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The Wilkes-Barre Area School District 403(b) Retirement Saving Plan—Frequently Asked Questions

What is a 403(b) and Why is it important? The 403(b) is a retirement plan available to certain employees of public schools. All full-time and part-time Wilkes-Barre Area School District employees and workers are eligible to participate in the 403(b) plan. The 403(b) is named after the section of the IRS code regulating the plan. 403(b) plans can be an excellent way to save money for retirement. Often times it can serve as a supplement to a traditional pension plan or other retirement plan (s), or as a stand-alone plan. *Please Note: All accounts must be established by contacting the investment vendor directly.* Once your account has been established, please complete a Salary Reduction Agreement form indicating your deferral contribution on a payroll basis.

How does a 403(b) Plan Work? Employees enroll and participate through the Wilkes-Barre Area School District Sponsored 403(b) Plan. Contributions to a 403(b) are made on a pre-tax basis through a Salary Reduction Agreement. This is an arrangement where the participating employee agrees to take a reduction in salary. The amount by which the salary is reduced is directed to investments offered through the WBASD and selected by the employee. These contributions are called elective deferrals and are excluded from the employee's taxable income. Contributions grow tax-deferred until the time of retirement, when withdrawals are taxed as ordinary income. A 403(b) plan allows participants to take distributions at the attainment of age 55 and separated from service, unlike most other retirement plans that require the participant to attain the age of 59 1/2 years old.

What type of Investment Accounts are available under the 403(b) Plan?

403(b)(7) Custodial Accounts This is the name of the 1974 addition to the IRS code allowing participants to invest directly in mutual funds through a custodial account. Throughout this document “the 403(b)” will refer to a 403(b) plan allowing investment in both annuity products and mutual funds.

Tax-Sheltered Annuities (TSA) The 403(b) is also known as a tax-sheltered annuity, but this is an outdated expression. It can give the impression that participants can only invest in annuity products, which was the case when section 403(b) was first added to the IRS code. However, since 1974, participants have also been able to invest in mutual funds through a 403(b)(7) custodial account. Throughout this document “the 403(b)” will refer to a 403(b) plan allowing investment in both annuity products and mutual funds.

Roth 403(b) This is a provision that permits employees to irrevocably designate all or a portion of their 403(b) as an after-tax Roth contribution. This type of contribution will not lower the employee's taxable income. However, distribution of Roth designated funds in retirement will not be subject to taxation. Participants have the option of making pre-tax 403(b) contributions, Roth 403(b) contributions, or as a combination of the two. Total contributions cannot exceed the year's contribution limit.

Who are the Qualified Investment Vendors under the Wilkes-Barre Area School District Retirement Savings Plan?

- Ameriprise Financial (ID# 102545)
- Assurant
- AXA-Equitable (Unit #: 075170 001)
- Franklin Templeton
- Horace Mann—Al Papada/570-606-3883
- Kades-Margolis—Ed DeMichele/800-433-1828 Ext. 156
- Lincoln Investment—Patrick Reilley/570-799-0639
- Metropolitan Life (Group #: 0023645)
- New York Life-570-822-1141(ID: 94273)
- Prudential (Plan #: PB29252)
- Security Benefit (Plan ID: 0010964147)
- Thrivent Financial (ID# 002458540-001)
- UMB Bank (Employer#: 024088500)
- Vanguard (Plan #: 10000442)

What Role does DeHEY McANDREW have in your Retirement Savings Plans? DeHEY McANDREW, LLC, 101 South Main Avenue, Scranton, PA 18504 is the Third Party administrator of the Wilkes-Barre Area School District 403(b) Salary Reduction Retirement Savings Plans. DeHEY McANDREW serves as the Plan's Third Party Administrator providing plan oversight and administration. DM is available to all Plan Participants for answering any questions regarding your 403(b) Plan. All plan related transactions, which include all distributions, hardships, loans, transfers and rollovers and the processing of Salary Reduction Agreements for your contributions (all transactions other than investment decisions) must be approved by DeHEY McANDREW. Please contact DeHEY McANDREW at (570) 346-9960 or by facsimile to (570) 346-3411 with any questions or transaction requests.