

**FRANKLIN NORTHEAST SUPERVISORY UNION AND  
MEMBER SCHOOL DISTRICTS  
ANNUAL NOTICE TO EMPLOYEES  
CONCERNING THE SECTION 403(b) PLAN**

August 17, 2009

This Notice will serve as the employee's annual notice pursuant to Treasury Regulation § 1.403(b)-5. Specifically, under these regulations, all employees must be given an annual notice of the employee's right to participate in the School's 403(b) Plan and an opportunity to make (or change) a cash or deferred election between cash or a contribution to the Plan.

The Internal Revenue Code regulations governing Section 403 (b) Plans are complex and the tax consequences significant. Please consult with your own financial advisor. Employees should be aware of the following:

1. It is important that employees contemplating contributions to a 403(b) Plan understand that this is a personal financial investment decision for which the employee is solely responsible. Franklin Northeast Supervisory Union (FNESU) and member School Districts do not endorse, monitor, recommend, sponsor, or guarantee any Section 403(b) Plan marketed by any financial institution or investment company.
2. **Section 403(b) Providers:** Only those companies that have signed a Service Provider Agreement acceptable to the State of Vermont Teachers Retirement System are allowed to market tax sheltered 403(b) plans to FNESU and member School Districts. Currently, Great-West Life & Annuity Insurance Company is the only company meeting this criteria.
3. **Who is Eligible:** All employees of FNESU and member School Districts. Member School Districts are the: Bakersfield, Berkshire, Enosburgh, Montgomery, and Richford Town School Districts.
4. **Section 403(b) Plan:** It is the employee's responsibility to investigate and select the investment plan, understand the tax and investment consequences of the plan selected, and provide the data for determining the maximum annual contribution allowed by the IRS to Section 403(b) Plans. Employees are encouraged to seek outside investment, legal, or tax advice if necessary. Central Office staff is not available or qualified to provide this information. An IRS Publication 571 (Tax Sheltered Annuity Programs for Employees of Public Schools) is available through the Internal Revenue Service ([www.irs.gov](http://www.irs.gov))
5. **Annual Contribution Limits:** The maximum amount of the Elective Deferral under the Plan for any calendar year cannot exceed the lesser of the applicable dollar amount or the Participant's Includible Compensation for the calendar year. The applicable dollar amount is \$16,500 for 2009, and is adjusted for cost of living after 2009.
6. **Employees may be eligible for certain additional contributions as follows:**
  - a. **Catch-up Limitation for Employees with 15 Years of Service** is increased by the least of:
    - (1) \$3,000;
    - (2) The excess of:
      - (a) \$15,000, over
      - (b) The sum of:

- (1) The increases to the general limit you were allowed in earlier years because of this rule, plus
- (2) The aggregate amount of designated ROTH contributions (if applicable) for prior tax years; or
- (3) The excess of:
  - (a) \$5,000 multiplied by the number of years of service of the employee with the qualified organization, over
  - (b) The total Elective Deferrals made for the employee by the qualified organization for prior years.

**b. Age 50 Catch-up Elective Deferral Contributions:** An Employee who is a Participant who will be age 50 or older by the end of the calendar year is permitted to elect an additional amount of Elective Deferrals, up to the maximum dollar amount of age 50 catch-up Elective Deferrals for the year. The maximum dollar amount of age 50 catch-up Elective Deferrals for 2009 is \$5,500, and is adjusted for cost-of living after 2009.

- 7. **Enrollment/Amendment Periods:** Generally, an employee may enroll in the 403(b) Plan as a new hire or at any time during the year by contacting the FNESU Business Manager or Great West Retirement Services and obtaining enrollment forms from the FNESU Central Office. Any salary reduction by employees is irrevocable.
- 8. **Cancellation by the Employee:** Employees have the right to cancel their future 403(b) contributions at any time. To do so, please contact the FNESU Central Office and complete the required form to discontinue salary reductions.
- 9. **Termination of Payroll Deductions:** There are circumstances whereby an employee's 403(b) contribution will be automatically stopped by FNESU or member School Districts. If the annual contribution limit is exceeded, the payroll deduction will be automatically terminated and the employee notified. If the Service Provider notifies the District that it has no record of your 403(b) contract, the deduction will be stopped immediately in the payroll system and no further deductions will be made until the problem is resolved by the employee, and the Great West Retirement Services notifies the District (in writing) that the 403(b) contract is valid. Resolution is the employee's responsibility.
- 10. **Documentation:** FNESU maintains a written 403(b) Plan.
- 11. **Completed Documents for Submission to District:** Employees must complete, sign, and submit a Franklin Northeast Supervisory Union 403(b) Plan Salary Reduction Agreement form to the FNESU Central Office prior to the pay date for which the 403(b) contribution is to take effect. The Salary Reduction Agreement must be in a form acceptable to FNESU.

Questions concerning the 403(b) plan and this notice should be directed to the Plan Administrator, Bill Samuelson, at 802-848-7661 or [bill@fnesu.net](mailto:bill@fnesu.net).



William E. Samuelson  
FNESU Business Manager