

IMPORTANT BENEFIT INFORMATION

To: EMPLOYEES OF NGSC (EXCLUDING STUDENT WORKERS)

From: JERICA DAVIS – HR MANAGER

Date: JANUARY 01, 2009

Re: 403(b) RETIREMENT PLAN

If you are interested in participating in an approved 403(b) plan or making changes to your existing 403(b) plan contribution, you will be allowed to do so on a quarterly basis with the following effective dates: March 1, June 1, September 1 and December 1 so long as the enrollment or change is reported to Jerica in the Central Office prior to the 15th day of the previous month. For example, you must submit an enrollment or change by February 15 to have an effective date of March 1.

What is a 403(b)?

A 403(b) plan is a tax-deferred retirement plan available to employees of public educational institutions and certain nonprofit organizations. A 403(b) plan allows you to make pretax contributions by convenient payroll reduction and save that money for retirement.

Who can contribute to a 403(b)?

Employees of North Gibson School Corporation (excluding student workers).

Why contribute to a 403(b)?

- **Lower taxes today** – You contribute before income taxes are withheld – which means you're currently taxed on a smaller amount. This can reduce your current income tax bill. For example, if your federal marginal income tax rate is 25% and you contribute \$100 a month to a 403(b), you've reduced your federal income taxes by roughly \$25. In effect, your \$100 contribution costs you only \$75. The tax savings grow with the size of your 403(b) contribution.
- **Tax-deferred growth and compounding interest** – In a 403(b), your interest and earnings are accrued tax deferred. That means interest on your interest also grows tax-deferred. The compounding interest allows your account to grow more quickly than saving in a taxable account where interest and earnings are generally taxed each year.
- **You take the initiative** – Contributing to a 403(b) retirement plan can help you take control of your future. Other sources of retirement income, including state pension plans and, if applicable, Social Security, rarely replace a person's final salary upon retirement. That's why it's up to you to make sure you'll have enough money for retirement.

How to enroll in a 403(b) plan?

First, call Jerica in the Central Office at 812-385-4851 to obtain a list of approved current 403(b) account providers. You may wish to contact all vendors listed in order to determine which is best for you. Once you have selected a vendor and established an account with them, you must then provide a Salary Reduction Agreement (giving your consent to defer compensation) to Jerica in the Central Office. **Please contact Jerica Davis via phone at 812-385-4851 or by email jdavis@ngsc.k12.in.us if you have any questions or need assistance.**