



403(b) & 457 Plans and Services

For Employees of Educational, Public &
Tax-Exempt Organizations



403(b) AND 457 PLAN OVERVIEW

With deferred compensation plans and tax-sheltered annuities, employees are provided the opportunity to invest in Internal Revenue Code's 403(b) and 457 plans. Employees who wish to participate, designate a portion of their salary to contribute into the investment options provided under these plans:

✓ 403(b)

Tax-sheltered annuity (TSA) plan is a retirement plan offered by public schools and certain tax-exempt organizations. An individual's 403(b) annuity can be obtained only under an employer's TSA plan. Generally, these annuities are funded by elective deferrals made under salary reduction agreements and nonelective employer contributions.

✓ 457

Plans of deferred compensation described in IRC section 457 are available for certain state and local governments and non-governmental entities, tax exempt under IRC 501. They can be either eligible plans under IRC 457(b) or ineligible plans under IRC 457(f). Plans eligible under 457(b) allow employees of sponsoring organizations to defer income taxation on retirement savings into future years. Ineligible plans may trigger different tax treatment under IRC 457(f).

Contributions made into 403(b) and 457 plans are pre-taxed and are automatically deducted from employee paychecks. State and federal income taxes are then calculated on remaining pay. Pre-tax contributions lower taxable income and contributions made under 457 and 403(b) plans are not taxed until funds are withdrawn.

BENEFITS

As a plan participant, you'll benefit in many ways:

- ✓ Reduce your taxable income
- ✓ Gain interest on your tax-deferred investments
- ✓ Access your money through allowable loans and withdrawals
- ✓ Have contributions deducted from your paychecks

ABOUT US

Employee Benefits Services & Advisors, Inc. (EBSA) & Alta Montclair Corporation are California-based retirement plan services companies that offers reliable and flexible 403(b)/457 third party plan design and administration. Alta Montclair, a fast growing Silicon Valley financial technology company, provides employers and employees with optimal solutions to their financial and retirement planning needs.

EBSA's and Alta Montclair's executive management team consists of industry veterans with decades of combined experience in the financial and retirement planning sector. We have serviced the needs of thousands of employees across the country.

As an independent organizations with no proprietary investment products, EBSA and Alta Montclair offer employees and employers an open selection of investment options, third party plan administration, compliance, and common remittance solutions at NO COST.



USEFUL TERMS

403(b)/457 Company or Provider:

An authorized insurance or investment company that offers annuities and mutual funds.

Deferrals:

A contribution arrangement, under which participants can choose to set aside part of their pre-tax compensation as a contribution to a plan.

Distribution:

The removal of assets from a retirement account which are then paid to the retirement account owner or beneficiary.

Minimum Contribution:

The least amount of money that can be invested with an investment provider on a monthly basis.

Pre-tax Contributions:

Any contribution made to a designated pension plan, retirement account, or other tax-deferred investment vehicle before federal or state taxes are deducted.

Taxable Income:

Wages or other compensation that are subject to federal or state income taxes

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INVESTMENT OPTIONS

Several investment options are available to participants under the 403(b) and 457 plans. These options include:

Fixed Annuities: Offered through insurance companies and backed by their assets, fixed annuities are guaranteed a minimum interest rate.

Equity-Indexed Annuities: Equity-indexed annuities are offered through insurance companies that guarantee the consumer account protection while allowing the client to participate in the stock market by choosing an index in which they can participate. Like stocks or mutual funds, these indices go up or down. This new hybrid annuity has a minimum interest rate guarantee. When the Index of your choice goes up, your account grows, when the Index goes down, your account freezes and does not decrease. This protection is one of the main strengths of equity-index annuity.

Variable Annuities: With a variable annuity, you choose how the money will be invested from a preselected list of funds offered through insurance companies, which can range from aggressive stock funds to conservative bond funds. The returns can vary depending on the underlying performance of the investments you choose. Most variable annuity contracts offer death benefit riders that provide a benefit to your heirs, and living benefit riders that provide guarantees as to how much income you can withdraw from the policy at a later date. These riders often come at high costs.

Mutual Funds: A mutual fund is a professionally managed type of collective investment that pools money from many investors and invests it in stocks, bonds, short-term money market instruments, and/or other securities. The mutual fund has a fund manager that trades the pooled money on a regular basis. The net proceeds or losses are then typically distributed to the investors annually.

HOW TO ENROLL

To enroll in your employer's 403(b)/457 retirement plan, follow the following steps:

- ✓ Consult with your tax and financial advisor to explore your options and select your desired investment company that participates in your employer's 403(b) or 457 plan.
- ✓ Establish a 403(b) or 457 plan account with that company.
- ✓ Complete a "Salary Reduction Agreement" (SRA) form, which authorizes your employer to withhold the amount you elect to contribute to your 403(b) or 457 plan via payroll deduction.
- ✓ Send the completed SRA form to your payroll department prior to the cutoff date for which you wish deduction to begin.

The SRA form can be submitted online or downloaded at AltaMontclair.org. A list of authorized product providers and their contact information can also be found on the same website. Send the completed SRA form to your payroll department prior to the cutoff date for which you wish deduction to begin.

CHANGES OR STOPPING

A new SRA form must be completed any time you wish to change your investment product provider, change the allocation between providers, change the amount of your contribution, stop your deduction or restart your deduction after a stop, or designate contributions as Roth, if available (post-tax contribution). Remember, to make changes effective, all SRA forms must be submitted to your payroll department prior to the cutoff date.

TYPICAL FEES/ CHARGES IN 403(B)/457 INVESTMENTS

- **Sales Charges (also referred to as "loads"):** Assessed by a mutual fund when purchasing certain shares (a "front-end" load) or when selling funds (a "backend" load). Some companies offer no-load options.
- **Surrender Charges:** Imposed for terminating an annuity contract prior to its maturity.
- **Administrative Fees:** Assessed, usually quarterly or annually, to offset the company's cost in maintaining your account during the period.
- **Mortality & Expense Charges:** Assessed by insurance companies to cover the expected cost of benefit payments due to death.
- **Investment Advisory Fees:** Charged by investment companies and paid to the investment manager of the mutual fund.

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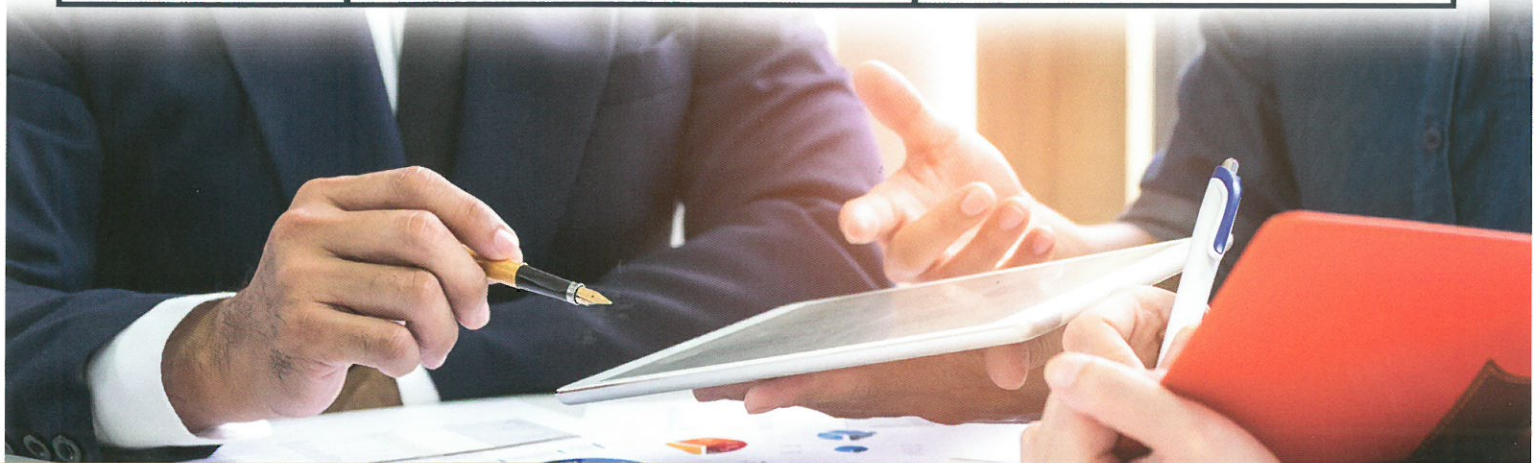
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403(b) AND 457 PLAN OVERVIEW

Participation in these saving plans is voluntary. In general, all employees are eligible to participate in the 403(b) and 457 programs. However, under the 403(b) plan, employees who are students and regularly attend classes at the employer institution during the calendar year (limited to employers classified as educational institutions) as well as employees who normally work fewer than 20 hours per week (or equivalent to 1,000 or fewer hours in a year) may not be eligible. Unlike 403(b) plans, there is no requirement for universal accessibility under section 457. Therefore, employers are not required to make the plan equally available to all employees.

| ITEM | 403(b) | 457 |
|------------------------|---|--|
| Eligible Employers | Schools, colleges, and universities of state and local government and section 501(c)(3) tax-exempt organizations. | State and local governments plus tax-exempt organizations other than churches. |
| Assets Held By | Assets held by selected fund sponsors. | Assets held in trust. |
| Deferral Limits | \$19,000.00 | \$19,000.00 |
| Tax Penalty | Participants at least age 55 and retired, or 59 1/2 (regardless of employment status), receive plan payout without tax penalty. | Plan payout upon retirement or separation from service without tax penalty (no age requirement). |
| Payment Method | Choice of payout method. | Choice of payout method. |
| Portability | Eligible rollover to another employer's 403(b), 401(k), or governmental 457(b) plan, or to a 401(a) plan. Eligible rollover to an IRA or in from another employer's 403(b), 401(k), or governmental 457(b) plan is based on distributable event. | Eligible rollover to an IRA or in from another employer's 403(b), 401(k), or governmental 457(b) plan is based on distributable event. |
| Beneficiaries | Surviving spouse of participant may rollover distributions. Non-spousal beneficiary may rollover distributions to an inherited IRA. | Surviving spouse of participant may rollover distributions. Non-spousal beneficiary may rollover distributions to an inherited IRA. |
| Catch-up contributions | 15-year "Catch-up" provision may be available for up to \$3,000 per year, for a lifetime maximum of \$15,000. Participants must prove eligibility by submission of completed Maximum Contribution Calculation Worksheet. Additional \$6,000 age-based catch-up deferral for 2018 is available to participants who have reached age 50 by the end of the calendar year and who have hit plan or dollar limit, including 15-year catch-up, if eligible. | Additional \$6,000 age-based catch-up deferral for 2018 is available to participants who have reached age 50 by the end of the calendar year and who have hit plan or dollar limit. Special 457 "Catch-up" provision available. Contact your financial advisor for additional details. |

| ITEM | 403(b) | 457 |
|---|---|---|
| Investment Options | Variety of annuities and mutual funds. | Variety of annuities and mutual funds. |
| Employer Contributions | Employer contributions are permitted. | All amounts contributed under a section 457 plan are deferred from the participant's compensation and may not exceed the deferral limit. Thus, there is no provision for additional employer contributions above the deferral limit. |
| Nondiscrimination Requirements | The right to make salary reduction contributions must generally be available to all employees. Certain exceptions apply to employees who are participants in another retirement plan sponsored by the employer, nonresident aliens, students, and employees who normally work less than 20 hours per week. | No federal tax nondiscrimination requirements. |
| Availability of Loans | Plan loans are permitted subject to plan restrictions. | Plan loans are permitted for state and local governments but not for tax- exempt organizations. |
| Required Minimum Distribution (RMD) Rules | RMD rules apply at age 70 1/2 or later, severance from service, and after death. | RMD rules apply at age 70 1/2 or later, severance from service, and after death. |
| Distribution Restrictions | Funds cannot be distributed until: <ul style="list-style-type: none"> > Age 59 1/2; > Age 55 and retired; > Severance from employment (early withdrawal penalty applies); > Disability; > Death; or > Financial Hardship | Funds cannot be distributed until: <ul style="list-style-type: none"> > Severance from employment; > Disability; > Death; or > Unforeseeable Emergency > Age 70 1/2, while employed; |
| Hardship/ Unforeseeable Emergency Distributions | Allowed if used to pay for: <ul style="list-style-type: none"> > Medical Expenses; > Costs related to the purchase of participant's primary residence; > Tuition and other eligible educational fees and expenses; > Necessary payments to prevent eviction from, or foreclosure on, a principal residence; > Burial or funeral expenses; or > Expenses for the repair of damage to the participant's principal residence. | Allowed if used to pay for: <ul style="list-style-type: none"> > A sudden or an unexpected illness or accident experienced by the participant or his or her dependents; > Casualty loss to the participant's property not otherwise covered by insurance; > Imminent foreclosure of, or eviction from, participant's primary residence; > Medical Expenses; > Funeral expenses; or > Any other extraordinary and unforeseeable circumstances that arise as a result of events beyond the participant's control. Unless otherwise indicated, sections referenced herein refer to sections of the Internal Revenue Code. |



We are proud to be different than the competition:

- ✓ We do NOT charge any fees to Plan Sponsors or Plan Participants regardless of their choice of Vendors. Your cost for our TPA and Common Remitting Services is Zero.
- ✓ We assure data transparency to Plan Sponsors by giving them access to real-time reports.
- ✓ No restrictions: we utilize open Vendor Platform with more choices for Plan Participants.
- ✓ No middleman: we are Providers of both Software Infrastructure and Financial Services.
- ✓ Our integrated platform solution provides realtime access and visibility to all parties.
- ✓ We are fully dedicated to 403(b)/457(b) industry and nothing else. All our infrastructure is designed specifically to support 403(b)/457(b) retirement plans.



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