What is a 403(b) Tax Sheltered Annuity Plan?

A 403(b) Tax Sheltered Annuity plan is an IRS approved retirement plan for employees of public schools, employees of certain tax-exempt organizations, and certain ministers that allows employees to have funds withdrawn from their paychecks on a pre or post tax basis for retirement. Individual accounts in a 403(b) plan can be any of the following types.

- An annuity contract, which is a contract provided through an insurance company,
- A custodial account, which is an account invested in mutual funds

What Are the Benefits of Contributing to a 403(b) Plan?

- You do not pay income tax on allowable contributions until you begin making withdrawals from the plan, usually after you retire. If your contributions are made to a Roth contribution program, this benefit does not apply. Instead, you pay income tax on the contributions to the plan but distributions from the plan (if certain requirements are met) are tax free.
- Earnings and gains on amounts in your 403(b) account are not taxed until you withdraw them.
- You may be eligible to take a credit for elective deferrals contributed to your 403(b) account.

EDUCATION CONNECTION’s 403(b) plan has approved the following investment providers:

- ING
- AXA Equitable
- The Hartford
- MetLife
- Ameriprise
- Oppenheimer
- Franklin Templeton

You may use any Financial Advisor who has a relationship with any of the above noted providers. EDUCATION CONNECTION cannot recommend a financial advisor for you. If you do not currently work with a financial advisor, you can contact the providers noted above and ask them to put you in touch with a local advisor:
<table>
<thead>
<tr>
<th>Provider</th>
<th>Website</th>
<th>Phone Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>ING</td>
<td><a href="https://home.ingdirect.com/">https://home.ingdirect.com/</a></td>
<td>877-464-0292</td>
</tr>
<tr>
<td>The Hartford</td>
<td>Email Ray Powell - <a href="mailto:rayw@rwenterprises.com">rayw@rwenterprises.com</a></td>
<td>203-758-5700</td>
</tr>
<tr>
<td>Ameriprise</td>
<td><a href="http://www.ameriprise.com">http://www.ameriprise.com</a></td>
<td>800-297-7378</td>
</tr>
<tr>
<td>Oppenheimer</td>
<td><a href="https://www.oppenheimerfunds.com/investors/">https://www.oppenheimerfunds.com/investors/</a></td>
<td>800-225-5677</td>
</tr>
<tr>
<td>Franklin Templeton</td>
<td><a href="https://www.franklintempleton.com/">https://www.franklintempleton.com/</a></td>
<td>800-632-2301</td>
</tr>
</tbody>
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Summary of Plan Provisions

- **Eligible Employees:** All Employees, effective at date of hire

- **Employee Contribution Amounts:** Annual contribution amounts as defined by the IRS contribution limits each year.

  - **2012 contribution limits:**
    - $17,000 if under the age of 50 in 2012
    - $22,500 if 50 or over in 2012 (Age 50 catch-up contribution)
    - 15 Year Special Catch Up contribution - An additional $3,000 for 5 years, up to $15,000 (must have a minimum of 15 years of service with EDUCATION CONNECTION and under contributed in past years)

- **Eligible Deferral Types:**
  - Pre-tax contributions
  - Roth Contributions (to providers that offer this option)

- **Distribution Options:** subject to the terms of the investment provider, such as single sum payment, installments, and partial withdrawals.

- **Rollovers and transfers into the Plan:** permitted.

- **QDRO (Qualified Domestic Relations Orders):** permitted (This is a court document that allows the court to require an employee to give money to a spouse during a divorce proceeding permitted)

- **Loans:** permitted under the plan to the extent allowed by the above approved providers and the individual agreements between the employee and the provider. Employees pay back their account, but do NOT pay current income taxes or penalties on the loan amount if paid back in its entirety.

- **Hardship Withdrawals:** permitted under the Plan to the extent allowed by the above approved providers in accordance with the financial need safe harbor rules of the Income Tax Regulations to the extent permitted by the Individual Agreements controlling the Account assets to be withdrawn to satisfy the hardship. Employees will pay current income taxes on amounts withdrawn and a possible penalty, but do NOT pay back the Plan. Contributions to the plan must cease for 6 months per IRS rules.

- **In-Service Distribution:** permitted. Upon attainment of age 59 ½.

- **Plan Administrator:** Distribution approval is maintained and reviewed by our Third Party Administrator, planwithease.com. Employees must obtain approval for distribution using the online tool, located at planwithease.com. See additional planwithease.com material for more information.
Frequently Asked Questions:

I currently contribute to the 403(b) plan with the Hartford, do I have to do anything?  
No, if you choose to continue to the Hartford, you do not need to take any action. Your current contributions will continue to be deducted from your paycheck and sent to the Hartford.

I would like to change my investment provider, to one of the new providers. What do I need to do?  
If you choose to investment with one of the newly added investment providers, you must contact the provider directly to obtain an enrollment form. Once your account has been created at the investment provider, you will receive an enrollment confirmation notification from the provider. You must also complete and submit (with your enrollment confirmation) a Salary Reduction Agreement (obtained from EDUCATION CONNECTION) to the EDUCATION CONNECTION Human Resources Department.

I have never participated in the plan, and would like to begin contributing. What should I do?  
If you choose to contribute to the 403(b) plan with EDUCATION CONNECTION, you must contact the provider directly to obtain an enrollment form. Once your account has been created at the investment provider, you will receive an enrollment confirmation notification from the provider. You must also complete and submit (with your enrollment confirmation) a Salary Reduction Agreement (obtained from EDUCATION CONNECTION) to the EDUCATION CONNECTION Human Resources Department.

I would like to contribute to a new provider and would also like to transfer my funds from The Hartford to my new provider.  
Once enrolled in your new plan, you will need to contact The Hartford customer service or Ray Powell to obtain the Transfer Forms to move your funds from The Hartford to your new plan. Transfers of funds from one approved provider to another are not a taxable event. However, it is recommended that you contact The Hartford to verify if any additional charges may apply.

I do not want to enroll contribute at this time; however I may want to enroll at a later time. Can I enroll at a later point?  
Yes, you can enroll at any point during your employment with EDUCATION CONNECTION.

What is planwithease.com?  
Planwithease.com is a third party administrator that has been selected to assist with the administration of the 403(b) now that we have chosen a multi-vendor platform. You will only need to use the planwithease.com system, when you are choosing to take a distribution from your 403(b) account. Once you have obtained the distribution forms, from your investment provider, you must log into planwithease.com to obtain an approval certificate that will take the place of the employer signature on the distribution forms. You can then submit the approval form and the distribution form directly back to the vendor for processing.