THOMAS COUNTY SCHOOLS
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Thomas County Schools 403(b) Plan Summary
Important Benefit Information Regarding Your 403(b) Plan

What is a 403(b) retirement plan?

A 403(b) plan is a tax-deferred retirement plan for employees of public education organizations. A 403(b) Plan allows you to contribute a portion of your compensation on a tax preferred basis and/or as a designated Roth after-tax contribution in order to save for your retirement. All contributions are made to the plan by payroll deduction.

Can I make contributions to the 403(b) Plan?

Yes. You have the right to make contributions to the 403(b) Plan. If you wish to start contributing to the Plan, you need to make an election and determine how much of your compensation you wish to defer in the 403(b) Plan. You need to complete the enrollment application for your Plan investment along with a Salary Reduction Agreement (SRA). These forms are available from the Plan's financial advisors. Their contact information can be found at the end of this Plan Summary.

Is there an automatic enrollment feature?

Yes. An automatic enrollment feature is included in the Plan.

What is automatic enrollment?

An automatic contribution arrangement (also known as automatic enrollment) is a feature in a retirement plan that allows an employer to "enroll" an eligible employee in the employer's plan unless the employee affirmatively elects otherwise. The fundamental idea for using an automatic enrollment feature is to help employees save for their retirement.

How does automatic enrollment work?

Employees hired after February 1, 2014, who do not enter into a contrary Salary Reduction Agreement, are automatically enrolled in the Plan at a 2% voluntary employee contribution.

What are some benefits of contributing to a 403(b) Plan?

- If you are automatically enrolled, or choose to make pre-tax deferral contributions to the Plan, they are not taxed until you withdraw the funds. This means you are lowering your taxable income today, and could possibly lower the amount of income tax you pay on those funds at the time of withdraw.
- Your pre-tax contributions and earnings grow tax-free until they are withdrawn from the Plan.
- If you chose to make Roth contributions to the Plan, the contributions are made on an after-tax basis. Earnings grow tax free, and are distributed tax-free if the distribution occurs after the end of the five year period that begins with the plan year in which the first contribution is made and the distribution occurs after you are age 59 ½, become disabled or die.

How much can I contribute to a 403(b) Plan?

In 2017, the Internal Revenue Service (IRS) limitation is $18,000.00. This amount is subject to cost of living adjustments set by the IRS and will increase over time. In addition, the Plan permits employees age 50 or over, to make additional catch-up contributions. This year, the age 50 catch-up contribution is $6,000.00.

What investment options are available to me under the Plan?

MassMutual Financial Group is the authorized investment provider under the Plan which offers a wide variety of investment options. For additional information please contact the Plan's financial advisors. Their contact information can be found at the end of this Plan Summary.
Thomas County Board of Education does not provide tax, legal or investment advice. We strongly recommend that you seek the advice from professionals who specialize in these areas.

Can I change how my account is invested?

Yes you can, but there are rules that may limit some of your options. Generally, you can always change your investment instructions for future contributions so that new contributions will be sent to different investments with in the Plan. You also have the ability to reallocate funds among the investments you maintain through MassMutual. You should contact the Plan's financial advisor regarding reallocating or changing the investment of your future contributions.

If you have an old account at VALIC (a former investment provider in the plan), you can "exchange" the account assets from VALIC to MassMutual. The investment Providers may have additional requirements, so we encourage you to contact one of the plan's financial advisors if you are interested in requesting an exchange.

There are additional legal requirements for exchanges that may restrict your ability to move amounts currently invested in your account. These requirements must be satisfied by the investment product receiving the exchanged contract. For example, the receiving Provider must impose restrictions on the amounts received in the exchange that are no less restrictive than were imposed on such amounts before the exchange. If the receiving Provider cannot meet these technical requirements, then the Tax Code does not permit the exchange even if you want to move your account. However, even if all of the requirements are satisfied, you will still be responsible for any normal contract charges under your Provider's contracts, such as surrender charges, sales charges, etc. and any administrative fees that may be assessed for the transaction.]
Again, we strongly recommend that you seek the advice from professionals who specialize in these areas if you are interested in exchanging your current investment.

Can I move my other 403(b) plan accounts or rollover amounts from other retirement plans into the Plan?

Your Employer's Plan permits rollover contributions into the Plan from any other eligible retirement plan and plan-to-plan transfers into the Plan from another 403(b) plan that you may have participated in with another employer *and* if permitted by the Providers that you have chosen to invest your Plan accounts. Even if the Plan permits these transactions, you must check with your Investment Provider to determine if they will accept rollover contributions and/or plan to plan transfers into your account.

Can I withdraw amounts from the Plan before I retire?

Since the primary purpose of the Plan is to provide you with a means to build retirement income for your post-employment years, you may generally not withdraw amounts from the Plan before your termination of employment, retirement or death, whichever occurs earliest. The Plan also permits in-service withdrawals at age 59 ½ subject to the terms and conditions of your annuity contracts and/or custodial accounts in which your funds are invested.

In addition, there may be certain circumstances that permit you to borrow from your account or make withdrawals while you are still employed. The Plan permits you to withdraw amounts from your account only if you meet all of the special conditions of a hardship withdraw and if permitted by the Provider(s) in which your account is invested. However, the Tax Laws and government regulations impose certain limits on all hardship withdrawals from retirement plans. Hardship withdrawals are only allowed from your own Salary Reduction Contributions, not from earnings, Roth Contributions or Employer Contributions. If you are married, your spouse may be also required to consent to a hardship withdrawal. To qualify for a hardship withdrawal, you must demonstrate that you have a severe financial hardship that qualifies under the Tax Code and that you have no other available financial resources. Qualifying events for financial hardships include the following:

- Unreimbursed medical expenses for you or your dependents deductible under Section 213 of the Tax Code.
- Costs directly related to the purchase of your primary residence
- Payment of education expenses for the next 12 months of post high school education for you, your spouse, your children or your dependents
- Payments necessary to prevent the eviction from your primary residence or to avoid foreclosure on the mortgage on that residence
- Payments for burial or funeral expenses for your parent, spouse, child or dependent, and
- Expenses for the repair of damage to your primary residence that would qualify as a casualty loss

You must also demonstrate that you have no other financial resources available to you to meet the financial hardship. You can do this if you have already taken all other distributions available to you from any other retirement plans offered by your Employer and you have taken or tried to take loans from all Employer plans available to you unless the taking of such loan would create an additional hardship or exacerbate your current hardship. Finally, you must stop making contributions to all other retirement and deferred compensation plans maintained by your Employer for a period of six months. *Note: Providers may have additional conditions or restrictions on hardship withdrawals.*

To request a hardship withdraw, you must complete the appropriate paperwork from your Investment Provider and provide documented evidence of the hardship itself and that you have no other financial resources available to you. This information must be submitted to the plan's third party administrator, ADMIN Partners, for review and approval.

May I Borrow From the Plan?

Yes. The Plan allows you to borrow from your Plan account(s), but only if the Provider(s) in which your account is invested also permit loans to be made from their products. If you wish to take a loan, you may apply for a loan directly from the Provider in which your account is invested. All loans are subject to the terms and conditions imposed by the custodial account or annuity contract that governs the investment options that you have selected. You should ask your Provider for a loan application package, which should include relevant information about the process of obtaining a loan from the Vendor. However, government regulations require all loans under employer-sponsored 403(b) plans to be subject to the following rules:

- Your outstanding loan balance cannot exceed the lesser of $50,000 (reduced by the highest value of any outstanding loan balance from all loans from all plans sponsored by your Employer during the preceding twelve (12) month period, or 50% of your vested account balance under the Plan.

- The loan must be repaid over a period of no greater than five (5) years, unless the loan is used to purchase your primary residence. You must pledge your Plan account balance as collateral. Interest on a loan shall be charged at a rate equal to that which could be obtained from a lending institution for a similar loan.

- A participant who has an outstanding plan loan (whether from the Plan or any other plan maintained by the Employer or a related employer) that is in default, or is treated as a taxable deemed distribution may not receive another loan may not receive another loan unless: (a) the defaulted loan is repaid, or (b) a new participant loan is repaid by payroll deduction.
- Thomas County Board of Education allows participants in the 403(b) Plan to take two loans at any given time.

There are special rules for employees who are called away on military leave. If you miss loan repayments because you are on eligible military leave under USERRA, your loan will not be defaulted unless you do not make timely payments upon your return to employment. However, even though the loan payment may be suspended, interest will continue to accrue. Under the Service Members Civil Relief Act, the interest rate on Plan loans cannot exceed 6% per year during a period of military service provided that you give the Plan Administrator and the Provider(s) written notice of your call to duty and a copy of your military orders. You should contact the Plan Administrator for more details on your special rights under USERRA and SCRA under the Plan.

Notwithstanding the above, the Provider(s) in which your account is invested may have additional rules relating to loans. Review your custodial accounts and/or annuity contracts for more details on specific loan rules and contact the Provider's representatives for information specific to their products.

When Can I Begin to Receive Distributions From the Plan?

Any such withdrawal is also subject to the terms and conditions imposed by the custodial account or annuity contract from which such withdrawal was made.

In addition to the ordinary income tax on normal distributions, the Tax Code requires a 10% penalty tax to be assessed against any amount you withdraw from the plan for withdrawals from the Plan prior to attainment of age 59-1/2. There are some exceptions to this rule (such as for disability or for distributions paid in substantially equal payments over your life expectancy), so you should consult your personal tax advisor to determine if any other exceptions may apply and how the tax rules affect you.

Generally, except for any in-service withdrawals, or loans as described in the previous section, a distribution from the Plan may only be made upon your retirement or other termination of employment, disability or death. The annuity contract or custodial account in which you have elected to invest your account may have certain requirements which must be satisfied before you may receive a distribution. You should refer to these Vendors for additional information that may relate to distributions from their contracts.

Under the current Tax Code, you are entitled to a 180 day waiting period after you have requested a distribution from the Plan. This period gives you the opportunity to reflect on your distribution options, your tax situation, possible rollover opportunities, and other pertinent factors involved in your retirement planning. You may change your request for distribution during this period. You may elect to waive the 180-day waiting period at the time you request a distribution from the Plan. This means that if a distribution is requested today, you may waive the 180-day waiting period and receive your distribution as soon as administratively feasible. Otherwise you must wait for a period of at least 180 days from the date you sign a distribution request form.

If you take a distribution before you have reached age 59½, the Tax Code generally imposes a 10% early distribution penalty. There are some exceptions to this penalty tax, such as distributions made as a result of your disability or distributions made to pay for tax-deductible medical expenses. You should consult your tax advisor for more information on your particular tax status.

You must begin to take distributions from the plan no later than the April 1 following the calendar year in which you attain age 70-1/2, or the year you retire, whichever occurs later, unless a later date is permitted by law, or unless a special waiver is granted for certain situations. For example, the required minimum distributions for 2009 were waived by special legislation.

However, if you do not begin to receive distributions in a timely manner, you may be assessed a 50% penalty tax on the amount required to be distributed.

When can funds be withdrawn from a 403(b) Plan?

A 403(b) retirement plan is intended as a way to save for your retirement over the long-term. Consequently, the IRS places certain limitations on your ability to withdraw funds while you are actively employed. Distribution of your 403(b) funds is permitted when you separate from service, are disabled, die or are at least age 59 ½.

Who to contact with questions?

Thomas County Schools Contact Information

Joey Holland or Miranda McInnis
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Plan Financial Representatives -- Edward Jones

Erik Von Hellens
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