



Cherokee County School System 403(b) Pension Plan Plan Highlights for Public School Employees

PSE 403(b) Matching Dollar Retirement Benefits

In July 2001, Cherokee County School District added a retirement benefit for employees not eligible for membership in the Teachers Retirement System (TRS). The Cherokee County School District contributes \$.50 for each \$1.00 that an eligible employee contributes to the plan, up to a maximum of 4% of the employee's annual compensation.

Who is eligible to receive matching employer matching 403(b) contributions?

Any regular (not temporary) employee working half-time or more in a position that does not qualify for participation in TRS is eligible to participate.

How do I enroll in the matching dollar benefits?

Employees hired on or after June 1, 2009 are automatically enrolled in the Plan with a 4% of pay deduction. Current eligible employees who are not participating can enroll at any time by completing the enrollment process with VALIC. Employees may decline or discontinue participation in the Plan at any time by completing and submitting a Waiver of Benefits form to the CCSD Benefits Department.

What's the advantage of the plan?

For every dollar that you contribute to the 403(b) Plan, up to 4% of your pay, the School District will make a "matching contribution" of 50 cents. For example, if you contribute \$300 during the year, you'll get a \$150 matching contribution from the School District, for a total of \$450. That's \$150 in **free money** you can put away toward retirement. Over time, matching contributions can really add up.

Are there other advantages?

Yes. You don't have to pay income tax on your 403(b) contributions, the matching contributions, or their annual earnings until you make withdrawals. Regular savings accounts available through banks don't have this "pre-tax" advantage. Also, if you leave your School District job, you can move your savings into your new employer's plan. That way, you're not starting from "retirement zero" at your new job.

Why should I enroll in the 403(b) Matching Dollar Retirement Plan — won't Social Security provide enough for me to retire?

Probably not. Most experts say that you'll need more than Social Security alone to maintain your current standard of living when you retire. In the future, you will need to rely more on personal savings to provide income for retirement.

I can save for retirement through other types of accounts, like IRA's. Why should I contribute to the School District 403(b) Plan instead?

The 403(b) matching contribution is **free money**; an IRA does not provide a matching contribution.



403(b) Matching Dollar Retirement Benefits (cont.)

When can I enroll in the plan?

Eligible employees can enroll any time.

If I don't want to join the plan now, can I join later?

Yes, you can sign up at any time. However, the sooner you start, the better, because you won't want to miss out on matching contributions from the School District.

Why is it important to start saving early?

Because your money will have longer to work for you, and when investments grow at a compounded rate, the results can be truly amazing.

For example, let's assume that Bob and Mary each contributes \$30 every two weeks to the 403(b) Plan.* Bob starts when he is age 45; Mary starts when she is 30. At age 60, Bob will have about \$23,000 in his account, while Mary will have \$100,000 — more than four times what Bob saved!

*This example assumes an annual investment return of 8%.

Do I get to choose how my contributions are invested?

Yes. The 403(b) Plan offers a number of investment funds to choose from, and you can invest in any number of them.

How much can I contribute to the plan each year?

The federal government sets the amount you can contribute to 403(b) plans each year. In 2009, you can contribute up to \$16,500 of your pay to the 403(b) Matching Dollar Retirement Plan.

How do I make contributions?

The amount you want to contribute is automatically deducted from your paycheck, spread out over the year. With regular paycheck deductions, your account keeps building, and you don't have to worry about missing a contribution. Also, because your contributions are automatic, you won't be tempted to spend the money.

Can I change the amount I want to contribute?

Employees may newly enroll, make changes or discontinue contributions in the School District tax-deferred retirement savings plan at any time. Employees can discontinue 403(b) matching dollar benefit deductions at any time by completion and submission of a Benefit Waiver form directly to the Benefits Department. Forms received after the 15th of each month may not be processed until the next payroll cycle. For new enrollments and updates, several customer service options are available as follows:

1. Enroll or update account information online at www.valic.com.
2. Enroll or update account information by phone with the assistance of a VALIC Client Service Professional at 1-888-568-2542.
3. Contact a local VALIC financial advisor by phone to schedule a face-to-face meeting:
 - a. *Paige Foster: 770-286-3529*



403(b) Matching Dollar Retirement Benefits

Who owns the money in my account?

You own all of your contributions plus any matching contributions that are “vested.”

What is vesting?

You will always own — that is, you will always be 100% vested — in contributions you make to the 403(b) Plan whether or not you continue to work for the School District. On the other hand, the amount of matching contributions that you own — in other words, that you are “vested in” — will depend on how long you have worked for the School District, as shown below:

If you have worked ...	you are ...	and the amount of matching contributions you own is ...
Less than 3 years	0% vested	0%
3 years but less than 4 years	50% vested	50%
4 years but less than 5 years	75% vested	75%
5 years or more	100% vested	100%

What if I leave my job at the School District before I am 100% vested in my 403(b) matching contributions?

You will forfeit the unvested portion of matching contributions in your account.

When can I make withdrawals from my 403(b) account?

You can withdraw money when you reach age 59½, take a loan on your account, or make a “hardship” withdrawal. In each case, you can only withdraw dollars that you contribute to the plan, not matching dollars contributed by the School District. Also, if you make a hardship withdrawal, you must pay a 10% penalty to the IRS, plus taxes.

Reason for withdrawal	Type of dollars available for withdrawal	Amount of dollars available for withdrawal	Penalty for withdrawal
Age 59½	Employee contributions only (no matching contributions)	Unlimited	No
Loan	Employee contributions only	Limited	No
Hardship withdrawal	Employee contributions only (excluding earnings)	Limited	Yes — 10%