

Tax Deferred Saving Plans

Article II.

Article III. Matched Savings Plan

VALIC

Match Plan Advisor – Sal Palatiere

Cellular – 832-515-1057

Voice Mail – 1-800-892-5558 Ext. 87199

Sal.Palatiere@valic.com

VALIC Customer Service – 1-800-448-2542

<http://www.valic.com>

SBISD offers a Matched Savings Plan (MSP) to all employees. SBISD has contracted VALIC to administer the plan. This plan is designed to encourage employees to save on a tax-deferred basis to supplement other sources of income including their Teacher Retirement System (TRS) annuity and personal savings upon retirement.

Effective October 1, 2003, SBISD will deposit an amount equal to 0.25% of your gross salary for that pay period into your employer account with VALIC. SBISD will continue to make a deposit each pay period that you participate in the 403b program. You are eligible to receive the matching funds if you are deferring an amount up to 0.50% of your salary to your 403b account each pay period.

Please note: Your pay stub will not reflect the amount that the district is contributing each pay period to your Matched Savings account. Account balance information can be obtained by contacting VALIC at 1-800-448-2542 or by logging on to www.aigretirement.com.

Outline of the Plan

- An employee will always be 100% vested in their own contributions.
- Employees who have already worked for the district for more than 5 years will automatically be 100% vested with the district's contribution. The vesting schedule is as follows:

<u>Years of Service</u>	<u>Vesting Percentage</u>
1	20%
2	40%
3	60%
4	80%
5	100%

- Loans will be available from vested employer contributions.
- If you terminate your employment with the district you may take your contributions in the form of:
 1. Annuity/installment payments
 2. Direct rollover to an IRA
 3. Partial withdrawals
 4. Lump sum payments

You may select either fixed or variable options for you investments.

Since both employer and employee contributions grow tax deferred, you can defer income taxes on interest and earning generated by the contributions. You will pay taxes upon withdrawal or when payments begin, usually upon retirement or separated from service. Federal tax penalties may apply on withdrawals prior to age 59 ½.