



403(b) Plan UNIVERSAL AVAILABILITY NOTICE

Durango School District 9-R (the "District") offers a 403(b) plan for eligible employees of the District. Every District employees is eligible to participate in the Plan.

A 403(b) plan is a tax-deferred retirement program that permits an employee to reduce his or her compensation on a pre-tax and/or after-tax (Roth) basis and have the contribution deposited into a 403(b) account that the employee sets up with a 403(b) vendor. Amounts deposited into a 403(b) account and any earnings on those contributions are generally not taxed until the employee makes a withdrawal from his or her 403(b) account following separation from service with the District, unless contributions are made on an after-tax basis.

The District maintains a list of approved 403(b) vendors and appropriate contact information for each vendor. A copy of this list is available on-line or through the Business Office. Employees should contact each vendor for information about the 403(b) products and services it offers.

To enroll in the 403(b) plan, an employee must complete a Salary Deferral Agreement (SDA) and the vendor's application. The SDA will only apply to amounts earned after enrollment in the plan. This contribution will continue unless it is modified or revoked in the future. The District has established policies that enable you to increase or decrease your contribution, stop your contribution, or change from one authorized 403(b) vendor to another, see Summary Plan Description. **Employees may get the necessary enrollment forms on-line or by contacting the Business Office at ext. 1432.**

Annual contributions to the 403(b) plan are limited per IRS regulations. Below are the limits for the 2017 calendar year.

Year	Basic Elective Contribution Limit	Age 50+ Catch-Up Contribution	15 Years of Service	Total Contribution Limit
2017	\$18,000	\$6,000	\$3,000	\$27,000

Disclosure to employees: The District has no liability for any employee's election to participate in the 403(b) plan, choice of 403(b) vendor(s), or expected tax consequences resulting from participating in the 403(b) plan. The District does not provide tax, legal or investment advice and recommends that employees seek advice from professionals who specialize in these areas.



403(b) Plan Summary Plan Description

The Plan

Durango School District 9-R (the "District") offers a §403(b) Plan to assist employees with their retirement savings. The District's §403(b) Plan is a tax-deferred retirement savings program, which allows employees to make voluntary salary deferral contributions to the Plan. The decision to participate in the District's §403(b) Plan is entirely up to you.

Although the Plan is offered by the District, the Plan is not established or maintained by the District for purposes of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Accordingly, the Plan and the District are not subject to ERISA.

The District intends for the §403(b) Plan to qualify for preferential tax treatment under Internal Revenue Code ("IRC") §403(b). There are two ways you can elect to have a portion of your current pay saved and invested via salary deferral. You may contribute pre-tax §403(b) deferrals and/or Roth after-tax §403(b) deferrals.

Pre-Tax Deferrals. You do not have to pay taxes on the amount you elect to contribute to the District's §403(b) plan in year the contribution is made to the plan. Contributions to the §403(b) Plan are reported annually on your W-2 forms, but are not included in income subject to taxation. Your §403(b) contributions are deducted from your gross salary and income taxes are calculated on your remaining pay. The earnings on your account grow tax-free until withdrawal. Income tax on your §403(b) plan contributions are deferred until you begin making withdrawals from your account—typically when you retire.

Roth After-Tax Deferrals. With Roth deferrals, you must pay current income tax on your deferral contribution. This means that the amount you defer under the Roth portion of the §403(b) Plan is subject to income taxes in the year of the deferral, but the deferral amount and its earnings are distributed to you tax-free, if you follow the distribution rules of the Plan and at least 5 years have passed between your first Roth deferral and the date of your first distribution.

Participation

Every District employee is eligible to participate in the Plan. To participate, you need to select one of the Approved Vendors listed in Appendix A of the District's 403(b) plan and complete a vendor application. **Employees may change their salary reduction agreement at any time.**

Vendors

You can invest your deferral monies in a variety of investment options offered by the District's Approved Vendors (listed on Appendix I of the District's 403(b) Plan). The Approved Vendor List is available from the Finance Office or through the District's website. The District reserves the right to add or remove Approved Vendors. **Transfers between Approved and Unapproved Vendors will not be allowed.**

Contributions and Limitations

While you may choose how much of your salary you wish to contribute to the Plan, your contribution must comply with all of the following legal limitations:

1. Annual Deferral Limitation.

The first limitation applies to all of your elective deferrals from your salary to this Plan. Elective deferrals are contributions that you make instead of receiving all of your pay at that time.

For the 2017 tax year, all of your elective deferrals to this and all other plans (including SIMPLE plans, 401k plans and other §403b plans) cannot exceed \$18,000 per calendar year (unless you qualify for one of the catch-up contributions described below). This limit will be adjusted annually thereafter by the IRS.

2. Special Catch-up Contribution.

If you have worked for the District for at least 15 years and have not already maximized the excess contributions available under this section, you can elect to make "catch-up" contributions, in addition to the annual salary deferral, and "50 & over" catch-up contribution, if applicable. In general, the Special Catch-Up Contribution is the least of:

- \$3,000; or
- \$15,000 minus your prior special "catch up" contributions; or
- \$5,000 times your years of service with the District, minus your prior elective deferrals to the plan.

3. "50 and over" Catch-up Contribution.

A participant who will be age 50 or over, by the end of the calendar plan year, may defer an additional \$6,000. So, for example, the total deferral contribution limitation for 2017 for an employee over 50 is \$24,000; if the employee is eligible for the Special Catch-up Contribution, described above, and over 50, he/she could defer up to \$27,000 in 2017.

If an employee is eligible to elect the Special Catch-up and the 50 and over Catch-up, the Special Catch-up contribution must be utilized first.

As described below, there are legal restrictions that limit how much you can contribute to the Plan each year. The District needs additional information from you to verify your contributions are within these limits. You should consult with your own investment, tax and/or legal advisor about the ability to participate in the Plan. The District cannot provide you with this type of advice.

Distributions

The federal law restricts when distributions are permitted from your accounts. You or your beneficiary may receive a distribution upon your death, disability or upon retirement from the

District. The IRS requires complete severance from the District upon retirement, which means that if you are rehired by the District after you have retired, you must stop receiving distributions from your account during the time you are employed by the District after retirement.

Distributions are also permitted from the Plan upon: severance from employment with the District or attainment of age 59½.

Loans

The Plan does not permit loans to be taken from your account.

For More Information, Contact The District Office:

Samantha Gallagher, Director of Finance
Durango School District 9-R
201 E. 12th Street
Durango, Colorado 81301
970-247-5411

Additional forms are available on our website under Finance, Payroll/PERA.

The information in this material summarizes the terms of the District's 403(b) Plan and the Internal Revenue Code as of October 27, 2016, and is not to be constructed as legal, tax or investment advice. This information cannot, and does not, alter the terms of the Plan or applicable law. Changes in the applicable law or the Plan document may change this summary. Please consult with your accountant for additional information.



403(b) PLAN VENDORS

Appendix I (Amended)

Axa Equitable
333 Thornnall St., 8th Floor
Edison, NJ 08837
866-786-0856

American Fidelity Assurance – 5425
P.O. Box 25520
Oklahoma City, OK 73125-0520
800-662-1106