

403(b) Newsletter



IMPORTANT CARES ACT DISTRIBUTION INFORMATION THROUGH DECEMBER 31, 2020

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law. The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, is a law intended to address the economic fallout of the COVID-19 pandemic in the United States. Employees may take a Coronavirus-Related Distribution or Loan based on the following events:

- is diagnosed, or whose spouse or dependent is diagnosed, with the virus SARS-CoV-2 or the coronavirus disease 2019 (collectively, "COVID-19") by a test approved by the Centers for Disease Control and Prevention (including a test authorized under the Federal Food, Drug, and Cosmetic Act); or
- experiences adverse financial consequences as a result of the individual, the individual's spouse, or a member of the individual's household (that is, someone who shares the individual's principal residence):
 - being quarantined, being furloughed or laid off, or having work hours reduced due to COVID-19;
 - being unable to work due to lack of childcare due to COVID-19;
 - closing or reducing hours of a business that they own or operate due to COVID-19;
 - having pay or self-employment income reduced due to COVID-19; or
 - having a job offer rescinded or start date for a job delayed due to COVID-19.
- Other qualifying events may include:
 - A participant whose pay or self-employment income is reduced due to the pandemic, or who has had a job offer rescinded or a new job's start date delayed due to COVID;
 - A business owned or operated by the participant's spouse or a member of the participant's household has closed or reduced hours.

CARES ACT Coronavirus-Related Distribution Information:

- Distributions between 1/1/2020-12/31/2020
- Maximum withdrawal amount is \$100,000 per individual
- The CARES Act waives the 10% early withdrawal penalty and 20% withholding for coronavirus related distributions of up to \$100,000 across all qualified retirement plans
- Income taxes can be paid over a 3-year period unless the individual elects otherwise

- Does not have to meet other distributable events under plan (59 ½, severance from employment, etc)

May I repay a coronavirus-related distribution?

- In general, yes, you may repay all or part of the amount of a coronavirus-related distribution to an eligible retirement plan, provided you complete the repayment within three years after the date that the distribution was received. If you repay a coronavirus-related distribution, the distribution will be treated as though it were repaid in a direct trustee-to-trustee transfer so that you do not owe federal income tax on the distribution.

CARES Act Related Loan Information:

The eligible maximum loan limits have increased from 50% of vested account balances up to \$50,000, to 100% of vested account balances up to \$100,000. Collateralized loan limits will be lower. Your employer's plan must allow loans, and you must meet a coronavirus-related eligibility requirement to take this type of loan. The deadline to request a loan for the increased amount due to the CARES Act is September 22, 2020.

- If a loan is outstanding on or after March 27, 2020, and any repayment on the loan is due from March 27, 2020, to December 31, 2020, that due date may be delayed under the plan for up to one year.

Required Minimum Distributions:

- Required Minimum Distributions (RMDs) from IRAs, 401(k)s, 403(b)s and other retirement plans have been suspended for 2020.
- The age for required minimum distributions will increase from 70½ to 72.
- The CARES Act that passed in late March 2020 in response to COVID-19, gives taxpayers the option not to take an RMD in 2020. If you don't need the money this year, you can hold off on an RMD until next year.
- If you turn 70½ in 2020 or later, you won't have to take an RMD until you reach age 72 or retire

Please contact First Financial Administrators, Inc for additional information. 800.523.8422

Universal Availability Notice

First Financial Group of America

Act Now to Maximize Your 403(b) Contributions

In compliance with the requirements of IRC §403(b)(12)(A)(ii) this Notice will advise you of the voluntary 403(b) Program established and maintained for the benefit of all employees.

Now is the time to act if you wish to maximize your pre-tax contributions to the 403(b) Plans or make changes for this calendar (taxable) year. Go to www.ffga.com to view your employers' retirement plan options and availability.

Eligibility - All employees who are employed by the Employer, including full and part-time employees.

Contributions - When you enroll in the program, the amounts you designate as salary deferrals are withheld from your wages and forwarded to an investment provider of your choice. Several types of contributions may be available in your plan:

Pre-Tax Salary Deferrals: These are amounts contributed into a 403(b) Plan that are deferred from your paycheck before federal income taxes are applied.

Roth Salary Deferrals: (If your plan allows) These amounts are also deferred from your paycheck, but are subject to federal income taxes. When you withdraw monies from a Roth plan the funds may be excluded from taxation. Special rules apply to Roth contributions and you should contact your tax advisor before electing this option.

For 2020, you may defer from your wages, a maximum of \$19,500 to all 403(b) plans unless you will reach 50 years of age during the year. In that case, you would be eligible to contribute an additional \$6,500. Deferrals may not exceed 100% of your wages.

Rollovers: (If your plan allows) You may also rollover funds from another employer's plan if you receive an eligible rollover distribution.

Plan Investment Options - Your contributions to the 403(b) Plan must be made to an investment provider approved by your Employer. Before enrolling in the plan, you must first establish an account with one of the Providers listed. Once you have executed an investment contract and established an account, you can begin making contributions.

Assistance - You may enroll in the plan or receive assistance with these provisions by contacting the plan's Third Party Administrator, First Financial Administrator, Inc. or a representative for one of the plan's Investment Companies listed on www.ffga.com.

Additional information about the provisions and options in your plan are available by contacting First Financial Administrators at (800) 523-8422 or from the plan's web site, www.ffga.com.

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403(b) Retirement Plan

The tax structure of a 403(b) is similar to 401k. As you make contributions through your salary, on a pre-tax basis, they attract interest. It is when you start receiving monthly payments from the plan on maturity that you are required to pay taxes, just like any other ordinary income. This is why 403(b) is also known as Tax Sheltered Annuity (TSA). This plan is popular among non-profit organizations, and employers opt for it, as it is exempt from Employer Retirement Income Security Act which allows the employer to offer this plan to all employees.

Questions? Contact First Financial at
(800) 523-8422 or visit us at www.ffga.com.



403(b) FAQ



FIRST FINANCIAL ADMINISTRATORS, INC | 2020-2021

Sometimes areas of the financial realm such as retirement savings can be a tad confusing. So, we wanted to provide you the answers to some of the more frequent questions we are asked. You will find answers to questions ranging from opening an account to reaching retirement and withdrawing your funds.

FREQUENTLY ASKED QUESTIONS

What Is A 403(b) And Why Is it a Good Idea To Contribute To One?

403(b) retirement plans are a great way to start saving for your retirement. 403(b) is a supplemental retirement plan, much like the public sector's 401(k), that allows you to save additional funds in conjunction with your state retirement. Each pay period, contributions are withheld from your paycheck (amount elected by you) and submitted into your 403(b) account. This allows your investment earnings to grow tax-deferred until withdrawal and also allows you to take advantage of a savings tax credit.

How Do I Open A 403(b) Account?

Good news, you can enroll with a 403(b) year-round! The best way to start is by visiting our website at www.ffga.com. From the homepage, click "View Employer Retirement Plans" then enter employer name. This will allow you to:

- View a list of available investment providers in your employer's plan and their phone number
- Search for 403(b) agents
- Locate the FFGA Salary Reduction Agreement (SRA) and other forms
- View employer plan options regarding transactions, contributions, contacts, etc.

Steps to open an account and start contributions

1. **Decide what investment company from the list of authorized providers, you would like to contribute to.** Contact the company for instruction or if you are unsure, use the agent search tool on our website to find an agent that can help you decide.
2. **Establish an account with a provider** with the help of your agent.
3. **Complete the Salary Reduction Agreement**, once your account is established, and fax the form to 866-265-4594. This form allows your employer to withhold 403b contributions from your paycheck, which will be sent to the investment company of your choice.

First Financial Administrators, as your employer's Third-Party Administrator, has retirement specialists that can help you at any point in your process, just give us a call at 1-800-523-8422 and we will be happy to help.

How Much May I Contribute Per Year?

2020 contribution limits allow you to max out at \$19,500.00 if you are 49 years or younger. If you are age 50 and older, you are eligible to make "catchup contributions" making your maximum amount per calendar year \$26,000.00.

May I Rollover/Transfer Funds From An Old Employer's Plan To My 403(b)?

Yes, if your employer's plan allows for rollovers and transfers into the plan. Check our website to see what your employer offers on the plan.

May I Rollover/Transfer My Funds To Another Account Such As a 401(k), IRA, 457, Etc.?

Yes, if your employer's plan allows for rollovers and transfers, and you have met a qualifying event, you may move your funds to another qualified plan. Check our website to see what your employer offers on the plan.

May I Stop Or Change My Contributions?

In order to make changes to your contributions, you will need to fill out and submit a Salary Reduction Agreement (the same form used to start contributions). You may stop, increase, or decrease at any time during the year according to your employer's payroll schedule and the date changes are due for each pay date. You may give us a call at 1-800-523-8422 or visit our website at www.ffga.com to determine the due dates for your employer.

May I Withdraw Money In the Case Of A Financial Hardship?

Hardship distributions allow you to withdraw funds from your 403(b) (if allowed in your employer's plan) if you have a financial need that cannot be met by other reasonably available resources for the following reasons:

- Medical Bills
- College Tuition for you or a qualified dependent
- Purchase of a Primary Residence
- Eviction/Foreclosure
- Funeral Expenses for spouse, child, dependent, or parents

These expenses must be unpaid at the time of request in order to be approved for a Hardship Distribution. Your expenses cannot be reimbursed.

When May I Receive a Distribution?

Keep in mind that 403(b) plans are intended as a savings for retirement and should not be viewed as a simple savings account. For this reason, the IRS has certain "qualifying events" in order to withdraw your funds from a 403(b), like many other retirement accounts. However, if your employer's plan allows, you may take a loan or a hardship distribution (IRS guidelines apply), if the need arises. Please be sure to seek advice from your tax advisor before proceeding with any transaction.

Qualifying Events

1. Severance from employment
2. Age 59 1/2
3. Disability
4. Death
5. Hardship (guidelines apply)