vendors and their contact information. This choice will require additional paperwork from you, please see #8 below.

Ultimately it is your responsibility to determine who your TSA vendor (from the approved list) and financial advisor will be.

8. If you wish to transfer your funds to another District approved TSA provider, you should proceed as follows:
 - a. **If you need to set up a new TSA account** - you will need to work with a financial advisor to open a TSA account with an approved TSA vendor (reference the General Notice). You will need to complete and submit an application/adoption agreement to the TSA vendor. You will need to funnel any request for a new account to TSA Consulting Group (TSACG). Information for TSACG can be found under the HASD Website under District > District Services > Business Services > Staff Resources > Benefits > Employee Elective Retirement Plans (403(b)/457(b) > 403(b) Information – TSA Consulting Group (TSACG).
 - b. **If you have a current 403(b) account** - you will need to request an exchange (transfer) of funds through MidAmerica, our Third Party Administrator for our non-elective TSA. You can access this form from your account with MidAmerica.
9. In addition to the information on the District website, please also review www.Mid/America.biz to access plan information and obtain the noted forms or review the plan highlights of your account. Further questions can be directed to the HASD Business Office.