

403(b) Plan Universal Availability Notice

Northcentral Arkansas ESC

Plan Administration services provided by Advanced Consulting Group, Inc. (ACGI)



What is a 403(b) Plan?

A 403(b) Plan, also known as a Tax-Sheltered Annuity (TSA) plan, is a qualified retirement plan for employees of certain tax-exempt, governmental organizations or public education institutions. Your employer sponsors this 403(b) Plan to provide eligible employees an opportunity to save for retirement and other long-term financial needs on a tax-deferred basis.

Eligibility

Most employees are eligible to participate in the 403(b) Plan upon employment. However, if you fall into one or more of the following categories, you will need to contact ACGI to verify that you can participate in the 403(b) Plan prior to enrolling:

- Student Teacher: An employee who is a student performing services under a qualified work-study program described in Section 3121(b)(10) of the Internal Revenue Code.
- Certain part-time employees: Any employee who normally works less than 20 hours per week and less than 1000 hours per any 12-month period.
- Non-Resident Alien with no U.S. source income.

Enrollment

Eligible employees who wish to participate in the 403(b) Plan must first establish an account with an approved vendor. Once established, a Salary Reduction Agreement (SRA) form must be completed and submitted to your *employer's benefits coordinator*. This form authorizes your employer to withhold contributions from your pay and send those funds to your vendor. Please contact ACGI for an approved vendor list.

Contributions

Pre-tax: An eligible employee can participate in the 403(b) Plan by making pre-tax contributions through salary reduction, which reduces the employee's taxable income. Taxes on contributions and any earnings are deferred until the participant withdraws their funds.

Roth: Contributions made to this type of 403(b) account are after-tax and the employee's income taxes are not reduced. Earnings are not taxed as long as they remain in the account for five years from the date of the first Roth contribution.

Once started, contributions continue until modified or revoked by the employee. Contributions can start, stop or be changed at least once per year. Please contact ACGI or your *employer's benefits coordinator* for dates of when changes can be made. A SRA form is available on our website at <https://www.acgiserve.com>.

Contribution Limits

Basic Elective Contribution Limit: You may contribute up to \$20,500 to a 403(b) Plan in 2022 and \$22,500 in 2023, this amount is subject to change annually. If you have both a pre-tax account and a Roth after-tax account, your total combined contributions to the Plan cannot exceed \$20,500 in 2022 and \$22,500 in 2023.

Age 50+ Catch-up Contribution: If you will be 50 years old or older during the calendar year, you are eligible to contribute an additional \$6,500 for a total of \$27,000 in 2022 and an additional \$7,500 for a total of \$30,000 in 2023. This amount is subject to change annually.

15 Years of Service Catch-up Contribution: If you have completed at least 15 years of service with your employer, you may be eligible to make additional catch-up contributions. For a detailed explanation of this catch-up contribution, please contact ACGI.

The Internal Revenue Service regulations limit the amount participants may contribute annually to retirement plans and impose penalties for going over these limits. ACGI monitors 403(b) Plan contributions and notifies the employer in the event of an excess contribution.

415(c) Limitation - Aggregation Rule for 403(b) Plans

If you make contributions to both this 403(b) Plan and another retirement plan sponsored by a company where you own or control 50% or more of that company, please contact ACGI to discuss further. Internal Revenue Service regulations require that your contributions under both plans be combined for certain compliance testing to ensure you do not exceed the maximum annual limit.

Failure to provide this information and exceeding the contribution limits may lead to disqualification of this 403(b) Plan as well as any other participant-owned plans in which you participate, and may lead to adverse tax consequences for you and other participants in all affected plans.

Distributions from the Plan

Generally, a distribution cannot be made from a 403(b) account until one of the following occurs:

- Attainment of Age 59 1/2
- Severance from Employment
- Retirement
- Total Disability
- Death of Participant
- Qualified Birth or Adoption Distribution
- Financial Hardship Withdrawal

Loans

If permitted by your vendor, you may be eligible to take a loan from your 403(b) account. The loan amount approved may be less than the amount allowed by your vendor.

Disclosure

Election to enroll in the 403(b) Plan is voluntary. Employees are responsible for their choice of vendor(s) and expected tax consequences as a result of participating in the 403(b) Plan. This Notice is to provide general information regarding the Plan and does not constitute tax, legal or financial advice. Employees should seek advice from professionals who specialize in these areas.

For more information, please contact:

Plan Administration services provided by:



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457(b) Plan Information

Northcentral Arkansas ESC

Plan Administration services provided by Advanced Consulting Group, Inc. (ACGI)



What is a 457(b) Plan?

A 457(b) Plan, also known as a Deferred Compensation Plan, is an employer sponsored retirement plan that is offered to state and local governments and certain tax-exempt entities. Your employer sponsors this 457(b) Plan to provide eligible employees with an opportunity to save for retirement on a tax-deferred basis. A 457(b) Plan is similar to a 403(b) Plan, but there are a few key differences outlined below.

Eligibility

All employees, except for independent contractors, are eligible to participate in the 457(b) Plan upon employment.

Enrollment

Eligible employees who wish to participate in the 457(b) Plan must first establish an account with an approved vendor. Once established, a Salary Reduction Agreement (SRA) form must be completed and submitted to your *employer's benefits coordinator*. This form authorizes your employer to withhold contributions from your pay and send those funds to your vendor. Please contact ACGI for an approved vendor list.

Contributions

Pre-tax: An eligible employee can participate in the 457(b) Plan by making pre-tax contributions through salary reduction, which reduces the employee's taxable income. Taxes on contributions and any earnings are deferred until the participant withdraws their funds.

Roth: This Plan does not currently allow for Roth contributions.

Once started, contributions continue until modified or revoked by the employee. Contributions can start, stop or be changed at least once per year. Please contact ACGI or your *employer's benefits coordinator* for dates of when changes can be made. An SRA form is available on our website at <https://www.acgiserve.com>.

Contribution Limits

Basic Elective Contribution Limit: You may contribute up to \$20,500 to a 457(b) Plan in 2022 and \$22,500 in 2023, this amount is subject to change annually.

Age 50+ Catch-up Contribution: If you will be 50 years old or older during the calendar year, you are eligible to contribute an additional \$6,500 for a total of \$27,000 in 2022 and an additional \$7,500 for a total of \$30,000 in 2023. This amount is subject to change annually.

Special Last 3-year Catch-up Contribution: During the three years before you attain age 65, you may be eligible to contribute unused contributions that were not contributed in prior years. You may not use this catch-up while using the Age 50+ catch-up. For a detailed explanation of this catch-up contribution, please contact ACGI.

The Internal Revenue Service regulations limit the amount participants may contribute annually to retirement plans and impose penalties for going over these limits. ACGI monitors 457(b) Plan contributions and notifies the employer in the event of an excess contribution.

Contributions to both 457(b) and 403(b) Plans under this Employer

If you contribute to both a 457(b) and 403(b) Plan through this employer, you may contribute the maximum limit to each plan. Contribution limits for a 457(b) Plan are independent of contribution limits for a 403(b) Plan.

Distributions from the Plan

Generally, a distribution cannot be made from a 457(b) account until one of the following occurs:

- Attainment of Age 59 1/2
- Severance from Employment
- Retirement
- Total Disability
- Death of Participant
- Qualified Birth or Adoption Distribution
- De Minimis Distribution
- Unforeseeable Emergency Withdrawal

Loans

If permitted by your vendor, you may be eligible to take a loan from your 457(b) account. The loan amount approved may be less than the amount allowed by your vendor.

Disclosure

Election to enroll in the 457(b) Plan is voluntary. Employees are responsible for their choice of vendor(s) and expected tax consequences as a result of participating in the 457(b) Plan. This Notice is to provide general information regarding the Plan and does not constitute tax, legal or financial advice. Employees should seek advice from professionals who specialize in these areas.

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