

RIVERVIEW GARDENS SCHOOL DISTRICT

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Important Notice to Employees of Riverview Gardens School District Regarding Changes to your 403(b) Plan

Clive Coleman, Ph.D.
Superintendent

Erica May
Business Manager
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We have chosen CPI Qualified Plan Consultant, Inc. to provide Common Remitter and Compliance Services for our 403(b) plan. With the finalization of the 403(b) regulations, we felt it was important to out-source this work, in order to assist with keeping our plan in compliance with the ever-changing rules.

CPI will be assisting Riverview Gardens School District starting with the remittance of contributions to the investment vendors. They will also test limits and provide a compliance umbrella that ensures loans, hardship withdrawals and transfers are made correctly, if allowed by the plan.

Right to Make Elective Deferrals

You have the right to make elective deferrals to the 403(b) plan sponsored by your employer. If you wish to start making elective deferrals to a current vendor, contact me, Erica May, Business Manager at (314) 869-2505 ext. 2420. (Note: It is possible there will be upcoming changes to the vendors approved to receive contributions and that some of the current vendors will be removed if they choose not to sign a new vendor agreement.)

In 2012, you can make elective deferrals up to \$17,000. As this amount is subject to cost of living increases as set by the government, this amount will increase over time. In addition, if you have met certain conditions, you may have the opportunity to contribute above the deferral limit. These contributions are known as "catch-up contributions." The first catch-up contribution is the "Age-50 Catch-up Contribution". If you are at least age 50 by the end of a calendar year, you have the ability to contribute an additional \$5,500 a year starting in that year. This amount is also subject to cost of living increases as set by the government, so it will increase over time. The second catch-up contribution is known as the "15 Year of Service Catch-up Contribution". If you have at least 15 years of service with Riverview Gardens School District you may be eligible to contribute up to \$3,000 a year above the deferral limit until the amount of the additional catch-up contributions made using this special rule equals \$15,000. If you are eligible for both catch-up contributions, you may be eligible to contribute up to \$8,500 a year above the deferral limit.

Approved Vendors

In order to keep in compliance with 403(b) Regulations you will only be allowed to make 403(b) payroll deduction contributions to approved vendors after 07/01/2012. As of June 30, 2012, payroll deduction contributions made to vendors not on the approved list will cease.

Approved Vendors:

American Fidelity Assurance Company
AXA Equitable
First Investors Corporation
Horace Mann Companies
ING Reliastar
MetLife
MetLife Investors
Vanguard Group
Vantage Credit Union

Special Administrative Board: • Lynn Beckwith, Jr., Chair, C.B.M. • Mrs. Veronica Morrow-Reel, Vice-Chair, C.B.M.
• Mark Tranel, Secretary/Treasurer, C.B.M.

If you are making 403(b) contributions to an unapproved vendor(s), you will need to select a new vendor(s) from the list and re-enroll in the plan in order to continue making contributions. You will need to contact the selected vendor and complete any forms that they might require. If you need contact information for any vendors listed please contact me at (314) 869-2505 ext. 2420.

Loans and Hardship Withdrawals

If your plan allows for loans and hardship withdrawals, until CPI begins remitting contributions to the approved vendors, you should continue to obtain them directly from your vendor(s). However, once CPI starts remitting the contributions, to ensure that the requirements for loans and hardship withdrawals are met, you will need to obtain a voucher from CPI prior to receiving a loan or hardship withdrawal. The voucher can be obtained through the CPI Participant Web Site. If you do not have access to the internet, you can contact the CPI Participant Service Center at (877) 488-4040 or send an e-mail to Participant.ServiceCenter@cpicrs.com to obtain a paper copy of a Voucher Request. This voucher will need to be provided to your vendor(s) along with their standard forms. The voucher is needed to inform your vendors that you have met the regulatory requirements. The voucher does not guarantee that a loan or hardship withdrawal can be made, as each vendor may apply additional restrictions, just that you have met the regulatory requirements to receive a loan or hardship withdrawal.

Ability to Transfer Assets

Under existing rules, you generally have had the ability to transfer assets on a tax-free basis from your existing 403(b) plan accounts to other vendors within the 403(b) plan. However, with the issuance of the final 403(b) regulations, the Internal Revenue Service has imposed changes that may affect your ability to transfer assets.

After September 24, 2007, a transfer from one vendor to another vendor within the same plan is only allowed if the vendor to which you wish to transfer assets has entered into or will enter into a written agreement with your employer by January 1, 2009. This type of transfer is referred to as a contract exchange.

If you wish to do a contract exchange, you will need to obtain a voucher. Please contact the CPI Participant Service Center at (877) 488-4040 or send an e-mail to Participant.ServiceCenter@cpicrs.com to find out if your employer has obtained a signed agreement with the vendor to which you wish to transfer assets and to also obtain a copy of the Voucher Request. If the vendor does not sign an agreement and you still choose to make a transfer, your transfer will fail to comply with the new requirements and cause the loss of the tax-qualified status of the money transferred to the vendor.

If your transfer is approved, you will be provided with a transfer voucher, which will need to be provided to the vendor along with the vendor's transfer request forms.

It is important that you **do not** transfer any assets without first obtaining a voucher. Any transfer that is made that does not comply with the final regulations could cause the loss of the tax-qualified status of the money transferred to the vendor. If this happens, the money will become taxable to you.

If you have any questions concerning the ability to do a contract exchange, please contact the CPI Participant Service Center at (877) 488-4040 or send an e-mail to Participant.ServiceCenter@cpicrs.com.

CPI Participant Web Site

Once CPI starts remitting contributions to the plan's vendors, you will have access to your Participant Web Site. Through this web site, you will be able to enroll in the plan, make changes in the amount of your elective deferrals, make changes in your vendors, and request vouchers for loans, hardship withdrawals and transfers.

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As soon as we know who the approved vendors are and start remitting contributions, we will provide you with the list of these vendors along with information for accessing the CPI Participant Web Site.

Thank you for your support as Riverview Gardens School District moves forward in providing the best possible benefit for our employees.

Sincerely,

Erica May
Business Manager