IRS 403 (b) Requirements
Additional Information

IRS limits to Participate in 403(b) Tax Deferrals.

In 2008, you can make elective deferrals up to $15,500. As this amount is subject to cost of living increases as set by the government, this amount will increase over time. In addition, if you have met certain conditions, you may have the opportunity to contribute above the deferral limit; these contributions are known as "catch-up contributions." The first catch-up contribution is the "Age-50 Catch-up Contribution". If you are at least age 50 by the end of a calendar year, you have the ability to contribute an additional $5,000 a year starting in that year. This amount is also subject to cost of living increases as set by the government, so it will increase over time. The second catch-up contribution is known as the "15 Year of Service Catch-up Contribution". If you have at least 15 years of service with Newburyport Public Schools you may be eligible to contribute up to $3,000 a year above the deferral limit until the amount of the additional catch-up contributions made using this special rule equals $15,000. If you are eligible for both catch-up contributions, you may be eligible to contribute up to $8,000 a year above the deferral limit.

Loans and Hardship Withdrawals

Once CPI starts remitting the contributions, to ensure that the requirements for loans and hardship withdrawals are met, you will need to obtain a voucher from CPI prior to receiving a loan or hardship withdrawal. The voucher can be obtained through the CPI Participant Web Site. This voucher will need to be provided to your investment vendor(s) along with their standard forms. The voucher is needed as it lets your investment vendors know that you have met the regulatory requirements. The voucher does not guarantee that a loan or hardship withdrawal can be made, as each investment vendor may apply additional restrictions, just that you have met the regulatory requirements to receive a loan or hardship withdrawal.

Ability to Transfer Assets

Under existing rules, you generally have had the ability to transfer assets on a tax-free basis from your existing 403(b) plan accounts to other vendors within the 403(b) plan. However, with the issuance of the final 403(b) regulations, the Internal Revenue Service has imposed changes that may affect your ability to transfer assets.

After September 24, 2007, a transfer from one vendor to another vendor within the same plan is only allowed if the vendor to which you wish to transfer assets has entered into or will enter into a written agreement with your employer by January 1, 2009. This type of transfer is referred to as a contract exchange.

If you wish to do a contract exchange, you will need to obtain a voucher. Until CPI starts remitting contributions and you have access to the Participant Web Site, it will be necessary to obtain a Voucher Request from us. Please contact **Nancy Lysik** at **978-465-4456** to find out if we have obtained a signed agreement with the vendor to which you wish to transfer assets and to also obtain a copy of the Voucher Request. If the vendor does not sign an agreement and you still choose to make a transfer, your transfer will fail to comply with the new requirements and cause the loss of the tax-qualified status of the money transferred to the vendor.

If your transfer is approved, you will be provided with a transfer voucher, which will need to be provided to the vendor along with the vendor's transfer request forms.

It is important that you ***do not*** transfer any assets without first obtaining a voucher. Any transfer that is made that does not comply with the final regulations could cause the loss of the tax-qualified status of the money transferred to the vendor. If this happens, the money will become taxable to you.

If you have any questions concerning the ability to do a contract exchange, please contact **Nancy Lysik** at **978-465-4456**.

CPI Participant Web Site

Once CPI starts remitting contributions to the plan's vendors, you will have access to your Participant Web Site. Through this web site, you will be able to enroll in the plan, make changes in the amount of your elective deferrals, and make changes in your vendors and request vouchers for loans, hardship withdrawals and transfers.