

CLARKSVILLE-MONTGOMERY COUNTY SCHOOL SYSTEM 403(b) PLAN

What is a 403(b)?

The 403(b) is a tax deferred retirement plan available to employees of educational institutions and certain non-profit organizations. Contributions and investment earnings grow tax deferred until withdrawal (assumed to be retirement); at which time they are taxed as ordinary income. Clarksville Montgomery County School System 403(b) plans are set up through *MetLife Resources* in partnership with *Jack Turner & Associates*.

Financial Consultants and their assigned locations:

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Jack Turner & Associates
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(931) 552-1517, ext. 371

Central Office, Greenwood, Alternative School, Middle College, Operations, Transportation, Clarksville HS, Richview MS, Barksdale Elementary, Carmel ES, East Montgomery Elementary, Moore Magnet, Norman Smith, Northeast HS, Northeast MS, Barkers Mill, Glenellen, Hazelwood, Northeast ES, West Creek HS, West Creek MS, West Creek ES, Carmel Elementary

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Met Life Resources
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Northwest HS, New Providence MS, Liberty, Minglewood, Woodlawn, Liberty Complex, Rossview HS, Rossview MS, Rossview ES, Burt, Sango, St. Bethlehem

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Kenwood HS, Kenwood MS, Byrns Darden, Kenwood ES, Ringgold, Montgomery Central HS, Montgomery Central MS, Montgomery Central ES, Cumberland Heights

Why contribute to a 403(b)?

1. To supplement your retirement- most employees of educational institutions and other non-profit organizations are provided with a pension upon retirement. Few pension plans, however, provide an amount equal to salary. A 403(b) plan can provide a healthy supplement to a pension.
2. Lower Taxes – 403(b) contributions are made on a pre-tax basis which can greatly reduce your tax bill. All dividends, interest and capital gains accumulate on a tax-deferred basis. This means your earnings will grow tax-free until time of withdrawal.

How does a 403(b)-plan work?

You set aside money for retirement on a pretax basis through a salary reduction agreement with CMCSS. You choose from among the funds provided by the 403(b) Plan Administrator. You will meet with a financial consultant who will review the funds that are available to you. At this time you will also determine the appropriate amount of money that will be deducted from your paycheck. You will sign a payroll deduction agreement; the financial consultant will turn this agreement into the Benefits Office. CMCSS will ensure that your payroll deduction in for each payroll. You will receive regular financial statements concerning your particular fund; these statements will be mailed directly to you.

Can I leave my money in the plan indefinitely?

No. Generally you must begin to take withdrawals no later that April 1 of the year following the year in which you turn age 70 ½.

How will distributions from my 403(b) be taxed?

In most cases, the payments you receive, or that are made available to you from a 403(b) are taxable in full as ordinary income.

How much can I contribute annually?

The elective deferral limit is \$17,000 annually, if you are 50 or older, you may contribute an additional \$5,500.

What investment options are available to 403(b) participants?

A variety of funds are available through MetLife Resources. Your financial consultant will be able to review the different types of funds with you.

What's the difference between an annuity and a mutual fund?

An annuity is an insurance company contract that can be used for accumulating assets for retirement or as a method of providing an income stream at some future date. Fixed annuities guarantee your principal and a fixed rate of return and they are generally considered conservative and stable. A variable annuity's value will fluctuate because it is dependent upon the performance of the underlying investment options managed in the separate account. Annuities are used to fulfill long-term objectives. The M&E insurance fee guarantees the beneficiary the current market value of the account or the initial investment, whichever is greater.

Mutual funds are pools of money invested in many different securities and are managed according to set objectives. They are similar to the investments underlying variable annuities, but do not have the associated insurance fees (M&E) of an annuity. With mutual funds, you can choose among aggressive funds for growth to more conservative funds for stability similar to that of a variable annuity.

When comparing mutual funds to annuities, it is important to consider all factors of an investment, including performance, fees, risk, flexibility, time horizon and your own confidence in the investment or insurance company.