



# SOUTHINGTON PUBLIC SCHOOLS

November 6, 2008

To: All Employees

From: Sherri DiNello, Business Manager

RE: **403(b) Regulations**

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On July 26, 2007, the IRS published final 403(b) regulations which apply to retirement savings arrangements sponsored by public schools and will generally be effective starting January 1, 2009. The final regulations include a comprehensive update of 40 years of requirements under Section 403(b) and include new requirements as outlined below:

- Develop a written plan document outlining the provisions allowed under the school's 403(b) Plan.
- Monitor contribution limits and special catch-up elections for each participant.
- Enter into administrative agreements with providers offering investment opportunities under the 403(b) plan to ensure that all IRS rules are met.
- Based on each investment provider's willingness to comply with the school's 403(b) plan guidelines and IRS regulations, determine what investment providers will be approved for ongoing contributions and transfers as of January 1, 2009.
- Monitor and approve hardship, loan and withdrawal requests based on IRS guidelines.
- Monitor loan balances for participants utilizing multiple investment providers to ensure loan balances do not exceed maximums set by IRS guidelines.
- Notify all eligible employees at least annually of eligibility to participate in the Southington Public Schools 403(b) Plan and the current contribution limits.

To assist a school district in complying with the new IRS regulations, each district has the option of working with a Third Party Administrator to outsource much of the administrative responsibilities to ensure the plan is in compliance with the IRS guidelines. Southington Public Schools has chosen *Planwithease.com*, a subsidiary of ING Life Insurance and Annuity Company, as their Third Party Administrator and will be working closely with

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*Planwithease* to finalize the details of the Southington Public Schools 403(b) Plan before the end of the 2008 year.

As mentioned in the above bulleted points, each investment provider will need to enter into an information sharing agreement with the district agreeing to share information necessary to comply with the IRS guidelines. In addition, each investment provider will need to agree to work with *Planwithease* as they administer our plan. The Southington Public Schools has sent agreements to each investment provider currently receiving contributions asking them to participate in the plan as of January 1, 2009. Each investment provider is being given ample time to review and sign an information sharing agreement. In the event that an investment provider decides not to participate in the Southington Public Schools 403(b) Plan they will no longer be an approved provider and will not be able to receive 403(b) contributions as of January 1, 2009. Affected participants will be notified in late November and will be given the option to enroll into another approved provider in the district in order to continue making contributions after January 1, 2009. These participants will have the option to leave their account balance with the old provider or transfer it to one of the approved providers.

The Southington Public Schools wishes to continue to offer a 403(b) Retirement Plan to its employees and will be working diligently over the next couple months to comply with the new IRS guidelines. If you have any questions, please contact the Board of Education Business office.

SPD/lb

C: Dr. Erardi, Superintendent of Schools  
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