

# A Summary of Wallingford-Swarthmore School District's

## 2024 ~ 403(b) Tax-Sheltered Account Program

Provided by:  **US Kades-Margolis**

Wallingford-Swarthmore School District offers our eligible employees the opportunity to save for retirement by participating in a 403(b) Tax-Sheltered Account (TSA) Plan. All employees, except for private contractors, appointed/elected trustees and/or school board members are eligible to participate in the 403(b) Plan immediately upon employment. Please verify if your employer allows student workers to participate in the 403(b) plan. You can participate in this plan by making pre-tax contributions. The 403(b) TSA Plan is a valuable retirement savings option. This notice provides a brief explanation of the provisions, policies and rules that govern the 403(b) TSA Plan offered.

### **What is a 403(b) Tax-Sheltered Account?**

403(b) Tax-Sheltered Account (TSA) is a section of the IRS Code that permits the establishment of 403(b) TSAs for school employees to supplement their retirement income. A 403(b) TSA allows you to voluntarily set aside money from each paycheck to be put into a tax-deferred account. It's called an "elective deferral"; you notify the payroll office that you wish ("elective") to have funds taken out of your pay ("deferral") and contributed to your 403(b) TSA. You may begin your contribution, change the amount of your contribution, or stop your contribution at any time. The funds withheld from your paycheck are then invested with a 403(b) provider that you choose from our list of approved companies. You control how your funds are invested by consulting with a representative from the investment provider you select.

### **How much can you contribute to your 403(b) TSA?**

The maximum amount you can contribute for the current calendar year is \$23,000. Everyone can contribute up to \$23,000 or 100% of salary if you make less than \$23,000. Beginning on January 1 of the year you turn 50, you may contribute an additional \$7,500 each year. If you are able and desire to contribute more than the maximum, see if the district offers a 457(b) Deferred Compensation program. If a 457(b) Plan is available, you may be allowed to contribute similar amounts to that tax-sheltered program.

### **When can I get my money out of my 403(b) TSA?**

In addition to loans and hardship distributions, a 403(b) plan may allow employees to take money out of the plan when they have attained age 59 ½ or separated from service in the year in which they turn age 55 or older. In most cases, any withdrawals made from a 403(b) account are taxable in full as ordinary income. Most withdrawals are subject to 10% additional tax if before age 59½.

### **Why should you participate in a 403(b) TSA program?**

First: It reduces your current income taxes. It is the first tax shelter that nearly every tax professional recommends.

Second: It provides for tax-deferred growth. Instead of paying income taxes on your bank interest earnings, all your contributions, and the earnings on those contributions, are tax deferred until you take out the money. That will usually be after retirement when you will most likely be in a lower tax bracket.

Third: It supplements other retirement benefits, like your personal savings, Social Security, and the PA Public School Employees Retirement System (PSERS). Who knows if any of us will get all the Social Security we are entitled to, given the budget shortfall of Social Security and Medicare? And even though PSERS is one of the best retirement systems, you still will have to live on the amount of that check from PSERS for the rest of your life. Many of today's employees will live longer retired than they worked. It is not uncommon for people to live to their late 80s, 90s or even 100. Considering future scientific and medical advances, that PSERS check may have to last you 30 years or more. You need to supplement it with your 403(b) TSA, which should reflect any economic growth during your career and retirement years.

## **Who is administering the district's 403(b) TSA Program?**

The district has chosen U.S. OMNI & TSACG Compliance Services, Inc. as the Third-Party Administrator (TPA) because of their experience and reliability. They employ a full-service flexible technology platform that provides secure Internet access by both employers and employees. You can get immediate answers to your questions regarding all contributions and transaction processing requests, as well as access all necessary forms on their website [www.tsacg.com](http://www.tsacg.com). (NOTE: The TPA charges no fees to employees. There may be fees associated with your investment that your investment provider and/or investment fund may charge.)

## **Optional Provisions Included in Wallingford-Swarthmore School District's 403(b) TSA Plan**

### **Eligibility**

All employees, except for private contractors, appointed/elected trustees and/or school board members and student workers, are eligible to participate in the 403(b) Plan immediately upon employment. Employees may make voluntary elective deferrals to the 403(b) TSA Plan. Participants are always fully vested in their contributions and earnings.

### **Exchanges**

Our 403(b) TSA Plan does permit exchanges. An "exchange" is defined by the IRS as moving your 403(b) TSA from one of our approved investment providers to another of our approved investment providers. Under IRS 403(b) TSA regulations, you may only invest your 403(b) TSA funds with the district's approved investment providers if you are employed by our district.

### **Transfers**

Our 403(b) TSA Plan does permit transfers, both into our plan and out of our plan. A "transfer" is defined by the IRS as moving your 403(b) TSA from one employer's 403(b) TSA Plan to another employer's 403(b) TSA Plan when you change employment. If you have a 403(b) TSA with a previous employer, and that employer's 403(b) TSA Plan permits transfers out of their 403(b) TSA Plan, you may transfer the account with the previous employer to our 403(b) TSA Plan. However, you must transfer the account to one of our districts' approved investment providers. If you leave employment with our district, you may transfer your account to a subsequent employer's 403(b) TSA (if that employer's 403(b) TSA Plan allows for incoming transfers) or you may roll over your account (see below).

### **Rollovers**

As required by IRS regulations, our 403(b) TSA Plan does permit rollovers. A "rollover" is defined by the IRS as moving your 403(b) TSA upon the occurrence of a "distributable event" (age 59 ½ or when separated from service). Once you leave employment with our district, (or upon another distributable event) you are permitted to rollover your 403(b) TSA to any other IRS permitted account, such as an IRA.

### **Loans**

Our 403(b) TSA Plan does permit you to borrow funds from your 403(B) TSA; however, you need to check with your investment provider to determine if your investment provider permits loans. Loans are subject to IRS regulations and prior to taking a loan, participants should consult a tax advisor.

### **Financial Hardship Distributions**

Our 403(b) TSA Plan does permit you to apply for a Hardship Distribution from your 403(B) TSA. Hardship Distributions are subject to IRS regulations and to be eligible for a hardship withdrawal according to IRS Safe Harbor regulations, you must verify and provide evidence that the distribution is being taken for specific reasons.

### **Roth 403(b)**

Contributions made to a Roth 403(b) account are after-tax deductions from your paycheck. Income taxes are not reduced by contributions you make to your account. All qualified distributions from Roth 403(b) accounts are tax-free. Any earnings on your deposits are not taxed as long as they remain in your account for five years from the date that your first Roth contribution was made. Distributions may be taken if you are age 59 ½ (subject to plan document provisions) or at separation from service.

### **457(b) Deferred Compensation Plan**

While not part of our district's 403(b) TSA Plan Document and program, the district does permit employees to contribute to a 457(b) Deferred Compensation Program. A 457(b) Plan is similar in operation to a 403(b) TSA in that:

- It allows for a voluntary payroll salary reduction program, i.e., an elective deferral
- All contributions are federal income tax sheltered
- FICA, state & local taxes are paid when contribution is made
- Income taxes on contributions and earnings are deferred until withdrawn

One major difference is if you separate from service with the district, you can withdraw your funds without a 10% penalty, regardless of your age. What is good about the 457(b) program is that school employees are now permitted to participate in both 403(b) TSA and 457(b) Plans: there is no longer any offset. The contribution limits are the same as the 403(b) TSA: up to 100% of salary or \$23,000 for the current calendar year, and the same catch-up contributions for aged 50+ (\$7,500 for the current calendar year). So, if you want to maximize your tax shelters, and you are under age 50, you can contribute \$23,000 to your 403(b) and \$23,000 to a 457(b), for a total tax shelter of \$46,000. If you are age 50 or above, you can tax shelter up to \$61,000. There may be a special catch-up available in your final 3 years of service with the district that you may be eligible for.

Securities & Registered Investment Advisory Services offered through **GWN Securities, Inc.**, 11440 North Jog Road, Palm Beach Gardens, FL, 33418  
1-561-472-2700

Member FINRA & SIPC, Kades-Margolis, a USRP company, is not affiliated with GWN Securities, Inc.

# WALLINGFORD SWARTHMORE SCHOOL DISTRICT

200 SOUTH PROVIDENCE ROAD, WALLINGFORD, PA 19086 PHONE (610) 892-3470 ext. 1406 FAX (610) 892-3497

To: All WSSD employees

All employees of the Wallingford-Swarthmore School District are eligible to participate in 403(b) and/or 457(b) plans. To participate, the employee must choose an approved service provider and complete the District's Salary Reduction Agreement. Contributions are withheld from the employee's paycheck. Investment accounts, including 403(b) and 457(b) tax-deferred annuities and Roth 403(b) and Roth 457(b)'s, are subject to limitations on the amounts contributed by employees. The District does not contribute to this plan.

Those employees interested in enrolling in a 403(b) and/or 457(b) plans should visit the District's website or contact the Human Resources Office at extension 1406. The employee may contact any agent or the agents of the approved service providers listed below. Contact names listed are those that have been in touch with the District but may not be the only contacts available for each provider.

### Authorized Investment Providers for This 403(b) TSA Plan

<p><b><u>Equitable Advisors</u></b>  <a href="http://www.equitable.com">www.equitable.com</a>            Contact: Ernest L. Repice at 610-660-4108            1 Belmont Avenue, Bala Cynwyd, PA 19004-1797  <a href="mailto:Ernest.repice@equitable.com">Ernest.repice@equitable.com</a>            Contact: Matthew Johnston at 610-660-4268            1 Belmont Avenue, Bala Cynwyd, PA 19004-1797  <a href="mailto:Matthew.johnston@equitable.com">Matthew.johnston@equitable.com</a>            Contact: Steve Melchiorre at 610-660-4292  <a href="mailto:stephen.melchiorre@equitable.com">stephen.melchiorre@equitable.com</a></p>	<p><b><u>Invesco Oppenheimer Funds</u></b>  <a href="http://www.oppenheimerfunds.com">www.oppenheimerfunds.com</a>            Contact: Lou Capetola at 610-766-3018            Mass Mutual            2 Bala Plaza, Suite 901, Bala Cynwyd, PA 19004            Contact: Daniel J. Seal II            610-937-1957 or 215-364-7610</p>
<p><b><u>Brighthouse Life Insurance Company (formerly Met Life)</u></b>  <a href="http://www.metlife.com">www.metlife.com</a>            Contact: Karen Nagle at 610-260-4025            610 Germantown Pike, Suite 210            Plymouth Meeting, PA 19462            Contact: John Presta at 484-431-7448            address same as above</p>	<p><b><u>Security Benefit Group</u></b>  <a href="http://www.securitybenefit.com">www.securitybenefit.com</a>            Contact: Greg Field at 610-971-1080 x            131 Kades-Margolis Corporation            998 Old Eagle School Road, Suite 1220, Wayne, PA 19087  <a href="mailto:gfield@4kmc.com">gfield@4kmc.com</a>            Contact: Dan Otto at 610-971-1080 x 130            Kades-Margolis Corporation            998 Old Eagle School Road, Suite 1220, Wayne, PA 19087  <a href="mailto:dotto@4kmc.com">dotto@4kmc.com</a></p>
<p><b><u>Kades-Margolis Corporation- Money By Design</u></b>  <a href="http://www.4kmc.com">www.4kmc.com</a>            Contact: Greg Field at 610-971-1080 x 131            998 Old Eagle School Road, Suite 1220, Wayne, PA 19087  <a href="mailto:gfield@4kmc.com">gfield@4kmc.com</a>            Contact: Dan Otto at 610-971-1080 x 130            998 Old Eagle School Road, Suite 1220, Wayne, PA 19087  <a href="mailto:dotto@4kmc.com">dotto@4kmc.com</a></p>	<p><b><u>Vanguard Fiduciary Trust Company</u></b>  <a href="http://www.vanguard.com">www.vanguard.com</a>            Contact: 800-569-4903</p>
<p><b><u>Lincoln Investment Planning</u></b>  <a href="http://www.lincolninvestment.com">www.lincolninvestment.com</a>            Contact: Stephen Bach at 610-892-1718 or  <a href="mailto:sbach@lincolninvestment.com">sbach@lincolninvestment.com</a>            309 Henry Lane, Wallingford, PA 19086</p>	<p><b><u>Corebridge Financial (formerly AIG/VALIC)</u></b>  <a href="mailto:Dan.lex@aig.com">Dan.lex@aig.com</a>            Contact: Dan Lex Jr. at 346-334-3499            307 Fellowship Road, Suite 205 Mount Laurel, NJ 08054</p>
<p><b><u>Massachusetts Mutual Life (existing clients only)</u></b>  <a href="http://www.massmutual.com">www.massmutual.com</a>            Contact: Lou Capetola at 610-766-3018            2 Bala Plaza, Suite 90, Bala Cynwyd, PA 19004</p>	<p><b><u>VOYA Financial and ReliaStar Life (a subsidiary of VOYA)</u></b>            Contact: Timothy Curry at 610-374-9201            P.O. Box 6383, Wyomissing, PA 19610  <a href="mailto:timothy.curry@voyafa.com">timothy.curry@voyafa.com</a>            Contact: Craig Kishel at 877-332-0673            830 S. Fillmore Street, Denver, CO 80209</p>
<p><b><u>National Life Group (formerly LSW)</u></b>  <a href="http://www.NationalLifeGroup.com">www.NationalLifeGroup.com</a>            Contact: Craig Kishel at 877-332-0673            830 South Fillmore Street, Denver, CO 80209            Contact: Stephen Gephart at 610-891-9700 or            484-883-7131 <a href="mailto:gephart_stephen@nlgroupmail.com">gephart_stephen@nlgroupmail.com</a>            1400 N. Providence Road, Suite 117, Media, PA 19063</p>	<p><b><u>Fiduciary Trust Company of New Hampshire (FTC)</u></b>            (prev. <b><u>Waddell &amp; Reed Inc.</u></b>)  <a href="http://www.waddell.com">www.waddell.com</a>  <a href="http://www.lpl.com/waddell-reed/access-your-account.html">www.lpl.com/waddell-reed/access-your-account.html</a>            Contact: Kenneth Lesesne at 302-654-4298            800 Delaware Ave., Suite 810, Wilmington, DE 19801</p>