

# ACES Xavier Retirement Savings Program

## FREQUENTLY ASKED QUESTIONS

### ***Who is eligible?***

The ACES Xavier system offers a retirement savings program under a Tax Sheltered Annuity (TSA) 403(b). To participate in a 403(b) plan, you must work for a qualified employer as defined by the Internal Revenue Code. As a non-profit organization or 501(c)(3) ACES Xavier is qualified to offer at 403(b). Other 501(c)(3) may include school systems, universities, nonprofit hospitals, religious organizations, humane societies, social welfare agencies, charitable institutions, museums, symphony orchestras and zoos.

This Retirement Savings Program is not associated with the Green Bay Diocese Lay Employee Retirement Program.

### ***How much can I invest?***

The table below outlines the maximum amount you can save in a 403(b) plan.

Amt if you are

Year Amount age 50 or older

2004 \$13,000 \$16,000

2005 \$14,000 \$18,000

2006 \$15,000 \$20,000

If your employer elects to make matching or discretionary contributions on your behalf, the maximum combined amount that may be contributed annually to your 403(b) account and any other defined contribution plan sponsored by your employer is the lesser of \$41,000 or 100% of your gross wage.

### ***When can I start?***

It is never too late to start investing in your retirement. You can invest as little as \$20 a paycheck to 100% of your paycheck, less applicable state and federal taxes.

Starting early will increase your retirement dollars so start now!

### ***What if I've worked 15 years or more for the same organization?***

Employees who have completed 15 years of service with a qualified organization may be allowed to defer up to an additional \$3,000 a year. (See IRS Publication 571 for more details.)

### ***Does my employer or anyone else have access to my contributions or my earnings?***

No. The money is set aside for your retirement and generally is not subject to attachment or claims.

### ***What happens if I leave my job?***

If you start working for another employer that is qualified to offer a 403(b) plan, you may be able to transfer your existing plan assets into the new plan. With your new employer's permission, you can even continue deferring wages into your existing account.

When you leave your job or join a firm that isn't qualified to offer a 403(b) plan, you can:

Leave the assets untouched in your current account

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Transfer your 403(b) assets into an Individual Retirement Account (IRA), an individual retirement annuity, a governmental 457(b) plan or a qualified plan that accepts rollovers like a 401(k). Take periodic withdrawals or withdraw all the money in your account in one lump sum.

### ***Do I owe taxes on distributions from my 403(b) plan?***

The value of a 403(b) is that deductions from payroll are pre-tax at the time of the contribution.

But yes, any distribution you take from a 403(b) account is subject to ordinary income taxes. It may also be subject to penalties, depending on your age when you leave your job and/or your age when you begin taking distributions.

If you are younger than age 55 when you leave your job, your distributions will be subject to an early withdrawal penalty of 10% unless you:

- Wait until you reach age 59½ before taking your distributions,
- Meet the IRS definition of disability
- Use the money for certain medical expenses or
- Take “substantially equal payments” over your life expectancy (or over the joint life expectancies of you and your beneficiary.) These payments must continue until you reach age 59½ (but if you wait until you’re age 55 to begin, they must continue for at least five years.)

If you’re at least age 55 when you leave your job, your distributions are not subject to the early withdrawal

penalty.

### ***Does withholding apply to my distributions?***

Yes, any distribution that is eligible for rollover is subject to a mandatory withholding rate of 20% for federal tax purposes (state tax withholding may also apply.)

Hardship withdrawals required minimum distributions, corrective distributions and periodic payments made over a period in excess of 10 years are subject to 10% federal tax withholding. However, you may elect not to have federal tax withheld from these withdrawals.

### ***When can I withdraw funds if I still work for my original employer?***

You can take money out of your account for any reason once you reach age 59½ even if you are still employed.

Before you reach age 59½, you can take money out of your account if you become disabled or if you have a financial hardship. In the event of financial hardship, you may only withdraw the amounts you contributed, *not* any earnings on those contributions.

### ***Can I Transfer my 403(b) account balance into an IRA at any time?***

If you are under age 59½, you cannot take the money out of your 403(b) account unless you leave your employer, become disabled, have a financial hardship or die.

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However, if you are over age 59½, you could be eligible to roll over your 403(b) balance directly into an IRA. Hardship distributions are not eligible for rollover to an IRA.

### ***Is the appreciation of my assets guaranteed?***

Past investment results are no guarantee of future results. The return and principal value of an investment are not guaranteed and will fluctuate so that shares, when sold, may be worth more or less than their original value. All investments are subject to certain risks. For example, those that include common stocks are affected by fluctuating stock prices, and those that include bonds are affected by interest rate fluctuations. Accordingly, investors should diversify their investments and maintain a long-term perspective.

### ***Who manages my money?***

We offer 4 investment fund families; the American Funds, Fidelity, Oppenheimer and New York Life. The participant chooses the company he/she wishes to invest with.

Your financial advisor can assist you with the best funds for your investment needs.

### ***How do I get started?***

Your financial advisor will help you make your investment selection and complete the necessary forms. You

have a choice of working with your own personal advisor provided they can service the four listed funds.

A list of advisors used by other system staff is available on the web at [www.acesys.org](http://www.acesys.org) in Personnel Services under the Benefits column.

### ***Can I make changes in the plan?***

You may change the amount you invest in your 403(b) plan on a monthly basis. Each change requires completion of a new salary deferral agreement. These forms can be found on the web at [www.acesys.org](http://www.acesys.org) under Personnel Services. Each change *must* be submitted to the payroll department before the end of the month and the new withholding will begin with the first paycheck of the new month. Account numbers must be provided before deductions will be set up in payroll.

### ***What happens if I have a current tax sheltered annuity contract with one of the fund companies not offered through ACES Xavier?***

Your current program offers a number of choices.

You can freeze your current account as is.

You can roll over your 403(b) plan to the new company

You can roll your 403(b) plan into an IRA account.

These choices pose a few concerns.

You should consult your advisor to determine if

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there are contingent sales fees before you roll over your current plan.

You should also ask if there are fees to maintain your current plan as a frozen account.

If your tax sheltered annuity allows for loans, and you are considering rolling it to an IRA, you need to be aware that IRA's do not have loan features.

### ***Who to contact?***

If you have additional questions regarding the ACES Xavier Educational System Retirement Savings Program contact Human Resources at [nvandekreeke@acesys.org](mailto:nvandekreeke@acesys.org) or 920-735-9380, ext. 211.

Questions regarding the Green Bay Diocese Lay Employees Retirement Program can be directed to Mary VanKauwenberg, Benefits Administrator, at the Green Bay Diocese at 920-437-7531, ext. 8201.