

Swampscott Public Schools

403(b) Program Availability

Swampscott Public Schools is pleased to offer its employees an opportunity to participate in its 403(b) plan (the "403(b) Plan"). We make the 403(b) Plan available for you to participate in on a voluntary basis.

A 403(b) Plan is designed to help you save for your retirement. The amounts you contribute to the 403(b) Plan are not subject to current Federal (and in most cases, State) income taxation. Taxes on the amounts you contribute are deferred until these amounts are distributed. All distributions of income are subject to ordinary income tax and withdrawals of amounts attributable to salary deferrals before age 59½ are generally prohibited unless you have terminated employment and where allowed may, together with other withdrawals, be subject to an additional 10 percent penalty tax.

ELIGIBILITY

In general, all employees must be provided the opportunity to defer a portion of their compensation pursuant to a salary reduction agreement. This is commonly referred to as the "universal availability" requirement. This universal availability rule means that if an employer permits one employee to defer salary into a 403(b) plan, the employer must extend this offer to all employees. However, certain employees may be excluded from the plan:

- Employees who will contribute \$200 annually or less.
- Those employees who participate in a 401(k) or 457 plan, or in another 403(b) plan
- Non-resident aliens
- Employees who worked less than 1,000 hours in the previous plan year or new employees expected to work less than 1,000 in their first 12 months of employment.
- Students performing services described in section 3121 (b) (10).

CONTRIBUTION LIMITS

Federal tax law sets an annual limit on the maximum you may contribute to your 403(b) retirement savings plan. You may start with as little as \$25 per pay period. You may change the amount of your contribution within tax law and program limitations.

Annual Contribution Limits

Tax Year 2015: Basic Salary Deferral Limit for Employees under Age 50 - \$18,000

(For other limits, please refer to the following website: <http://www.irs.gov/Retirement-Plans/Plan-Participant,-Employee/Retirement-Topics-403%28b%29-Contribution-Limits>)

DISTRIBUTIONS

As mentioned previously, a 403(b) plan is designed as a source of retirement income so there are restrictions on withdrawing funds and any earnings before you reach age 59 ½.

A distribution may be taken from the program before age 59 ½ for the following reasons:

- Severance from employment
- Financial hardship
- Disability
- Death
- The amount distributed is a "qualified reservist" distribution

LOANS

You may be able to take out a loan from your 403(b) Plan. Loans are not subject to any tax or penalty. In many cases, you may borrow up to one-half of your non-forfeitable account balance, as long as your new loan doesn't exceed \$50,000 (reduced by your highest outstanding loan balance within 12 months of taking the new loan).

Loans must, of course, be repaid within the limitations specified by federal tax law. Principal and interest payments must be made on a substantially level basis at least quarterly, and the term of the loan generally cannot exceed five years. Any loan not repaid within the specified timeframe will be considered in default. Defaulted loans are treated as a distribution from the 403(b), and may be subject to ordinary income taxes and a 120% Federal penalty tax if prior to 59 ½.

INSERVICE EXCHANGES

Employees may exchange all or a portion of their 403(b) contract value by transferring it to another 403(b) contract approved under the 403(b) Plan. Exchanges may be subject to the issuing company's withdrawal or contingent deferred sales charge.

The Exchange of 403(b) contract value to vendors not available under the Plan may not be permitted.

403(b) VENDOR CONTACT INFORMATION:

MetLife
Investment and Income Center
P.O. Box 46516
Denver, Colorado 8021-6516

1-800-492-3553 x28556

www.metlife.com

Fidelity Investments
P.O. Box 770002
Cincinnati, OH 45277-0089

1-800-868-1023

www.fidelity.com

American Funds
P.O. Box 2280
Norfolk, VA 23501-2280

1-800-421-0180 x45

www.americanfunds.com

Local Contact Information:

Broker # 848Q0031
Joseph Capabianco
One Research Drive Ste 100A
Westboro, MA 01581
978-774-6019 Danvers
Group # 0826530

100 Summer Street
Boston, MA 02110

Group # 55843

Michelle Beasejour

508-561-0979
Group # 992419343

SWAMPSCOTT PUBLIC SCHOOLS

207 Forest Ave

Swampscott, MA 01907

Salary Reduction Agreement for 403(b) Programs

Part 1. Employee Information:

Name: _____ SS#: _____

Address: _____

Part 2. Agreement

The above named Employee elects to become a participant of the Employer's 403(b) Plan and agrees to be bound by all the terms and conditions of the plan. By executing this agreement, Employee authorizes Employer to reduce his or her compensation and have that amount contributed as an elective deferral and/or as a salary reduction contribution to the Roth 403(b) option if permitted in the plan, on his or her behalf into the annuity or custodial accounts as selected by Employee. It is intended that the requirements of all applicable state or federal income tax rules and regulations (Applicable Law) will be met. Employee understands and agrees to the following:

- 1) This Salary Reduction Agreement is legally binding and irrevocable with respect to amounts paid or available while this agreement is in effect;
- 2) This Salary Reduction Agreement may be terminated at any time for amounts not yet paid or available, and that a termination request is permanent and remains in effect until a new Salary Reduction Agreement is submitted; and
- 3) This Salary Reduction Agreement may be changed with respect to amounts not yet paid or available in accordance with Employer's administrative procedures.

Employee is responsible for providing the necessary information at the time of initial enrollment and later if there are any changes in any information necessary or advisable for Employer to administer the plan. Employee is responsible for determining that the salary reduction amount does not exceed the limits set forth in applicable law. Furthermore, Employee agrees to indemnify and hold Employer harmless against any and all actions, claims, and demands whatsoever that may arise from the purchase of annuities or custodial accounts. Employee acknowledges that Employer has made no representation to Employee regarding the advisability, appropriateness, or tax consequences of the purchase of the annuity and/or custodial account described herein. Employee agrees Employer shall have no liability whatsoever for any and all losses suffered by Employee with regard to his/her selection of the annuity and/or custodial account. Nothing herein shall affect the terms of employment between Employer and Employee. This agreement supersedes all prior salary reduction agreements and shall automatically terminate if Employee's employment is terminated.

Employee is responsible for setting up and signing the legal documents to establish an annuity contract or custodial account. .

Employee is responsible for naming a death beneficiary under annuity contracts or custodial accounts. Employee acknowledges that this is normally done at the time the contract or account is established and reviewed periodically.

Part 5. Funding Vehicle & Amount of Pre-Tax Elective Deferrals:

	Contribution Per Pay Period (select one) *	
1.	<input type="checkbox"/> _____ % or <input type="checkbox"/> \$ _____	American Funds
2.	<input type="checkbox"/> _____ % or <input type="checkbox"/> \$ _____	Fidelity Investments
3.	<input type="checkbox"/> _____ % or <input type="checkbox"/> \$ _____	MetLife

*** NOTE: Any employee who works variable hours or who does not have a regular bi-weekly paycheck must select “% of pay.”**

Part 5a. Funding Vehicle & Amount of After-Tax Salary Reduction Contributions to the Roth 403(b):

	Amount Per Pay (select one)	Funding Vehicles (Annuity Contracts or Custodial Accounts)
1.	<input type="checkbox"/> _____ % or <input type="checkbox"/> \$ _____	Fidelity Investments
2.	<input type="checkbox"/> _____ % or <input type="checkbox"/> \$ _____	MetLife

Part 6. Employee Signature

I certify that I have read this complete agreement and provided the information necessary for Employer to administer the Plan and that my salary reductions will not exceed the elective deferral or contribution limits as determined by Applicable Law. I understand my responsibilities as an Employee under this Program, and I request that Employer take the action specified in this agreement. I understand that all rights under the annuity or custodial account established by me under the Program are enforceable solely by my beneficiary, my authorized representative or me.

Employee Signature: _____ Date: _____

Part 7. Employer Signature

Employer hereby agrees to this Salary Reduction Agreement:

Employer Signature: _____ Title: _____ Date: _____

Employee is responsible for all distributions and any other transactions with Vendor. All rights under contracts or accounts are enforceable solely by Employee, Employee beneficiary, or Employee's authorized representative. Employee must deal directly with Vendor to make loans, transfers, apply for hardship distributions, begin regular distributions, or any other transactions.

Part 3. Representation by Employee for Calendar Year:

A. Participation in other employer plans: (you must check only one)

I do not and will not have any other elective deferrals, voluntary salary reduction contributions, or non-elective contributions with any other employer.

I do participate in another employer's 403(b), 401(k), SIMPLE IRA/401(k), or Salary Reduction SEP. The following information pertains to all of my other employers for the current calendar year:

Includible Earnings \$ _____; Elective Deferrals and/or salary reduction contributions to a Roth 403(b) or Roth 401(k) plan \$ _____; Non-elective Contributions \$ _____.

B. I have not received a Hardship Distribution from a plan of this Employer within the last six months. I further agree to provide notification to Employer prior to initiating a request if I plan to elect a hardship distribution during the term of this agreement.

C. Maximum Elective Deferral or Roth 401(k)/403(b) salary reduction contribution: (you must check only one)

My elective deferral/salary reduction contribution does not exceed the Basic Limit (the lesser of my includible compensation or \$18,000).

My elective deferral exceeds the Basic Limit, however; the attached worksheets support the additional "Age 50 Catch-up provision" of \$6,000. I do not qualify for the special increased limit under the "15-year rule."

My elective deferral exceeds the Basic Limit, however; the attached worksheets support the additional Catch-up provision for the "15-year rule" and the "Age 50 Catch-up provision" for this calendar year only. I understand that amounts in excess of the basic limit shall be allocated first to the "15-year rule" and next to the "Age 50 Catch-up provision."

Part 4. Voluntary Salary Reduction Information: (Check all that apply)

- | | | | |
|--------------------------|--------------------------|-------------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | Initiate new salary reduction | Contact 403b provider for new account paperwork (see attached for vendor info) |
| <input type="checkbox"/> | <input type="checkbox"/> | Change salary reduction | This is notification to change the amount of my elective deferral to the new amount listed in Part 5. |
| <input type="checkbox"/> | <input type="checkbox"/> | Discontinue salary reduction | Please discontinue my elective deferral to the following Funding Vehicle: |

Implementation Date (next available pay on or after): _____.