

**SOUTH WASHINGTON COUNTY SCHOOLS 403(B) RETIREMENT PLAN**

**SUMMARY PLAN DESCRIPTION**

January 2009

Copyright 2002-2016  
Goldleaf Partners

SOUTH WASHINGTON COUNTY SCHOOLS 403(B) RETIREMENT PLAN

SUMMARY PLAN DESCRIPTION

TABLE OF CONTENTS

INTRODUCTION ..... 1

ELIGIBILITY FOR PARTICIPATION ..... 1

    Eligible Employee - Elective Deferrals ..... 1

    Eligible Employee - Other Contributions ..... 1

    Time of Participation - Other Contributions..... 1

CONTRIBUTIONS TO THE PLAN ..... 1

    Elective Deferrals ..... 1

    Roth Contributions ..... 2

    Saver's Credit..... 3

    Matching Contributions ..... 3

    Rollovers..... 3

    Military Service ..... 4

    Limits on Contributions..... 4

    Compensation ..... 4

VESTING ..... 5

    Participant Contributions ..... 5

    Matching Contributions ..... 5

DISTRIBUTIONS ..... 5

    Commencement of Distributions..... 5

    Normal Retirement Age..... 5

    Timing and Form of Payment..... 6

    Beneficiary..... 6

INSERVICE DISTRIBUTIONS AND LOANS ..... 7

    Hardship Withdrawals ..... 7

    Attainment of Age 59.5 ..... 8

    Rules Regarding Inservice Distributions ..... 8

    Loans ..... 9

MISCELLANEOUS ..... 9

    Domestic Relations Orders ..... 9

    Loss of Benefit..... 9

    Amendment and Termination ..... 10

    Fees ..... 10

    Insurance..... 10

    Administrator Discretion ..... 10

ADMINISTRATIVE INFORMATION ..... 11

## **INTRODUCTION**

South Washington County Schools (the "Company") adopted the South Washington County Schools 403(b) Retirement Plan (the "Plan") effective January 1, 2009. This Summary Plan Description describes the Plan as amended and restated effective January 1, 2012.

This revised Summary Plan Description supersedes all previous Summary Plan Descriptions. Although the purpose of this document is to summarize the more significant provisions of the Plan, the Plan document will prevail in the event of any inconsistency.

## **ELIGIBILITY FOR PARTICIPATION**

### Eligible Employee - Elective Deferrals

You are an "Eligible Employee" if you are employed by South Washington County Schools or any affiliate who has adopted the Plan.

### Eligible Employee - Other Contributions

For purposes of Matching Contributions, the term "Eligible Employee" will have the same meaning as specified above under "Eligible Employee - Elective Deferrals". In addition for purposes of Matching Contributions, the term "Eligible Employee" will be modified in the following manner: Eligible Employees as determined under Collective Bargaining Agreements ratified by the Board of Independent School District No. 833, or as determined by action of the Board of Independent School District No. 833 for independent (non-affiliated) employees, including employees classified as management..

### Time of Participation - Other Contributions

If you are an Eligible Employee, you will become a participant eligible for purposes of Matching Contributions on the date you attain age 18; provided, that you are an Eligible Employee on that date.

Notwithstanding the foregoing, the following modifications apply to the eligibility rules described above: meets eligibility determined under Collective Bargaining Agreements ratified by the Board of Independent School District No. 833, or as determined by action of the Board of Independent School District No. 833 for independent (non-affiliated) employees, including employees classified as management..

## **CONTRIBUTIONS TO THE PLAN**

### Elective Deferrals

You may elect to reduce your Compensation (defined below) and make a contribution to the Plan on a pre-tax basis. These pre-tax contributions are known as Elective Deferrals. You may elect to defer up to 100% of your Compensation on a pre-tax basis. Federal law also limits

the amount you may elect to defer under this Plan and any other retirement plan permitting Elective Deferrals during any calendar year (\$18,000 in 2016). However, if you are age 50 or over, you may defer an additional amount up to \$6,000 (in 2016).

Effective January 1, 2002, if you have fifteen years of service (disregarding any period during which you are not an Employee of an eligible employer) you may be entitled to make a special Code section 403(b) catch-up contribution. Contact your employer for more information about this special catch-up contribution.

You may elect to start, increase, reduce or totally suspend your elections to contribute to the Plan effective as of the dates established pursuant to Plan Administrator procedures. Notwithstanding the foregoing, you may totally suspend your elections at any time.

The Plan Administrator may establish rules regarding the manner in which your elections are made. The rules may also require that certain advance notice be given of any election. Your election regarding Elective Deferrals is only effective for Compensation you will receive in the future. The Plan Administrator may also reduce or totally suspend your election if the Plan Administrator determines that your election may cause the Plan to fail to satisfy any of the requirements of the Internal Revenue Code.

#### Roth Contributions

Effective January 1, 2009, the Plan was amended to allow a new type of employee contribution to the Plan. This new type of contribution is known as a Roth Contribution and is very much like a contribution to a Roth IRA. Like a Roth IRA, the Roth Contribution to the Plan is made by you on an after-tax basis, but if certain requirements are met, a "qualified distribution" from your Roth Contribution Account in the Plan will not be taxed. However, unlike a Roth IRA, there are no income limitations on who may make a Roth Contribution.

Roth Contributions are made in the same manner as your pre tax Elective Deferrals. You must designate how much you would like to contribute on a pre-tax basis (normal 403(b) contribution) and how much you would like to contribute as an after-tax Roth Contribution. You are not required to make any Roth Contributions. You may continue to designate all of your elective deferrals as normal pre-tax contributions.

The sum of your Roth Contributions and regular pre-tax 403(b) contributions may not exceed the annual limit on regular 403(b) contributions mentioned above.

As was mentioned above, a "qualified distribution" of your Roth Contributions (and earnings) is not taxable. A "qualified distribution" must be made more than five years after the first Roth Contribution is made and must meet at least one the following requirements:

- (i) the distribution must be made after you attain age 59-1/2;
- (ii) the distribution must be made to your beneficiary after your death; or

(iii) the distribution must be made on account of your disability.

Please note that Roth Contributions are not suitable for everyone. Please consult with your tax advisor before making any Roth Contributions to the Plan.

### Saver's Credit

If your adjusted gross income is below certain levels, you may be eligible for a nonrefundable income tax credit of up to \$1,000 (the "Saver's Credit"). The Saver's Credit is equal to a specified percentage of your contributions to certain employer-sponsored plans and to certain IRAs. You are eligible for the credit only if you are age 18 or over, are not a full-time student, and are not claimed as a dependent on another person's tax return. The Saver's Credit is subject to other restrictions. Please consult your tax advisor for more information.

### Matching Contributions

If you make an Elective Deferral the Company will make a Matching Contribution on your behalf in an amount equal to a special schedule in the following manner: As determined under Collective Bargaining Agreements ratified by the Board of Independent School District No. 833, or as determined by action of the Board of Independent School District No. 833 for independent (non-affiliated) employees, including employees classified as management..

The following modifications will be made to service required for Matching Contributions: As determined under Collective Bargaining Agreements ratified by the Board of Independent School District No. 833, or as determined by action of the Board of Independent School District No. 833 for independent (non-affiliated) employees, including employees classified as management..

Matching Contributions are allocated to your Accounts each pay period. Any service requirements specified in the previous paragraph will be applied pro rata and any last day rule specified in the previous paragraph will be applied as of the end of each period provided in the preceding sentence.

Complicated provisions of the Internal Revenue Code may also further restrict matching contributions for highly compensated employees.

### Rollovers

The Plan may accept a Rollover Contribution made on behalf of any Eligible Employee, regardless of whether such Employee has met the age and service requirements of the Plan. The Plan Administrator may establish procedures that regulate the method by which Rollovers will be accepted. An Eligible Employee who has not yet met any of the eligibility requirements of the Plan will be deemed a Participant only with respect to amounts, if any, in his or her Rollover Contribution Account.

### Military Service

If you serve in the United States armed forces and must miss work as a result of such service, you may be eligible to receive contributions, benefits and service credit with respect to any qualified military service.

### Limits on Contributions

The amount that may be contributed to the Plan on your behalf in any year is limited to a fixed dollar amount (\$53,000 in 2016). In addition, contributions cannot exceed 100% of your total compensation.

### Compensation

"Compensation" means wages that are shown as taxable wages on your IRS Form W-2. For any self-employed individual, Compensation will mean earned income. Compensation will also include any amount you elect to defer on a tax-preferred basis to any Company benefit plan. Compensation will include only that compensation which is actually paid to you by the Company during that part of the Plan Year that you are eligible to participate in the Plan for Matching Contributions.

No more than \$265,000 (in 2016) of Compensation may be taken into account in determining your benefits under the Plan.

Effective for limitation years beginning on or after January 1, 2008, for purposes of Elective Deferrals and Matching Contributions Compensation will include certain amounts that are paid to you after you terminate employment.

Effective for limitation years beginning on or after January 1, 2008, Compensation will include Post Year End Compensation. Post Year End Compensation includes amounts earned during a year but not paid during that year solely because of the timing of pay periods and pay dates if: (i) these amounts are paid during the first few weeks of the next year; (ii) the amounts are included on a uniform and consistent basis with respect to all similarly situated Employees; and (iii) no compensation is included in more than one year.

## **VESTING**

### Participant Contributions

You will have a fully vested and nonforfeitable interest in your Elective Deferral Account and Rollover Contribution Account.

### Matching Contributions

You will have a fully vested and nonforfeitable interest in your Matching Contribution Account.

## **DISTRIBUTIONS**

### Commencement of Distributions

**Termination of Employment.** You are entitled to receive a distribution from your Account after you terminate employment. The distribution will start at the time specified in the section titled "Timing and Form of Payment" below.

**Late Retirement.** If you continue working for the Company after your Normal Retirement Age, your participation under the Plan will continue, and your benefits will begin following the date you terminate employment. The distribution will start at the time specified in the section titled "Timing and Form of Payment" below. However, you may elect to have the Plan Administrator begin the distribution of your benefit at any time after reaching your Normal Retirement Age (even if you are still working) by providing the Plan Administrator with a written election that you want your benefits to begin.

**Death.** If you die, your Beneficiary will become entitled to receive your vested Account balance. The distribution will start at the time specified in the section titled "Timing and Form of Payment" below.

### Normal Retirement Age

"Normal Retirement Age" means the date you reach age 59.5.

### Timing and Form of Payment

**Distribution for Reasons Other Than Death.** If you become entitled to receive your benefit for any reason other than death, payment of your vested Account may start as soon as administratively possible. Your account is payable, in cash, under a continuous right of withdrawal where you may withdraw such amounts at such times as you choose. You may also choose to have the Plan Administrator use your entire Account balance to purchase an annuity contract, which will then be distributed to you. If you do not choose a form of payment, the payment will be made in the form of a lump sum distribution.

**Distribution on Account of Death.** If you die before distribution of your Account begins, distribution of your entire Account must be completed by December 31 of the calendar year containing the fifth anniversary of your death unless an election is made by your Beneficiary to receive distributions in accordance with (1) and (2) below:

(1) Distributions may be made over the life or over a period certain not greater than the life expectancy of the Beneficiary commencing on or before December 31 of the calendar year immediately following the calendar year in which you die;

(2) If the Beneficiary is your surviving spouse, the date distributions are required to begin in accordance with item (1) above will not be earlier than the later of (A) December 31 of the calendar year immediately following the calendar year in which you die, or (B) December 31 of the calendar year in which you would have attained age 70-1/2.

If you die after distribution of your Account has begun, the remaining portion of your Account will continue to be distributed under the method of distribution being used prior to your death. If your Account was not being distributed in the form of an annuity at the time of your death, your Beneficiary may elect to receive your remaining vested Account balance in a lump sum distribution.

If the vested amount of your Account exceeds \$0, you must consent to any distribution of your Account. However, the Plan Administrator may commence distribution of your vested Account without consent at the time that payments must begin under applicable federal law -

In addition, you may elect to have the Plan Administrator begin the distribution of your benefit at any time after reaching your Normal Retirement Age (even if you are still working) by providing the Plan Administrator with a written election that you want your benefits to begin.

### Beneficiary

You have the right to designate one or more primary and one or more secondary Beneficiaries to receive any benefit becoming payable upon your death. You may change your Beneficiaries at any time and from time to time by filing written notice of such change with the Plan Administrator.



If you fail to designate a Beneficiary, or in the event that all designated primary and secondary Beneficiaries die before you, the death benefit will be payable to your spouse or, if there is no spouse, to your estate.

## **INSERVICE DISTRIBUTIONS AND LOANS**

### Hardship Withdrawals

General Rule. You may receive a distribution on account of hardship from the following Accounts but only if you are fully vested in such Account:

Elective Deferral Account, except earnings on the Elective Deferral Account credited after the later of December 31, 1988, and the end of the last Plan Year ending before July 1, 1989.

Rollover Contribution Account.

Transfer Account.

Your Roth Contributions may be withdrawn on account of financial hardship in the same manner as your regular 403(b) contributions. Please note however, that the income on the Roth contributions may be taxable (and subject to penalties for early withdrawal) if the withdrawal is not a "qualified distribution."

Immediate and Heavy Financial Need. You may receive a hardship distribution only if the Plan Administrator finds that you have an immediate and heavy financial need where you lack other available resources. The following are the only financial needs considered immediate and heavy:

- (1) Expenses incurred or necessary for medical care, described in Code section 213(d), for you or your spouse, children, Beneficiaries, or dependents;
- (2) The purchase (excluding mortgage payments) of your principal residence;
- (3) Payment of tuition and related educational fees for the next 12 months of post-secondary education for you or your spouse, Beneficiary, children or dependents;
- (4) The need to prevent the eviction of you from your principal residence (or a foreclosure on the mortgage on your principal residence);
- (5) Payments for burial or funeral expenses for your deceased parent, spouse, Beneficiary, children or dependents; or
- (6) Expenses for the repair of damage to your principal residence that would qualify for the casualty deduction.

Amount Necessary to Satisfy Need. A distribution will be considered as necessary to satisfy your immediate and heavy financial need only if:

- (1) You have obtained all distributions, other than hardship distributions, and all nontaxable loans under all plans maintained by the Company;
- (2) Your Elective Deferrals (and Voluntary Contributions, if any) will be suspended for six months after the receipt of the hardship distribution; and
- (3) The distribution is not in excess of the amount of an immediate and heavy financial need (including amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the distribution).

#### Attainment of Age 59.5

You may receive a distribution after you reach age 59.5 from all of your Accounts that are fully vested.

Your Roth Contributions may be withdrawn on account of attainment of age 59.5 in the same manner as your regular 403(b) contributions. Please note however, that the income on the Roth contributions may be taxable (and subject to penalties for early withdrawal) if the withdrawal is not a "qualified distribution."

#### Rules Regarding Inservice Distributions

The Plan Administrator may establish uniform procedures that include, but are not limited to, prescribing limitations on the frequency and minimum amount of withdrawals. All distributions will be made in the form of a single sum as soon as practicable following the Valuation Date as of which such withdrawal is made. Such distributions will be paid in cash. Only Employees are eligible to receive inservice distributions.

## Loans

If you are an active Employee you may apply for a loan from the Plan. Loans will only be made to persons who the Plan Administrator determines have the ability to repay the loan. You may not receive a loan if the sum of your new loan and the outstanding balance of all of your other loans would exceed the lesser of:

- (1) \$50,000 reduced by the excess (if any) of the highest outstanding balance of loans during the one year period ending on the day before the loan is made, over the outstanding balance of loans from the plan on the date the loan is made, or
- (2) one-half the present value of your nonforfeitable accrued benefit.

Loans must be repaid over a period not extending beyond five years from the date of the loan, unless such loan is used to acquire a dwelling unit which within a reasonable time (determined at the time the loan is made) will be used as your principal residence.

The minimum loan amount is \$1,000 and the maximum number of loans outstanding at any one time is 1.

Loan fees may be charged against the Account of the Participant to whom the loan is granted and the Plan Administrator may adopt any administrative rules or procedures that it deems necessary or appropriate with respect to the granting and administering of loans.

You must obtain the consent of your spouse, if any, in order to obtain a loan.

## **MISCELLANEOUS**

### Domestic Relations Orders

Your benefits under the Plan may be assigned to other people in accordance with a qualified domestic relations order. You may obtain, without charge, a copy of the Plan's procedures regarding qualified domestic relations orders from the Plan Administrator.

### Loss of Benefit

Except as provided below, your account is not subject to any form of attachment, garnishment, sequestration or other actions of collection afforded creditors and your benefits are free from attachment, garnishment, account's process, or any other legal or equitable process. You may not alienate, anticipate, commute, pledge, encumber or assign any of the benefits or payments which you may expect to receive, contingently or otherwise, under the Plan, except that you may designate a Beneficiary.

However, you may lose all or part of your balance:

Under the terms of a qualified domestic relations order.

To comply with any federal tax levy.

#### Amendment and Termination

The Company may amend, terminate or merge the Plan at any time. However, no such action may permit any part of Plan assets to be used for any purpose other than the exclusive benefit of participants and beneficiaries or cause any reduction in the amount credited to your account. If the Plan is terminated, all amounts credited to your accounts will become 100% vested.

#### Fees

Your account may be charged for some or all of the costs and expenses of operating the Plan. Such expenses include, but are not limited to, investment expenses and costs to process loans, plan distributions and domestic relations orders.

#### Insurance

Your account is not insured by the PBGC because the Plan is not a defined benefit pension plan.

#### Administrator Discretion

The Plan Administrator has the authority to make factual determinations, to construe and interpret the provisions of the Plan, to correct defects and resolve ambiguities in the Plan and to supply omissions to the Plan. Any construction, interpretation or application of the Plan by the Plan Administrator is final, conclusive and binding.

## ADMINISTRATIVE INFORMATION

1. The Plan Sponsor and Plan Administrator is South Washington County Schools.  
Its address is 7362 East Point Douglas Rd S, Cottage Grove, Minnesota 55016-3025.  
Its telephone number is 651-458-6300.  
Its Employer Identification Number is 41-6007788.
2. The Plan is a 403(b) plan which has been designated by the sponsor as its plan number 001.
3. The Plan's designated agent for service of legal process is the chief officer of the entity named in paragraph 1. Any legal papers should be delivered to him or her at the address listed in paragraph 1. However, service may also be made upon the Plan Administrator.
4. The Plan's assets are held in insurance contracts and/or custodial accounts created under the terms of the Plan.
5. The Company's fiscal year ends on June 30 and the plan year ends on December 31.

Custom Language:

Effective August 1, 2008, only vendors listed on the 403(b) Authorized Vendor List will be authorized to receive contributions.

V-4.02