

# Notice to Eligible Employees of Opportunity to Make Elective Deferrals to the Harper Creek Community Schools - 403(b) Plan

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You have the right to make elective deferrals to the Harper Creek Community Schools 403(b) Plan. Contributing to a 403(b) plan helps to ensure that you will have funds to provide yourself with an income during retirement. A 403(b) plan allows you to contribute a portion of your compensation on a pre-tax basis in order to save for your retirement. Contributions are made to the plan by payroll deduction. If you are already contributing to the 403(b) Plan, you may want to increase your deduction.

## What are the benefits of contributing to a 403(b) plan?

- The pre-tax elective deferrals that you make to the plan now are not taxed until you withdraw them. This means you are lowering your taxable income now, and will potentially lower the amount of income tax you will pay on those funds at the time of withdrawal when you may be in a lower tax bracket.
- Both your pre-tax elective deferrals and earnings grow tax-free until they are withdrawn.

## What do I need to do in order to start making elective deferrals?

You will need to make an election regarding how much of your compensation you wish to defer to the 403(b) plan. You will also need to determine where you want to invest your contributions. The list of approved vendor(s) and their contact information can be located by visiting the CPI Participant Website at [www.cpicrs.com](http://www.cpicrs.com). This list can also be obtained by contacting the CPI Participant Service Center at (877) 488-4040 or email [Participant.ServiceCenter@cpicrs.com](mailto:Participant.ServiceCenter@cpicrs.com). The financial advisor representing each vendor will provide you with the forms that will set up the contract or account with the vendor. Once you have completed the paperwork provided by the selected financial advisor please access the CPI Participant Website at <https://www.cpicrs.com> to complete the election process.

If you are unable to access the website or want additional information, please contact the CPI Participant Service Center at (877) 488-4040 or email [Participant.ServiceCenter@cpicrs.com](mailto:Participant.ServiceCenter@cpicrs.com).

## How much can I contribute to a 403(b) plan?

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. If you will be age 50 or older sometime during the 2012 calendar year, you are eligible to contribute an additional amount that is known as a "age 50 catch-up contribution". The limit on the age 50 catch-up contributions is \$5,500 and can be contributed on top of the deferral limit of \$17,000. Consequently, participants eligible to make the age 50 catch-up contributions can contribute up to \$22,500 to the 403(b) Plan for the 2012 calendar year.

In addition to the age 50 catch-up, if you have completed at least 15 years of service with Harper Creek Community Schools you may be eligible to contribute up to \$3,000 a year above the elective deferral limit until the amount of the cumulative annual additional contributions made using this special rule equals \$15,000. If you have 15 years of service with your employer and want to utilize this additional 15 year of service catch-up contribution no action is required now, once you have exceeded \$17,000 we will request additional information from you in order to determine the amount you are able to contribute to the 15 year of service catch-up. Participants who are eligible for both the age 50 catch-up rule and the 15 year of service catch-up contribution are required to use the 15 year of service catch-up contribution first.

CPI Common Remitter and Compliance Services will be closed on December 26th, January 2nd, Memorial Day, July 4th, and Labor Day and we will be lightly staffed on Good Friday.

**For more information on enrolling in your 403(b) Plan, making changes to your current deferral or vendor elections, or any other questions or requests for information, please contact the CPI Participant Service Center at (877) 488-4040 from 7:00 a.m. to 7:00 p.m. Central time, Monday through Friday. You can also send an e-mail to [Participant.ServiceCenter@cpicrs.com](mailto:Participant.ServiceCenter@cpicrs.com).**