**2. Special Catch-up Contribution**

If you have worked for the District for at least 15 years and have not contributed all of the excess contributions available under this, you can elect to make "catch-up" contributions, in addition to the salary deferrals you may otherwise be eligible for. The following box summarizes the rules that apply to "catch-up" contributions:

> **Catch-up Limitations**
> **(As of January 1, 2015)**
>
> Increase above the $18,000 limit is the lesser of:
> (a) $3,000; or
> (b) $18,000 minus your prior "catch up" contributions; or
> (c) $5,000 times your years of service with the District minus prior years elective deferrals of the employee.

**3. "50 and over" Catch-up Contribution**

A participant age 50 or over (by the end of the calendar plan year) may defer additional amounts to the Plan as an additional "catch-up" contribution. For 2015, the additional catch-up contribution is $6,000. (This means the total deferral contribution limitation for 2015 is $24,000 for those over 50; or to those eligible for the Special Catch-up Contribution and over 50, a total of $27,000 for 2015). <u>Please Note</u>: If you are eligible to elect the Special Catch-up and the 50 and over Catch-up, the Special Catch-up contribution must be utilized first.

## Distributions

The law restricts the times when distributions are permitted from your accounts under the Plan.
You may receive a distribution only if:

- You reach age 59 ½;
- Retire or Sever Employment*;
- Die – your beneficiary will have a right to distribution;
- Become disabled.

{00012325.DOC}

* = The IRS requires complete severance from the District upon retirement, which means that if you are rehired by the District after you have retired, you must stop receiving distributions from your account during the time you are employed by the District after retirement.

**Taxes and Penalties**

You will be taxed on your Pretax accounts upon distribution. The IRS will also assess a 10% penalty for early withdrawal. In other words, your distribution will incur the penalty unless you:

- Are age 59 ½;
- Retire or sever employment at age 55 or later; or
- Die/become disabled.

Your Roth account distributions may be withdrawn tax-free and penalty-free as long as the IRS' conditions described on the opposite side of this brochure are met.

**Hardship Withdrawals**

The Plan does not permit hardship withdrawals to be taken from Participant accounts.

**Loans**

The Plan does not permit loans to be taken from Participant accounts.

**For More Information and Forms:**
Call (920) 563-7800

> **CAUTION**
>
> The information in this leaflet summarizes the terms of the District's 403(b) Plan and the Internal Revenue Code as of January 1, 2015, and is not to be constructed as legal, tax or investment advice. This leaflet cannot, and does not, alter the terms of the Plan or the law. Changes in the Plan or the law hereafter may change this summary. Please consult with your accountant for additional information.

# School District of Fort Atkinson

## Employee Savings Plan

## 403(b) Plan

---

## Investing in Your Future

---

***School District of Fort Atkinson***
***201 Park Street***
***Fort Atkinson, WI 53538-2398***
***Phone (920) 563-7800***
***www.fortschools.org***

## Your Plan

The School District of Fort Atkinson (the "District") offers this 403(b) Plan to help you and other employees save money for your retirement. The 403(b) Plan is a type of tax-deferred retirement savings program. Future benefits from the 403(b) Plan will reflect the amount of a participant's voluntary salary deferral contributions plus earnings. Vesting is immediate. Whether you choose to participate in the Plan is entirely up to you.

Although the Plan is offered by the District, the Plan is not established or maintained by the District for purposes of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Accordingly, the Plan and the District are not subject to ERISA.

### Tax Treatment

The District intends to ensure that the Plan is qualified for preferential tax treatment under Internal Revenue Code ("IRC") §403(b). There are two ways you can elect to have a portion of your current pay saved and invested via salary deferral. You may contribute pre-tax 403(b) deferrals and/or Roth after-tax 403(b) deferrals.

**Pre-tax Deferrals**. Because you do not have to pay taxes on the amount you contribution to a 403(b) plan for the year in which you contribute to the plan, investing in a 403(b) plan can lower your overall tax burden—at least in the present. You can defer the income tax on your contributions until you begin making withdrawals from your account—typically when you retire. The earnings on your account also grow tax-free until withdrawal. Contributions to the 403(b) Plan are reported annually on your W-2 forms, but are not included in income subject to taxation. Your 403(b) contributions are deducted from your gross salary and income taxes are calculated on your remaining pay.

**Roth after-tax deferrals.** With Roth deferrals, you must pay current income tax on your deferral contribution. This means that the amount you defer under the Roth portion of the 403(b) Plan is subject to income taxes in the year of the deferral, but the deferral amount and its earnings are distributed to you tax-free if certain conditions are met. These conditions are met if you follow the distribution rules of the Plan and at least 5 years have passed between your first Roth deferral and the date of your first distribution, and you are at least age 59 1/2.

As described below, there are legal restrictions that limit how much you can contribute to the Plan each year. Someone from the District may need to ask you for information to show that your contributions are within these limits. You should consult with your own investment, tax and/or legal advisor about the ability to participate in the Plan. The District cannot provide you with this type of advice.

### Participation

Every District employee is eligible to participate in the Plan, with the exception of (a) non-resident aliens, (b) those who do not have sufficient income to be eligible to contribute at least $200 per year or (c) students/student-teachers. To participate, you need only: (1) fill out a Salary Reduction Agreement and (2) select the investment desired from a variety of mutual funds, from the list of District approved vendors. Employees may change their salary reduction amounts or cease contributions at any time.

### Salary Reduction Agreements

To participate in the Plan (or to change an existing contribution election), you must provide the District with a signed Salary Reduction Agreement. You must choose the whole dollar amount that you wish to contribute each payroll period. The Agreement must be signed by you and returned to the District before the start of the payroll period when your election or change will become effective.

### Vendors

You can invest your deferral monies in a variety of different investment options. The Vendors through which the investment vehicles are available are approved by the District. Beginning in 2008, you may only invest new deferral monies in those Vendors who have agreed by contract to conduct business with the District and the Plan. These Vendors are listed on the Approved Vendor List available from the District Office. <u>Please Note: you will no longer be permitted to transfer assets to accounts of Vendors outside of the Plan; only those transfers received by District-Approved Vendors will be permitted</u>.

### Contributions and Limitations

While you may choose how much of your salary you wish to contribute to the Plan, your contribution must comply with all of the following legal limitations:

#### 1. Annual Deferral Limitation

The first limitation applies to all of your elective deferrals (both pre-tax and Roth added together) from your salary to this Plan. Elective deferrals are contributions that you make instead of receiving all of your pay at that time. The elective deferrals under this Plan are not considered in conjunction with deferrals you make under the 457 Plan of the District.

<u>For the 2015 tax year, all of your elective deferrals to this and all other plans (including SIMPLE plans, 401k plans and other 403b plans) cannot exceed $18,000 per calendar year</u> (unless you qualify for one of the catch-up contributions described below). This limit will be adjusted annually thereafter by the IRS.