



403(b) and 457(b) UNIVERSAL AVAILABILITY ANNUAL NOTICE

December 15, 2016

SAU 39—Amherst, Mont Vernon and Souhegan Cooperative School Districts--provides all employees with the opportunity to save for their retirement through the 403(b) or 457(b) plans. Participation in this Program is a great way to build your retirement savings and reduce current taxes. All employees are eligible to participate.

The 403(b), and 457(b) tax-deferred savings plans offered within this Program provide a way to contribute to a supplemental retirement savings account on a pre-tax basis through convenient payroll deduction. Your contributions plus earnings are not taxed until you withdraw the funds. Usually, this is done during retirement when your income may fall within a lower tax bracket. The investment providers for these plans offer a wide choice of investment options (see vendor list).

Under IRS regulations for 2017:

- You may contribute up to a maximum of \$18,000 if you are under age 50.
- If you are age 50 or will turn 50 anytime in 2017, you may contribute an additional \$6,000 for a maximum of \$24,000.
- If you are also a participant in a 403(b) plan of another employer, your *combined* contributions to that plan *and* to your plan with our District(s) are subject to the above maximum limitations. If you participate in the District(s) plan and those of another employer, you are responsible for assuring that the contributions made to both plans do not exceed these limitations.
- If you have worked for our Districts for more than 15 years, you may be eligible for the IRS “catch-up” provision and possibly be able to contribute up to \$3,000 in addition to the above limits, depending upon how much you tax-deferred in past years.
- State employees are permitted to maximize contributions to the 403(b) tax-deferred plans *and* the 457(b) Deferred Compensation Plan *concurrently* for a total annual deferral of \$36,000 (\$18,000 x 2) or \$48,000 (\$24,000 x 2).

Action Items

- If you are enrolling in a plan for the first time, you will need to complete the enrollment process with the investment provider(s) of your choice. Once completed and in order to begin payroll contributions, a Salary Reduction Agreement must be submitted to the Payroll Office at the SAU.
- If you are currently enrolled and wish *to contribute the same bi-weekly dollar amount or percentage in 2017* that appears on your paystub, *no action* on your part is necessary unless you are currently contributing additional monies under the Age 50 or “15 year catch-up rule” outlined above. **Please check your pay stub to be sure your current bi-**

weekly contribution multiplied by the number of pay periods during the year does not exceed the allowable 2017 limit.

- Be mindful that if you made a change to your contribution mid-year, you will need to make sure your current bi-weekly contribution multiplied by the number of pay periods during the year is the correct annual amount you wish to defer for 2017.
- If you are currently enrolled and would like *to change the amount* of your contribution, please complete a new Salary Reduction Agreement and submit it to the Payroll Department.

Salary Reduction Agreement forms can be sent to kfredette@sprise.com at the SAU office.