

Swampscott Public Schools

403(b) Program Availability

Swampscott Public Schools is pleased to offer its employees an opportunity to participate in its 403(b) plan (the “403(b) Plan”). We make the 403(b) Plan available for you to participate in on a voluntary basis.

A 403(b) Plan is designed to help you save for your retirement. The amounts you contribute to the 403(b) Plan are not subject to current Federal (and in most cases, State) income taxation. Taxes on the amounts you contribute are deferred until these amounts are distributed. All distributions of income are subject to ordinary income tax and withdrawals of amounts attributable to salary deferrals before age 59½ are generally prohibited unless you have terminated employment and where allowed may, together with other withdrawals, be subject to an additional 10 percent penalty tax.

ELIGIBILITY

In general, all employees must be provided the opportunity to defer a portion of their compensation pursuant to a salary reduction agreement. This is commonly referred to as the “universal availability” requirement. This universal availability rule means that if an employer permits one employee to defer salary into a 403(b) plan, the employer must extend this offer to all employees. However, certain employees may be excluded from the plan:

- Employees who will contribute \$200 annually or less.
- Those employees who participate in a 401(k) or 457 plan, or in another 403(b) plan
- Non-resident aliens
- Employees who worked less than 1,000 hours in the previous plan year or new employees expected to work less than 1,000 in their first 12 months of employment.
- Students performing services described in section 3121 (b) (10).

CONTRIBUTION LIMITS

Federal tax law sets an annual limit on the maximum you may contribute to your 403(b) retirement savings plan. You may start with as little as \$25 per pay period. You may change the amount of your contribution within tax law and program limitations.

Annual Contribution Limits

Tax Year	Basic Salary Deferral Limit for Employees Under Age 50	Maximum limit if you qualify for the full annual 403(b) Lifetime Catch-up amount	Maximum limit if you qualify for the Age 50+ Catch-up but not the 403(b) Lifetime Catch-up	Maximum limit if you qualify for both the Age 50+ Catch-up and the 403(b) Lifetime Catch-up
2020	\$19,500	\$22,500	\$26,000	\$29,000

Additional catch-up contributions under the 403(b) Plan may be available for employees who have completed at least 15 years of service with certain eligible employers (e.g., schools). The lifetime limit per employee is \$15,500 and the amount that can be claimed in any year may not exceed \$3,000 and further depends on the years of service and the amount of contributions in prior years. See your 403(b) provider for details.

You’ll note that participants age 50 and over can contribute up to an additional \$6,500 in 403(b) contributions.

DISTRIBUTIONS

As mentioned previously, a 403(b) plan is designed as a source of retirement income so there are restrictions on withdrawing funds and any earnings before you reach age 59 ½.

A distribution may be taken from the program before age 59 ½ for the following reasons:

- Severance from employment
- Financial hardship
- Disability
- Death
- The amount distributed is a “qualified reservist” distribution

LOANS

You may be able to take out a loan from your 403(b) Plan. Loans are not subject to any tax or penalty. In many cases, you may borrow up to one-half of your nonforfeitable account balance, as long as your new loan doesn't exceed \$50,000 (reduced by your highest outstanding loan balance within 12 months of taking the new loan).

Loans must, of course, be repaid within the limitations specified by federal tax law. Principal and interest payments must be made on a substantially level basis at least quarterly, and the term of the loan generally cannot exceed five years. Any loan not repaid within the specified timeframe will be considered in default. Defaulted loans are treated as a distribution from the 403(b), and may be subject to ordinary income taxes and a 120% Federal penalty tax if prior to 59 ½.

INSERVICE EXCHANGES

Employees may exchange all or a portion of their 403(b) contract value by transferring it to another 403(b) contract approved under the 403(b) Plan. Exchanges may be subject to the issuing company's withdrawal or contingent deferred sales charge.

The Exchange of 403(b) contract value to vendors not available under the Plan may not be permitted.

403(b) VENDOR CONTACT INFORMATION:

MetLife	Fidelity Investments	Lincoln Investment
Investment and Income Center P.O. Box 46516 Denver, Colorado 80201-6516	P.O. Box 770002 Cincinnati, OH 45277-0089	601 Office Center Dr, Suite 300 Fort Washington, PA 19034
1-800-492-3553 x28556	1-800-868-1023	1-800-242-1421
www.metlife.com	www.fidelity.com	https://www.lincolninvestment.com/
Local Contact Information:		
Broker # 848Q0031 Joseph Capabianco One Research Drive Ste 100A Westboro, MA 01581 978-774-6019 Danvers Group # 0826530	100 Summer Street Boston, MA 02110 Group # 55843	Broker #2358183 Jason Levine 95 Sawyer Rd, Suite 430 Waltham, MA 02453 781-647-3050