

Fair Lawn Public Schools

Annual 403(b) and 457 Plans Notice

2020/2021 Plan Year

The “**403(b) and 457 Plans**” have been adopted to help our employees save for retirement. As an employee, you may make Salary Deferrals if you are eligible to participate under the Plans. This Annual 403(b) and 457 Plans Notice provides important information relevant to your participation in the Plans.

Notice of Universal Availability

This *Annual Notice of Universal Availability* describes your right to make Salary Deferrals, the procedures for electing to make Salary Deferrals Reduction Contributions and the tax advantages of making contributions to the Plans.

Eligibility to Participate. The Plans are special types of retirement plans described under Sections 403(b) and 457 of the Internal Revenue Code. A “403(b) Plan” and a “457 Plan” are subject to the universal availability requirement which requires that all employees (with certain exceptions) are eligible to make voluntary contributions to the Plans. These contributions are called Salary Deferrals. To make Salary Deferrals, you must complete a Salary Reduction Agreement designating the amount you want to have withheld from your paycheck and deposited into the Plan(s). You will also need to complete additional enrollment forms provided by the approved investment provider that you elect to have hold and invest your contributions.

Salary Deferral Limits. You may make Salary Deferrals up to \$19,500 in 2020 and 2021 (unless otherwise limited under the Plan). This annual Salary Deferral limit is subject to change each year. In addition, this limit may be increased if you are eligible to make “catch-up” contributions under the Plan.

Tax Advantages. If you elect to make Salary Deferrals to the Plan(s), you may make these contributions on a pre-tax basis, or on an after-tax basis (also referred to as Roth contributions).

- **Pre-tax contributions** – If you elect to make Salary Deferrals on a pre-tax basis, the amounts deferred (and any earnings on those amounts) generally will not be subject to income taxes until the amounts are distributed from the Plan. Upon distribution, such amounts are taxed as ordinary income.
- **Roth contributions** – You may also elect to make Salary Deferrals on an after-tax basis (i.e., such contributions are subject to income tax at the time contributed to the Plan) as Roth contributions. Such contributions (and earnings) will not be subject to income taxes when distributed from the Plan, if certain conditions are satisfied. Generally, the conditions are that at least five (5) years have passed since you began to make Roth contributions and the distribution is a “qualified distribution”. For this purpose, a qualified distribution is a distribution made due to your attainment of age 59½, death or disability.

Notice of Required Contribution Aggregation If You Are “In Control” of Another Business

Under IRS rules, in certain situations, Plan participants must aggregate Salary Deferrals and other amounts contributed to this Plan and other “qualified retirement plans” to determine whether they are within the maximum annual contribution limits under the law. If you meet all of the conditions below, the Internal Revenue Service requires that you contact the Plan Administrator to review whether or not you have exceeded your maximum annual contribution limit. *Failure to provide the Plan Administrator with certain necessary and correct information may result in adverse tax consequences, including your inability to exclude the amounts contributed to this Plan from your taxable income.*

You must notify the Plan Administrator if you meet all the following conditions:

- You make contributions to this Plan,

- You are “in control” of another company, and
- The other company maintains a “qualified retirement plan” and makes contributions to your account.

What does it mean to be “in control” of another company?

For you to be considered “in control” of another business, you generally must have a significant ownership interest in the other business. For example, you own 100% of a business that is separate from Fair Lawn Public Schools. Determining whether you are ‘in control’ of another business is complicated. Your tax advisor can assist you in making this determination.

Example: You are a teacher that participates in this Plan and you also own more than 50% of a consulting business. You are considered to be “in control” of the outside business.

What types of retirement plans fall within the meaning of a “qualified retirement plan?”

For this purpose, a “qualified retirement plan” includes certain defined contribution plans that receive special tax benefits under the Internal Revenue Code. These include defined contribution plans that qualify under Code §401(a) (such as a profit sharing, 401(k) or money purchase plan), another 403(b) plan, or a simplified employee pension (SEP) plan.

What is the maximum annual contribution limit?

The maximum annual limit for 2020 generally is \$57,000 and for 2021 is \$58,000. This annual limit is subject to change each year. However, certain participants (such as those who are at least age 50) may have a higher limitation, if provided for under the Plan.

What amounts are counted for purposes of determining whether you exceed the maximum annual contribution limit?

The following amounts are counted towards the maximum annual contribution limit:

- Employer contributions (including matching contributions and SEP contributions)
- Salary deferrals
- After-tax contributions
- Certain other amounts allocated to your account (this does not include earnings or rollover amounts)

Additional information. If you would like additional information regarding your right to make Salary Reduction Contributions under the Plan or the requirements for required contribution aggregation if you are “in control” of another business, please contact:

Fairlawn Board of Education / Benefits Office
 Joanna Mickle
 201-794-5500 ext. 7011

If you wish to enroll or change your enrollment/contribution amount contact the below listed vendor of your choice:

AXA Equitable	Leo Walsh Michael Cantin	732-452-7280 - leo.walsh@equitable.com 732-452-7252 - michael.cantin@equitable.com
Lincoln Investment	R. Scott Wands	800-528-8924 - swands@LincolnInvestment.com 908-276-1400
Valic and 529 College plan	Henry Falquez	973-513-0400 - Henry.Falquez@aig.com
Security Benefit	Adam Skot Kyle Carrocino	800-992-5408 - adam@guidelinefs.com - kyle@guidelinefs.com