

PERRY LOCAL SCHOOLS MASSILLON, OHIO

TAX-SHELTERED ANNUITY PLAN

THIS IS THE OFFICIAL PERRY LOCAL SCHOOLS, MASSILLON, OHIO TAX-SHELTERED ANNUITY PLAN. THE QUESTION AND ANSWER FORMAT EXPLAINS THE PERRY PLAN AND HAS THREE MAIN PURPOSES:

1. It represents not only understanding of the way Annuities work in general, but how our Annuity Plan works.
2. It spells out our understanding of how Federal Laws (the IRS) can affect and come to bear on all Annuity Plans.
3. It lays out the rules and guidelines of how the Perry Plan will be administered.

IT IS WITH SINCERE PRIDE (PERRY PRIDE) THAT WE AT PERRY ARE ABLE TO OFFER SUCH A UNIQUE PLAN TO OUR STAFF. WE HOPE EACH OF YOU CAN TAKE ADVANTAGE OF THIS EXCEPTIONAL FINANCIAL OPPORTUNITY.

1. WHO IS ELIGIBLE?

Eligibility for the annuity match shall be limited to full-time employees (persons working at least 30 hours per week). Part-time certified employees prior to March 1, 2007 shall maintain their eligibility as long as they contribute to the plan.

2. WHAT IS A TAX-SHELTERED ANNUITY?

A Tax-Sheltered Annuity is a government approved tax deferred savings and retirement program that permits you to save part of your salary before taxes. You reduce your current taxes while saving for the future.

3. HOW DOES IT WORK?

If your salary is \$20,000 and you contribute \$3,000 to a Tax-Sheltered Annuity, your employer will report only \$17,000 as earned income on your W-2 form. Your \$3,000 contribution is not subject to current Federal or State Income Taxes.

4. IS THE INTEREST MY MONEY EARNS TAXABLE?

No, like your contributions, interest is tax-deferred until you withdraw it.

5. WILL THIS MONEY EVER BE SUBJECT TO TAX?

Yes. When you withdraw any money, it will be subject to tax in the year received.

6. WHY SHOULDN'T I JUST PAY MY TAXES NOW?

The Tax-Sheltered annuity permits you to defer paying income taxes during your higher earning years until a future time, intended for retirement purposes, when your income level will more than likely be lower making your income taxes less.

7. WHAT COMPANIES PARTICIPATE IN THIS PROGRAM?

There are several companies to choose from with a variety of investment vehicles. A list of these companies will be furnished upon request.

8. HOW DOES THE SCHOOL BOARD CONTRIBUTE TO MY ANNUITY?

For every dollar you contribute, the Board will contribute a matching dollar up to an annual maximum of \$1,200.00. The minimum amount is \$600.00 annually and will be deducted over the twenty-four pay periods.

9. HOW DO I ENROLL?

After consulting with an agent or financial advisor and deciding upon what you want to invest in, a salary reduction agreement is to be prepared by your financial advisor and submitted to the Treasurer's office. The Treasurer's office has these forms or your agent can provide the necessary paperwork. This must be completed by the enrollment deadlines - July 15 for Administration and Classified Employees and August 15 for all other employees unless you are hired after that date.

10. WHAT KIND OF STATEMENT WILL I RECEIVE?

The company you choose should supply you with statements periodically.

11. IN ORDER TO RECEIVE THE BOARD MATCH, IS THERE A MINIMUM CONTRIBUTION?

Yes, \$600.00 annually; a \$25.00 bi-monthly contribution.

12. WHAT IS THE MAXIMUM CONTRIBUTION?

The maximum contribution is established by the Internal Revenue Code and varies. Please consult with your financial advisor to see what your maximums are.

13. MAY I INCREASE OR DECREASE MY MONTHLY CONTRIBUTIONS?

In order to change your monthly contributions, you must submit a completed salary reduction form prepared by your financial advisor to the Treasurer’s office on or before August 15, December 15, and March 15 with changes to commence the first pay of the following month. **A change in the Board match can only take place during August.**

14. IF I STOP MY BOARD MATCHED CONTRIBUTIONS, MAY I RESUME THEM AT A LATER DATE?

You can resume contributions once each year by the annual enrollment date; however, if you stop your board matched contribution, the Board match will not start again. If the program has to be stopped due to a hardship withdrawal, the employee will be eligible to resume the Board match.

15. IF I CEASE CONTRIBUTIONS, WHAT HAPPENS TO THE MONEY ALREADY IN MY ACCOUNT?

Check with your financial advisor to discuss the specifics of your account.

16. WHAT ARE THE IRS REGULATIONS ON WITHDRAWALS?

Check with your financial advisor to discuss IRS rules and regulations.

17. AS AN EMPLOYEE, CAN I BE REFUSED ENROLLMENT PRIVILEGES?

Yes. If both the Perry Board of Education and the Perry Classroom Teachers Association agree that an enrollee is misusing or not entering into the spirit and intent of the plan’s purpose (a long term savings program), he/she can be denied an opportunity to participate.

18. WHAT PAYROLL DEDUCTION AMOUNTS MAY I SIGN UP FOR?

SAMPLE DEDUCTION AMOUNTS PER PAY & ANNUAL CONTRIBUTION AMOUNTS
(24 Pays in a contract year)

Employer Share Per Pay	Employee Share Per Pay	Total Amount Contributed Per Pay	Annual Employer Contribution	Annual Employee Contribution	Total Annual Amount Contributed
\$25.00	\$25.00	\$50.00	\$600.00	\$600.00	\$1,200.00
\$31.25	\$31.25	\$62.50	\$750.00	\$750.00	\$1,500.00
\$41.67	\$41.67	\$83.34	\$1,000.00	\$1,000.00	\$2,000.00
\$45.84	\$45.84	\$91.68	\$1,100.00	\$1,100.00	\$2,200.00
\$50.00	\$50.00	\$100.00	\$1,200.00	\$1,200.00	\$2,400.00

Originally Prepared & Adopted by
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