



## **TAX SHELTER ANNUITY/ DEFERRED COMPENSATION PLAN FREQUENTLY ASKED QUESTIONS**

### **1. What is a 403(b) or a 457(b) Plan?**

- A 403(b) is a tax deferred retirement savings plan available to employees of educational institutions. It is also referred to as a Tax Sheltered Annuity, or TSA.
- A 457 plan is a non-qualified tax advantaged deferred-compensation retirement plan. This is available for governmental employers.

### **2. What are the advantages of participating in a 403(b) or 457(b) plan?**

- There are significant tax advantages
  - Contribution are tax deferred
  - Earnings on the retirement money are also tax deferred

### **3. Who is eligible?**

- All Fresno Unified School District employees are eligible with the exception of student workers and board members.

### **4. How much can be contributed?**

- Employees are permitted to contribute up to \$18,500 for the year 2018; this IRS limit changes on a calendar year.
- Additionally, there is an Age 50 Catch up provision which allows employees age 50 or older at any time during the calendar year to contribute an additional \$6,000. This allows a combined contribution amount to \$24,500 for 2015.

### **5. How does a 403(b) and 457(b) plans work?**

- Employees contribute through salary reduction agreements (payroll deductions).
- The IRS sets the limits annually that an employee may contribute.

### **6. How do I get started to set up a 403(b) or 457(b)?**

- For a 403(b) the Provider must be approved with Fresno Unified School District' TSA plan and 403(b) Compare, a State approved website. The list can be found at Fresno Unified Website, under Fiscal Services department and Retirement Information.
- For a 457 Plan, contact VALIC at 559-765-5503. All 457 plans are administered with the Fresno County Office of Education. Valic is the only vendor approved for the 457(b) plan. Requests to change the amounts, start or stop a deduction are processed at FUSD. Requests for distribution, transfer, etc., are handled directly by VALIC.

### **7. How do you start a payroll deduction?**

- First, set up an account with a 403(b) provider or a 457 plan with the County Office of Education
- Then complete the salary reduction form and send it to FUSD Payroll for processing.
  - If received by the 15<sup>th</sup> of the month, it will take effect in your next pay check.

**8. What qualifies for a distribution request?**

- A qualifying event must occur including:
  - Attainment of age 59 ½ or older
  - Separation from service

**9. How do you request a distribution, loan, hardship distribution or transfer to another 403(b) vendor?**

Go to [www.myretirementmanager.com](http://www.myretirementmanager.com) and set up a login to request a distribution and print a certificate for your Tax Shelter Annuity Provider.

Note: Additional information may be requested by Valic Retirement Manager to verify requests.

**10. What is offered on Retirement Manager?**

- Review balances for 403(b) plans
- Request a distribution, loan, hardship or transfer
- Utilize a retirement calculator

**11. What if I put in a request and want to make a change to the request after a certificate has been generated?**

You must wait until the first certificate expires prior to submitting a second request. If there is a correction that is needed, contact Payroll at 559-457-3514.

**12. What if my provider does not allow loans and hardship distribution?**

You have an option to change your provider to one that does allow loans and hardships. Once you have transferred funds, you may submit a request through a Retirement Manager.

**13. How do you request a distribution as a beneficiary or a Qualified Domestic Relations Order (QDRO)?**

Send the request along with the paperwork approving the beneficiary to Payroll at 2309 Tulare Street, Fresno CA 93721 or FAX to 559-457-6206.

**14. What if I would like to roll over funds to an Individualized Retirement Account (IRA)?**

You must be age 59 ½ or older, or have separated from Fresno Unified School District to make this type of transfer. For an active employee, this would require a physical signature by an approved signer of the District. For an inactive employee, a withdrawal certificate from Retirement Manager is needed.

**15. What else do I need to know before starting?**

Fees, operating rules, and investment objectives can vary greatly among vendors and across investments. Therefore, it is important to understand these rules before you begin contributing to any investment plan. Additionally, some investments impose surrender charges or restrictions on withdrawals before investing and how long the change/restrictions are in effect.