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## 403(b) PLANS FOR PUBLIC SCHOOL TEACHERS: HOW THEY ARE MONITORED AND REGULATED IN EACH STATE

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**Financial Services**

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## CHAPTER I: RETIREMENT PLANS FOR PUBLIC SCHOOL TEACHERS

Most public school teachers have the option of participating in a voluntary supplemental 403(b) retirement saving plan. These employer-sponsored saving plans are designed to be tax qualified plans meeting IRS regulations. The management and regulation of 403(b) plans for educational personnel differs substantially across the states. In some states, these plans are overseen at the state level with state agencies regulating and approving vendors of the 403(b) plans while in other states, supplemental retirement saving plans are managed entirely by local school districts. At either level, government officials can limit the number of vendors through a competitive bidding process by issuing a solicitation such as a Request For Proposals (RFP). Alternatively, the relevant government agency can specify certain standards that must be met by all vendors who are approved to offer 403(b) plans; however, any provider of retirement saving plans that abides by these standards is allowed to offer a 403(b) plan.

An analysis of 403(b) plans across the country finds considerable diversity in the management and operation of these retirement saving plans. Some state managed plans have a relatively small number of approved providers (between one and six providers) while in other states, we find examples of plans that allow more than 50 vendors to offer 403(b) products to employees. Similarly, plans managed by individual school districts have a wide range in the number of financial services companies that are approved to offer 403(b) products to teachers. The extent of information on the plan providers and the investment products available under the plan provided by the school district also varies considerably across the country.

This report examines the 403(b) plans in all 50 states and seeks to provide the first comprehensive analysis of these plans across the country. We begin with an overview of mandatory retirement plans that cover most public school teachers. The importance of supplemental retirement saving plans depends in part on the generosity of the mandatory employer-sponsored plan that covers teachers and whether the teachers are included in Social Security. Next, we consider the advantages and disadvantages of alternative methods of regulating 403(b) plans and then present a summary table indicating the type of oversight provided by states and school districts across the country. Chapter II of the report presents a more detailed assessment of 403(b) plans in each state along with a brief description of the primary plan in each state and the provision of retiree health insurance to teachers.

### MANDATORY COVERAGE BY PENSION AND RETIREE HEALTH PLANS

In most states, public school teachers are covered by a state managed defined benefit plan. In 23 states, teachers are included in the same plan as other state workers while 27 states have separate retirement plans for teachers. In some states, teachers in large school districts may have locally managed pension plans, e.g. New York City, Chicago, St Louis. In general, pension plans covering public school teachers provide a benefit based on a formula that provides an annual benefit equal to a specified generosity parameter of between 1.5 and 2.5 percent per year of service times final average salary. Participation in these plans is mandatory and virtually all full time teachers are covered by a public pension plan. Clark and Craig (2011) and Clark, Craig, and Sabelhaus (2011) provided a detailed description of retirement plans for teachers and how they evolved during the twentieth century. Their history shows that plans in large cities for teachers were begun in the late nineteenth century, coverage was expanded during the early twentieth century into statewide plans, and then plans increased their generosity in the latter of the century. However, fundamental changes in these plans are being enacted in the twenty-first century. A recent report by the National Council on Teacher Quality (2012) documents the numerous changes that have been enacted by state legislatures altering teacher retirement plans.

Although most teachers are also covered by Social Security, a substantial number are not included in the Social Security system.<sup>1</sup> There currently are 13 states whose public school teachers are outside the Social Security system: Alaska, California, Colorado, Connecticut, Illinois, Kentucky, Louisiana, Maine, Massachusetts, Missouri, Nevada, Ohio, and Texas. (Wisconsin Legislative Council, 2011; Munnell, 2005). While teachers covered by Social Security can expect to receive an employer provided pension plus their Social Security benefits, teachers who are not included in the Social Security program must plan a retirement based only on their employer pension plan plus any additional personal saving.

1 Brainard (2010, page 9) estimates that 40 percent of public school teachers are not covered by Social Security.

Thus, teachers in these states should be more concerned about the ability to save additional funds through employer provided retirement saving accounts such as 403(b) plans.

There is substantial variation in the generosity of employer-provided pension plans for public school teachers with benefit formulas ranging from a low of 1.4 percent of final pay per year of service in Maryland to a high of 2.5 percent per year of service in Louisiana, Minnesota, Missouri, and Nevada. A study by the Wisconsin Legislative Council (2011) provides detailed information on the benefit formulas for all state managed retirement plans for public school teachers as of 2010. States with more generous benefit formulas tend to be states where public school teachers are not covered by Social Security. Clark and Craig (2011) estimate that the average replacement rate from the employer pension for teachers with 30 years of service who not covered by Social Security is 67 percent of final average pay compared to a 55 percent replacement rate for a comparable teacher covered by Social Security. Adding Social Security benefits to this later replacement implies that teachers with a 30 year career who were also covered by Social Security would have a total replacement rate of closer to 85 percent of final pay. Teachers covered by less generous state retirement plans should be more concerned about their ability to augment their retirement wealth through contributions to 403(b) plans.

In addition to being covered by pension plans, most public school teachers are also covered by employer provided retiree health plans. While these benefits are declining rapidly in the private sector, public employers continue to allow retiring employees to remain in employer sponsored health plans. The management and generosity of these plans varies widely across the states. In most states, retired teachers are included in state managed medical plans. These plans may be separate plans for teachers or teachers may be included in plans that also cover general state and local employees. In some states, individual school districts are responsible for the health insurance for active and retired teachers. The state plans vary substantially in their generosity with some states paying the entire premium for retired teachers thus allowing teachers to remain in the plan without bearing any of the premium cost. In other states, teachers are given the right to remain in the plan but in order to participate in the plan; teachers must pay the entire premium. Once again, we should expect the demand for quality supplemental retirement saving plans to vary depending on the extent of subsidy provided to retired teachers (see Clark and Morrill, 2010 and Franzel and Brown, 2012).

The ongoing budgetary pressures confronting states and school districts have resulted in closer scrutiny of expenditures on retirement benefit for public employees. Across the country, states have been modifying their retirement plans in ways that reduce future benefits to teachers and lower cost to public employers. As employer benefits are reduced, it is increasingly important that teachers have access to well-run supplemental retirement plans that are efficiently managed with relatively low investment fees. Recent changes and potential modifications to primary pension plans, retiree health plans, and Social Security will increase the importance of retirement saving in supplemental retirement plans.<sup>2</sup>

## **VOLUNTARY PARTICIPATION IN SUPPLEMENTAL RETIREMENT PLANS**

Virtually all public school teachers have access to an employer-sponsored voluntary retirement saving plan, typically these plans for teachers are 403(b) plans.<sup>3</sup> The 403(b) plans allow teachers to make pre-tax contributions through payroll deductions, provide for tax deferral of any investment earnings and tax any retirement distributions.<sup>4</sup> The management and oversight of 403(b) plans varies across the states. The objective of this report is to document how these plans are managed in each of the 50 states.

2 Clark and Morrill (2010) report the current status of state and local retiree health plans and how these plans are being modified to reduce the increase in government cost of providing retiree health to teachers and other state employees and Franzel and Brown (2012) examine the liabilities of these plans in the context of state budgets. Clark, Craig, and Sabelhaus (2011) describe the development of state and local pension plans for teachers during the twentieth century and how they are being modified in the face of current financial pressures. Both of these assessments indicate that in the future teachers and other state and local employees will be responsible for more of their retirement income. Other summaries of recent changes in state retirement plans are documented by the National Conference of State Legislatures and can be found at: <http://www.ncsl.org/documents/employ/StatePensionReform2009-2011.pdf>  
<http://www.ncsl.org/issues-research/labor/pension-and-retirement-legislative-summaries-and-r.aspx>

3 Teachers may also have access to 401(k) and 457 plans that are offered to all public employees within a governmental unit.

4 A growing number of plans also offer Roth 403(b) plans. In these plans, contributions are made with after tax dollars.

The differences in the regulatory environment of 403(b) plans, both across and within states, are substantial. Some teachers are covered by plans managed by the local school district while in others are covered by 403(b) plans that are regulated at the state level. In some states, school districts have organized multi-district consortia for their 403(b) plans; examples include collaborations in Arizona, Florida, Kansas, Missouri, Virginia, and Washington. Administrators of public school system retirement plans have considerable latitude in determining the design, management, and oversight of 403(b) plans. Employers, perhaps in conjunction with a collective bargaining unit, must decide which financial service providers will be allowed to offer 403(b) plans to teachers and they also approve the specific plans that are offered as part of the retirement saving programs.

Regardless of whether the plan is administered at the state or local level, an important factor influencing the wealth accumulation of teachers is the degree of control the plan sponsor maintains over the plan. Some states and school districts allow all interested vendors to offer 403(b) products provided that they meet certain specified criteria. This open access environment usually results in a relatively large number of vendors offering plans to teachers. Since each plan provider offers numerous investment options, teachers face a significant problem of finding information on the providers and their investment options. As a result, individual teachers bear the burden of deciding which provider among all of those approved to offer a 403(b) plan provides the best mixture of products, services and fees. While offering greater choice of providers and investments, this system can result in an information overload for a teacher that reduces the ability of the individual to adequately assess the cost and benefits of their options. An alternative system is where the state or school district adopts a competitive bidding process to limit access of providers to the market. In this controlled access environment, the plan sponsor negotiates with the approved providers over the mixture of products and the level of fees. This reduces the information cost for teachers at the cost of limiting the access to some vendors and some investment products.

With open access, the state or local school district functions as a clearinghouse for providers who desire to offer products and services to teachers. Providers register with the governmental authority and submit individual investment products for certified inclusion in the plan. Typically, a provider must disclose all fees that will be charged to plan participants. It is common for this information to be included in an online investment information bank for access by the governmental authority and plan participants. However, the extent of information provided by some districts on their websites is very limited and as a teachers must visit each of the providers own websites to determine their investment options and the fees associated with each investment product. With open access, states and districts do not actively negotiate product offerings or fees, nor do they typically monitor the products and associated fees. Rather, the open access model offers a large range of certified providers for participants to access. This model tends to provide substantial choice to teachers but at the cost of sorting through a wide range of providers and numerous investment options. Given a wide range of fees across the plan providers, teachers run the risk of finding the desired investment product but buying it from a high cost provider when lower cost alternatives exist.

With controlled access, a governmental authority limits access to the 403(b) market through a competitive bidding process.<sup>5</sup> Interested providers submit proposals to a plan sponsor (either a state agency or the local school district) in response to the criteria established by the governmental authority. Proposals must describe the types of products and the types and level of fees. Limiting the number of providers may lower fees due to economies of scale and because fewer providers allow the plan sponsor to better oversee and monitor the providers' products. If regulation occurs at the state level, participant assets are likely to be more portable across districts due to the structure of the plan and because the bidding process typically prohibits selected providers from charging loads or surrender charges.

Table 1 provides basic information on the management of 403(b) plans in those states where the plans are organized at the state level. For each of these states, the table presents some basic information about the plans. While it is sometimes difficult to classify states into simple categories, it appears that 6 states have adopted some type of state managed 403(b)

<sup>5</sup> In general, private sector firms select a single provider for their supplemental retirement plan, negotiate over the fees that can be charged, and often limit the number of investment options available to participants in the plan.

plan through restricting providers and 4 states have state supervised plans but allow all interested vendors who meet basic requirements of the state to offer retirement saving plans to teachers. Among those states that have restricted access to the 403(b) market, Arizona, New Jersey, and Oklahoma have selected a single vendor for the state plan while Iowa and Vermont selected 6 vendors as part of their plans.

In contrast, states with open access tend to have many more vendors offering 403(b) plans to their teachers. For example, Texas has 76 vendors that offer such plans while California has 55 approved vendors, Hawaii 42 providers and Delaware has 13 firms offering 403(b) plans.<sup>6</sup> The other 40 states (not shown in Table 1) have chosen to have 403(b) decisions made solely by local school districts. Within a particular state, school districts vary in their approach to regulating vendors with some school districts limiting access while others have a more open framework for their supplemental retirement plans. As a result, some school districts will have only one provider while others may have 15 to 20 providers.

### **ASSESSING THE STATE OF 403(B) PLANS**

As public pension plans and national retirement policies are changed, state and local administrators should reassess the process of managing and regulating 403(b) plans. Best practices in this market are based on several simple concepts. First, it is important for teachers to have access to high quality and well managed optional retirement saving plans. All fees and costs should be transparent and readily available to potential investors. Teachers should not be overwhelmed with too many choices of vendors and investment products. Vendors should be required to provide easy to access information on products and fees in a manner that allows teachers to compare the cost and benefit of alternative products. It is beneficial to teachers if information on all providers is available at a single website. States and school districts should limited fees that providers can charge so that teachers can higher net returns to their investments.

As government agencies consider how to best achieve these objectives, they should review and consider the structure of 403(b) across the country. This report details the diverse state of the 403(b) market as it currently exists. As noted earlier, state and local retirement plans are rapidly changing; however, many of these changes apply only to teachers hired after some future date. This makes it difficult to completely describe the primary pension and retiree health plans for public employees. However, it is clear that in the future teachers will have greater responsibility for their own retirement income and the role of 403(b) plans will be enhanced as teachers must make active elections to participate in these plans to augment smaller pensions.

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<sup>6</sup> It appears that state laws in Ohio, Washington, and Indiana require that school districts allow any provider meeting certain criteria the option of offering a 403(b) plan to teachers. Unlike Texas and California, these states do not maintain a list of qualified providers.

TABLE 1

STATE	PLAN	YEAR	AGENCY	THIRD PARTY ADMINISTRATOR	NUMBER OF PROVIDERS & PRODUCTS	PROVIDER LIST	PRODUCT LIST	PROVIDER SELECTION PROCESS	PARTICIPANTS	ASSETS
AZ	Supplemental Salary Deferral Plan	2009	Arizona State Retirement System	TIAA-CREF	1 Provider 23 Products	TIAA-CREF	Product List, Fees, and Investment Performance as of 12/31/2012	RFP issued 10/21/2009	As of 12/1/12: • 25 school districts • 5 community colleges • 6 charter schools	Not available
CA <sup>1</sup>	Pension2	1994 <sup>2</sup>	California State Teachers' Retirement System	TIAA-CREF	1 Provider 37 Products	TIAA-CREF	Products and Fees	RFP issued in 2006	As of 6/30/12: • 708 employers • 6,922 individuals	As of 6/30/12: \$550.33 million
	403bComply	2007		JEM Resource Partners	56 Providers	Vendors Available in CalSTRS Administered Plans	Not available	RFP issued in 2006	As of 1/1/13: 164 employers	N/A
	403bCompare	2004		N/A	65 Providers 6,000+ Products <sup>3</sup>	Vendors Authorized to Offer 403(b) Products in California	Product Search	RFP issued in June 2006		
DE	403(b) TSA Plan	2007 <sup>4</sup>	Delaware State Treasury	VALIC provides a website for online enrollment and manages certain participant data.	13 Providers	Investment Provider List	Consolidated list not available. Provider Comparison Chart and Fee Information	Request for information issued (RFI) in 2007 to all vendors available under local district plans.	As of 12/31/11: 4,632 active participants (19,926 eligible)	As of 12/31/11: \$239.7 million



STATE	PLAN	YEAR	AGENCY	THIRD PARTY ADMINISTRATOR	NUMBER OF PROVIDERS & PRODUCTS	PROVIDER LIST	PRODUCT LIST	PROVIDER SELECTION PROCESS	PARTICIPANTS	ASSETS
HI	Hawaii Department of Education 403(b) Plan	2008	Hawaii Department of Education	National Benefit Services, LLC serves as the administrator bookkeeper, compliance advisor, and common remitter.	35 Providers	Approved Providers	Consolidated list not available.	Prospective providers must contact National Benefit Services, LLC	All employees of Hawaii's single statewide school district are eligible to participate.	Not available
	Retirement Investors' Club (RIC)	2007	Iowa Department of Administrative Services	N/A	6 Providers/ 200+ Products	1. The Hartford 2. Horace Mann 3. ING 4. Security Benefit 5. TIAA-CREF 6. VALIC	Investment Options and Fees	The 2010-2015 providers were selected by a competitive bidding process in 2009	As of 12/14/12: • 300+ school districts and community colleges <sup>5</sup> • Over 15,000 active participants	Not available
NJ	SACT Tax-Sheltered Plan	1963	New Jersey Department of the Treasury	N/A	1 investment fund	Investment Summary		N/A	As of 06/30/2011: 3,806 members in either SACT regular or SACT tax-sheltered.	As of 06/30/11: \$158.47 million
NC	North Carolina is currently in the process of starting a statewide 403(b) program.	2013	North Carolina Department of State Treasurer	TIAA-CREF	1 Provider	TIAA-CREF	TBD	Invitation to Bid reissued in September 2012	As of 1/30/13: Not open for enrollment	N/A
OK	Oklahoma Teachers' Retirement Tax Sheltered Annuity Plan	Est. 1967, Current plan 2009	Oklahoma Teachers' Retirement System	ING	1 Provider 15 Products	ING	Products and Fees	RFP issued in 2009	As of 6/30/11: 4,408 individuals	As of 6/30/11: \$223.4 million

STATE	PLAN	YEAR	AGENCY	THIRD PARTY ADMINISTRATOR	NUMBER OF PROVIDERS & PRODUCTS	PROVIDER LIST	PRODUCT LIST	PROVIDER SELECTION PROCESS	PARTICIPANTS	ASSETS
TX	Texas 403(b) Registered Products List	2001	Teacher Retirement System of Texas	N/A	70 Providers 9,000+ Products	Texas Certified Companies List	Active Product List & Fees	Any company that applies for certification and meets certain eligibility requirement will be listed on the TRS registered product list.	As of 1/1/2008: Employees of Texas public schools may only enter into new 403(b) plan salary reduction agreements for 403(b) investment products on the TRS registered product list.	N/A
VT	VSTRS 403(b)	2009	Vermont State Teachers Retirement System	Great West Retirement Services	1 Provider 17 Products	Great West Retirement Services	List of investment options	The administrator was chosen by the Vermont State Teachers' Retirement Board from a pool of proposals.	As of 6/30/2012: • 30 Supervisory Unions (School Districts) • 1,730 participants	As of 6/30/12: \$32.48 million

(Footnotes)

- 1 The California State Teachers' Retirement System offers a comprehensive 403(b) plan (Pension2), 403(b) compliance and administration services for employers (403bComply), and provides an online information bank for employees (403bCompare). All 403(b) providers must register with the California State Teachers' Retirement System.
- 2 California's 403(b) program was known as the CalSTRS 403(b) Program until 2000 and the Voluntary Investment Program from 2000 until 2007.
- 3 The 403bCompare lists 230 "Registered Products," many of which include dozens of investment options.
- 4 The State of Delaware 403(b) plan was established in the 1970's, and was administered at the local level until 2007.
- 5 Iowa legislation required that employers either create their own 403b plan or adopt the Iowa Retirement Investors' Club (RIC) 403b plan by August 15, 2008.

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**CHAPTER II: SUMMARIES OF 403(B) PLANS OFFERED BY STATES**

In this chapter, the retirement plans offered by each state to their public school teachers are examined. We provide an overview of each state by first describing the 403(b) plans offered by the state to its public school teachers. To place these supplemental retirement saving plans in a broader context, we note whether the state offers any other saving plan to its teachers. In addition, we discuss the characteristics and the generosity of mandatory retirement plans for teachers and whether teachers have access to employer provided retiree health plans. Well managed 403(b) plans are important to all teachers; however, policy analysts and administrators should be especially aware of these plans when the mandatory retirement plan and the retiree health plan available to teachers are less generous.

We examine whether the state manages and regulates the provision of 403(b) plans or whether oversight of these plans is left to individual school districts. In those states where 403(b) plans are managed at the state level, we report if the state allows all interested providers to offer retirement savings plans or whether providers are limited through a competitive bidding process. In some states, the state itself offers a 403(b) and in these areas, the state typically selects a financial service provider to offer the state plan. In the majority of states, the management of 403(b) plans is left to school districts which may choose to allow all interested providers to offer a plan or the district can select providers through competitive bidding.

The following analysis shows the great diversity of management and regulation and significant differences in the number of providers and investments available to teachers. For state managed plans, the report discusses the management and oversight process and provides specific information on the number of providers along with the information provided to school teachers. For states that leave the oversight of 403(b) plans to local school districts, several school districts are selected for in depth analysis. The selection is not meant to be representative of all the school districts in the state but instead the objective is to show how substantial differences exist across school districts within the state. The information on both state and school district plans is primarily collected from searching the websites for data on 403b plans and how they are governed. This data base has been developed through web searches throughout 2011 and 2012. It is important to recognize that supplement retirement plans along with mandatory plans are periodically modified and websites are often updated with a lag. Thus, some of the plans discussed in the report may have been amended since the data were collected.

In 2009, the IRS modified its rules regarding the management of 403(b) plans. In response to changes in these regulations, states and school districts needed to alter their own 403(b) plans and address issues associated with the management of their 403(b) plans. It appears that many of the school districts examined chose to include plan providers based solely on participation levels prior to the implementation of the new regulations.

The importance of 403(b) plans to individual school teachers is related to the other retirement benefits offered as part of their employment contracts. To help place 403(b) plans in a broader context, the report provides a brief summary of the primary or mandatory plan offered to school teachers in each state along with whether the state also provides the opportunity to participate in a 457 plan or other supplemental retirement saving plan and whether the state provides health insurance to retired teachers. The discussion of these other retirement plans is based on state and school district websites and the Wisconsin Legislative Council 2010 Comparative Study of Major Public Employee Retirement Systems (2011) and the recent report by the National Council on Teacher Quality (2012). The reader should be aware that retirement plans and retiree health plans are periodically modified and amended and often have different benefit formulas and levels of subsidizes for workers hired at different times and with alternative years of service. For this reason, we provide numerous links to the websites of the various retirement plans so readers can easily access the plans' homepages and can determine the current characteristics of the plans.

**ALABAMA****403(b) PLAN**

Alabama does not have a state managed 403(b) plan. Alabama Code 16-25C appears to establish a defined contribution plan for public employees who are covered by the mandatory defined benefit plan and participating in a voluntary 403(b) or 457 plan. The statute gives responsibility for administering this plan to a board of seven individuals appointed by the Alabama Education Association. Section 7 establishes a fund to provide employer match contributions to employees who contribute to a 403(b) or 457 plans. However, we did not find any mention of this defined contribution savings fund on Alabama Education Association website, the Alabama Retirement System website, or any Alabama state government website.

Many educators in Alabama are members of the Alabama Education Association (AEA) which offers a mutual fund 403(b) (7) and a variable annuity 403(b) through the AEA Valuebuilder Program. The AEA has more than 104,000 members in 173 school districts and community colleges. In February 2012, AEA announced that TIAA-CREF would replace Security Benefit as the third party administrator (TPA) of the Valuebuilder Program.<sup>7</sup>

In addition to the Valuebuilder Program, most of Alabama's 132 school districts maintain a list of approved 403(b) providers. The websites of two school districts were examined for information concerning the 403(b) plans offered by the district. The largest district in Alabama, Mobile County Public Schools, employs 7,000 individuals. All employees are eligible to participate in the district's 403(b) plan. TSA Consulting Group provides administrative services for the plans. Employees can participate in the AEA's Valuebuilder Program or choose from one of five other approved investment providers. Any investment provider that meets certain standard and maintains a minimum number of employee accounts may provide 403(b) accounts to employees.<sup>8</sup> Alexander City Schools is a midsized district serving almost 3400 students. The district employs National Benefit Services as the TPA for their 403(b) plan, which has only one approved vendor: Life Insurance Company of the Southwest. All employees are eligible to participate in the plan.<sup>9</sup>

**OTHER SUPPLEMENTAL PLANS**

The Secretary-Treasurer of the Teachers' Retirement System and the Employees' Retirement System administer a 457 deferred compensation plan, RSA-1. RSA-1 funds are invested by the Retirement Systems of Alabama. Funds can be invested in either fixed income investments, stocks or a combination of the two assets. The funds are not self-directed but are invested as a pool of funds by the system.<sup>10</sup>

**PRIMARY RETIREMENT PLAN**

Teachers' Retirement System of Alabama

<http://www.rsa-al.gov/TRS/trs.html>

**Type of Plan:** Defined benefit

**Coverage:** Teachers only

**Normal Retirement Age:** Age 60 with 10 years of service; any age with 25 years of service

**Benefit Formula:** 2.0125% per year of service times final average salary

7 Source: TIAA-CREF Press Release, February 2012

[http://www.tiaa-cref.org/public/about/press/about\\_us/releases/articles/pressrelease414.html](http://www.tiaa-cref.org/public/about/press/about_us/releases/articles/pressrelease414.html)

8 Source: TSA Consulting Group, Mobile County Public Schools – Alabama

[https://www.tsacg.com/employee\\_site/districts/alabama/mobile.htm](https://www.tsacg.com/employee_site/districts/alabama/mobile.htm)

9 Source: National Benefits Services, LLC, 403(b) Plan Information – Alexander City Schools

<http://www.nbsbenefits.com/403b/new403b/403bindex.htm>

10 Source: The Retirement Systems of Alabama, RSA-1 Deferred Compensation Plan

<http://www.rsa-al.gov/RSA-1/rsa-1.html>

**Final Average Salary:** High 3 years out of last 10 years

**Vesting:** 10 years

**Employee Contribution:** 7.25% of salary; scheduled to rise to 7.5% October 2012

**Social Security Coverage:** Yes

Teachers' Retirement System of Alabama Handbook:

<http://www.rsa-al.gov/TRS/Pubs%20and%20forms/TRS%20Pubs/TRS%20Member%20Handbook%202011.pdf>

#### **RETIREE HEALTH BENEFITS**

The Public Education Employees' Health Insurance Plan (PEEHIP) was established in 1983. PEEHIP provides health insurance benefits for active and retired education employees and is governed by the PEEHIP Board of Control. Plan has a partial state subsidy for enrollment in PEEHIP. Alabama teachers are in a separate retiree health plan from general state employees.

<http://www.rsa-al.gov/PEEHIP/peehip.html>

**ALASKA****403(b) PLAN**

Alaska does not have a state-managed 403(b) plan. Instead, 403(b) plans are offered at the local school district level. In a survey conducted in 2010 by the Alaska Public Employees' and Teachers' Retirement System, 32 out of the 51 responding PERS employers offered a 403(b) plan. Two of these employers had a mandatory 403(b) plan. All of the 25 responding TRS employers offered a voluntary 403(b) plan.<sup>11</sup>

The largest district in Alaska, the Anchorage School District (ASD), has offered a 403(b) plan to employees for over 30 years. Anchorage School District employs more than 6,100 individuals. Great West Retirement Services was chosen to administer the plan by a RFP issued in 2008. Great West also administers the Alaska TRS defined contribution plan and the ASD 457 plan.<sup>12</sup> In 2010, the ASD issued an RFP for an independent investment consultant and awarded the contract to SST Benefits Consulting. Participants may choose from almost 40 investment options. There are currently over 2,000 participants and contributions exceed \$10,000,000 annually.<sup>13</sup> The plan does not include automatic enrollment or matching contributions.<sup>14</sup>

Another large district in Alaska, Fairbanks North Star Borough School District, offers a 403(b) administered by CPI Remitter Services. CPI offers 18 vendors with varying number of options for each vendor. A phone number is provided for each vendor, with the name of the provider's representative.<sup>15</sup>

**OTHER SUPPLEMENTAL PLANS**

The State of Alaska also offers a 457 Deferred Compensation Plan to state employees. The plan is managed by Great West Retirement Services.<sup>16</sup>

**PRIMARY RETIREMENT PLAN**

Alaska PERS/TRS Defined Contribution Retirement Plan

<http://doa.alaska.gov/drb/dcrp/>

**Type of Plan:** Defined Contribution

**Coverage:** Teachers

**Normal Retirement Age:** N/A

**Benefit Formula:** N/A

**Final Average Salary:** N/A

**Vesting:** 5 years

**Employee Contribution:** 8.0% (employer contribution 7.0%)

11 Source: Alaska Public Employees' and Teachers' Retirement Systems Facts and Figures, p. 27  
[http://doa.alaska.gov/drb/pdf/AK\\_PERS\\_TRS\\_Facts\\_Figures\\_2.pdf](http://doa.alaska.gov/drb/pdf/AK_PERS_TRS_Facts_Figures_2.pdf)

12 Source: Summary of TPA RFP and Proposals Received  
[http://www.asdk12.org/school\\_board/archives/2008-2009/20080922/G02M053.pdf](http://www.asdk12.org/school_board/archives/2008-2009/20080922/G02M053.pdf)

13 Source: Summary of Consulting RFP and Proposals Received  
[http://www.asdk12.org/school\\_board/archives/2010-2011/20100809/H14M038.pdf](http://www.asdk12.org/school_board/archives/2010-2011/20100809/H14M038.pdf)

14 Source: Anchorage School District 403(b) Website  
<http://www.asdk12.org/HR/Benefits/403b/>

15 Source: Fairbanks North Star Borough School District, Retirement Plans  
<http://www.k12northstar.org/departments/hr/employee-benefits/retirement-plans>

16 More information is available on the Deferred Compensation Plan website:  
<https://akdrb.gwrs.com/preLoginContentLink.do?accu=AlaskaWR&contentUrl=preLogin.deferredCompensation.landing&specificBundle=preLogin>

**Social Security Coverage:** No

Details of this defined contribution plan can be found at: <https://akdrb.gwrs.com/preLoginContentLink.do?accu=AlaskaWR&contentUrl=preLogin.persPlan.landing&specificBundle=preLogin>

Employees who first entered the TRS prior to July 1, 2006 are members of the TRS Defined Benefit (DB) Plan. Details of this plan are provided at: <http://doa.alaska.gov/drb/trs/>

**RETIREE HEALTH BENEFITS**

Alaska provides health insurance to retired teachers; however, the state subsidy has been changed over time. Alaska teachers are in a separate retiree health plan from general state employees. Details are provided at <http://doa.alaska.gov/drb/alaskaCare/retiree/info/eligibility.html>



**ARIZONA****403(b) PLAN**

The Arizona State Retirement System (ASRS) administers the Supplemental Salary Deferral Plan (SSDP), which includes both a 403(b) plan and a 457 plan<sup>17</sup>. The SSDP was established in 2009 by Arizona Revised Statute § 38-781. The initial Request for Proposals was issued in October 2009.<sup>18</sup> Proposals were received from AXA Equitable, Great-West Retirement Services, ING, Nationwide Retirement Services, TIAA-CREF, and VALIC. In February 2010, TIAA-CREF was chosen as the sole provider. All ASRS member employers are eligible to select a SSDP, except for the State of Arizona and the state universities, which have access to similar programs through the Arizona Department of Administration.<sup>19</sup>

As of October 2009, employers eligible to adopt the SSDP plan consisted of 10 community colleges, 160 charter schools, 77 cities and towns, 15 counties, 90 special districts, and 240 public school districts. 179,000 employees could participate in SSDP if it were adopted by their employer. In July 2011, only nine employers had elected to participate in the plan. As of December 2012, participation had increased to 42 employers including 25 school districts, 5 community colleges, and 6 charter schools.<sup>20</sup> Currently, employees are not automatically enrolled and do not receive any matching employer contributions. However, each employer may individually determine whether to provide an employer match.<sup>21</sup>

**OTHER SUPPLEMENTAL PLANS**

Arizona offers employees two 457 plans. One is administered by the ASRS as part of the SSDP (see previous section) and the other is offered by the Arizona Department of Administration for employees of the State of Arizona and the state universities. ASRS also offers a 401(a) Supplemental Retirement Savings Plan. Both the 401(a) and 457 for state and university employees are administered by Nationwide Retirement Solutions.<sup>22</sup>

**PRIMARY RETIREMENT PLAN**

Arizona State Retirement System  
<https://www.azasrs.gov/web/Home.do>

**Type of Plan:** Defined benefit

**Coverage:** Teachers, State and Local Employees

**Normal Retirement Age:** For members hired prior to July 1, 2011, normal retirement age is 65, or 62 with 10 years of service, or any combination of age and service years totaling 80. For members hired on or after July 1, 2011, normal retirement age is 65, or 60 with 25 years of services, or 55 with 30 or more years of services.

**Benefit Formula:** 2.1% of final salary per year for first 20 years, 2.15% for next 5 years, 2.2% for next 5 years, and 2.3% for all years over 30

**Final Average Salary:** 3 high years of salary

<sup>17</sup> For more information, contact Will Hurley at TIAA-CREF by phone at (602) 553-7702 or by email at [whurley@tiaa-cref.org](mailto:whurley@tiaa-cref.org).

<sup>18</sup> Initial RFP available under "Open Solicitations" from:  
<http://web.archive.org/web/20091123201355/https://www.azasrs.gov/web/Procurement.do>

<sup>19</sup> Source: ASRS SSDP Fact Sheet  
[https://www.azasrs.gov/content/pdf/fact\\_sheets/SSDP\\_201005.pdf](https://www.azasrs.gov/content/pdf/fact_sheets/SSDP_201005.pdf)

<sup>20</sup> TIAA-CREF Plan Website  
<http://enroll.tiaa-cref.org/asrs/faq.html>

<sup>21</sup> For a more detailed description of the Arizona 403(b) market, see Robert Clark and David Richardson, "Who Is Watching the Door? How Controlling Provider Access Can Improve K-12 Teacher Retirement Outcomes," TIAA-CREF Institute Research Dialogues November 2010,  
[http://www.tiaa-crefinstitute.org/ucm/groups/content/@ap\\_ucm\\_p\\_inst/documents/document/tiaa02030185.pdf](http://www.tiaa-crefinstitute.org/ucm/groups/content/@ap_ucm_p_inst/documents/document/tiaa02030185.pdf)

<sup>22</sup> More information about the Department of Administration 457 Plan is available from  
<https://www.nrsservicecenter.com/iApp/ret/content/employee.do?Role=EE&Site=ArizonaDC>  
 More information about the 401(a) Supplemental Retirement Savings Plan is available from  
<https://www.nrsservicecenter.com/iApp/ret/content/landing.do?Role=None&Site=AZsrs>

**Vesting:** Immediate

**Employee Contribution:** 11.39%

**Social Security Coverage:** Yes

Contact Information: ASRS Call Center: (800)621-3778

General Correspondence: AskMac@azasrs.gov

Member Handbook: [https://www.azasrs.gov/content/pdf/Mem\\_Handbook\\_2011.pdf](https://www.azasrs.gov/content/pdf/Mem_Handbook_2011.pdf)

### **RETIREE HEALTH BENEFITS**

All retired ASRS members, even those who receive a lump sum retirement benefit instead of a monthly annuity, are eligible to participate in the retiree group health insurance program. Certain dependents are also eligible. The level of employer subsidy varies depending on a retiree's years of service, plan choice, and whether single or family coverage is elected. Arizona teachers are in the same retiree health plan as other state employees.

2012 Retiree Insurance Guide: [https://www.azasrs.gov/content/pdf/2012\\_Retiree\\_GIG.pdf](https://www.azasrs.gov/content/pdf/2012_Retiree_GIG.pdf)

2011 State CAFR: [https://www.azasrs.gov/content/pdf/financials/2011\\_CAFR.pdf](https://www.azasrs.gov/content/pdf/financials/2011_CAFR.pdf)

**ARKANSAS****403(b) PLAN**

In Arkansas, 403(b) plans are managed by the local school districts. The largest school district in Arkansas, Little Rock School District (LRSD), established a formal 403(b) plan effective January 1, 2009. LRSD also offers a Roth 403(b). There are five approved providers: AIG/VALIC, Fidelity, ING, Metlife, and Security Benefit.<sup>23</sup> Security Benefit is approved because they offer the National Education Association's Valuebuilder 403(b) product. One of Arkansas's smaller districts, Smackover School District, employs less than 200 individuals. The district offers a traditional 403(b) with third party administrative services provided by Great American Plan Administrators. The district allows employees to choose between eight approved vendors.<sup>24</sup>

**OTHER SUPPLEMENTAL PLANS**

The Arkansas Department of Finance and Administration offers the Arkansas Diamond Deferred Compensation Plan, a 457 plan. The plan is managed by ING.<sup>25</sup>

**PRIMARY RETIREMENT PLAN**

Arkansas Teachers Retirement System

[http://artrs.gov/index.php?option=com\\_content&task=view&id=12&Itemid=27](http://artrs.gov/index.php?option=com_content&task=view&id=12&Itemid=27)

**Type of Plan:** Defined benefit

**Coverage:** Teachers

**Normal Retirement Age:** age 60 with 10 years of service; any age with 28 years of service

**Benefit Formula:** 2.15% per years of service times final average salary

**Final Average Salary:** 3 high years

**Vesting:** 5 years

**Employee Contribution:** 6.0% salary

**Social Security Coverage:** Yes

System information on the Teachers Retirement System can be found at:

[http://artrs.gov/index.php?option=com\\_content&task=view&id=12&Itemid=27](http://artrs.gov/index.php?option=com_content&task=view&id=12&Itemid=27)

**RETIREE HEALTH BENEFITS**

Arkansas offers retirees the option of enrolling in the state health plan for retired teachers. Arkansas teachers are in a separate retiree health plan from general state employees. Details are provided at: <http://portal.arbenefits.org/Pages/default.aspx>

23 Source: LRSD School District Newsletter, December 2008:  
[http://www.lrsd.org/files/cfo/cfo\\_newsletter\\_dec\\_2008.pdf](http://www.lrsd.org/files/cfo/cfo_newsletter_dec_2008.pdf)

24 More information is available from the Smackover School District website:  
<http://66.204.157.132/index.php?page=403-b-information>

25 More information about the Deferred Compensation Plan is available from the ING website:  
[https://myplan.ingplans.com/einfo/planinfo.aspx?cl=GOVCR1&pl=711001PU&page=plan\\_informationintroduction&domain=myplan.ingplans.com](https://myplan.ingplans.com/einfo/planinfo.aspx?cl=GOVCR1&pl=711001PU&page=plan_informationintroduction&domain=myplan.ingplans.com)

**CALIFORNIA****403(b) PLAN**

The state of California provides several 403(b) services for their teachers. The California State Teachers' Retirement System (CalSTRS) offers its own 403(b) plan (Pension2) as well as compliance and administration services for employers (403bComply) and an online information bank for employees (403bCompare). All 403(b) providers must meet certain qualifications and register with the California State Teachers' Retirement System. California Insurance Code section 770.3 prohibits school districts from limiting the number of 403(b) providers.<sup>26</sup>

**Pension 2.<sup>27</sup>**

CalSTRS has offered a 403(b) plan to members through a contract with a third party administrator since 1995. Prior to 1995, CalSTRS administered the plan directly. In November 2007, the 403(b) plan became part of a comprehensive supplemental savings plan, Pension2, which consists of a 403(b), a 457, and a Roth 403(b) plan. TIAA-CREF was chosen as the Third Party Administrator for Recordkeeping of Assets, by a RFP issued in 2006.<sup>28</sup> Pension2 offers 22 core funds as well as several portfolio options that are allocated to reflect different target retirement dates and risk tolerances. As of June 30, 2012, there were approximately 6,922 individuals and 708 employers participating in the 403(b) plan. Net assets in the 403(b) plan totaled \$350.33 million. Currently, employees are not automatically enrolled and most do not receive matching contributions. There were 188 total employer contributions during the fiscal year ended June 30, 2012.<sup>29</sup>

**403bComply.<sup>30</sup>**

CalSTRS 403bComply is a low-cost compliance and administration service for defined contribution plans. CalSTRS ability to become a third party administrator of deferred compensation programs was established with the passing of California State Assembly Bill 2462 in 2006. 403bComply became operational in August 2007. JEM Resource Partners was chosen as the third party administrator by a RFP issued in June 2006.<sup>31</sup> For 2013, there are 56 approved providers.<sup>32</sup> CalSTRS charges a fee of \$24.00 per year for each active participant and does not require a district to participate in the Pension2 program as a condition of receiving services through 403bComply. As of January 2013, there are over 150 participating employers including over 100 school districts and 9 charter schools. None of these employers provides automatic enrollment. A few school districts provide matching employer contributions. For example, the Chawanakee Unified School District matches up to \$20 per month for ten months per year.<sup>33</sup>

**403bCompare.<sup>34</sup>**

In 2004, the California State Teachers' Retirement System (CalSTRS) established a comprehensive, impartial online information bank about 403(b) vendors and products, [www.403bCompare.com](http://www.403bCompare.com), as required by California Education Code Section 25100-25115. All 403(b) products offered for new accounts or contracts with employees of California's local school districts, community college districts, or county offices of education must be registered in the 403bCompare program. Vendors must pay an administrative fee and disclose all required information; however, registration is not conditioned

26 A bill that would have allowed school districts to limit the number of providers was defeated in 2012. An analysis of the bill is available at [http://calstrs.ca.gov/Legislation/2012\\_Bills/analysis/ab\\_1949\\_022312.pdf](http://calstrs.ca.gov/Legislation/2012_Bills/analysis/ab_1949_022312.pdf)

27 For more information, visit the plan website at <http://www.calstrs.com/pension2> or contact CalSTRS by phone at 888-892-7494 or by email at [Pension2@calstrs.com](mailto:Pension2@calstrs.com)

28 The Notice of Intent to Award is available at [http://web.archive.org/web/20070601051319/http://www.calstrs.com/About CalSTRS/Contract Opportunities/contractaward.aspx](http://web.archive.org/web/20070601051319/http://www.calstrs.com/About%20CalSTRS/Contract%20Opportunities/contractaward.aspx)

29 CalSTRS Comprehensive Annual Financial Report 2012: <http://www.calstrs.com/sites/main/files/file-attachments/cafr2012.pdf>

30 For more information, visit the plan website at <http://www.calstrs403bcomply.com> or contact CalSTRS by phone at 888-892-7494 or email at [403b@calstrs403bcomply.com](mailto:403b@calstrs403bcomply.com)

31 A news release describing the RFP is available from <http://www.calstrs.com/news-release/calstrs-seeks-third-party-administrator-new-deferred-compensation-plan-services>

32 The California Approved Vendor List is available at <http://www.calstrs403bcomply.com/services-403b-resources>

33 Source: Chawanakee USD Summary Plan Description: [http://www.calstrs403bcomply.com/files/403b/Chawanakee\\_USD\\_\(Employer\\_Paid\)\\_Summary\\_Plan\\_Description\\_20100128151008.pdf](http://www.calstrs403bcomply.com/files/403b/Chawanakee_USD_(Employer_Paid)_Summary_Plan_Description_20100128151008.pdf)

34 For more information, contact the 403bCompare Administrator at (888) 394-2060 or [Administrator@403bCompare.com](mailto:Administrator@403bCompare.com)

upon the content of this information. As of January 2013, there are 65 registered vendors and over 200 “registered products”. Because many of the registered products include multiple investment options, participants have access to more than 6,000 options.<sup>35</sup>

## OTHER SUPPLEMENTAL PLANS

CalSTRS offers a 457(b) plan alongside the 403(b) and Roth 403(b) options as part of the Pension2 program (described above).

## PRIMARY RETIREMENT PLAN

California State Teachers Retirement System

<http://www.calstrs.com/>

**Type of Plan:** Defined benefit

**Coverage:** Teachers

**Normal Retirement Age:** age 60 with 5 years of service

**Benefit Formula:** Benefit formula is a function of age and years of service, see table

AGE	PERCENTAGE
50 yrs, 0 mo (with ≥30 years of service)	1.10%
55 yrs, 0 mo (with ≥5 years of service)	1.40%
60 yrs, 0 mo	2.00%
63 yrs +	2.40%

**Final Average Salary:** one year with 25 years of service or 3 years with fewer than 25 years of service

**Vesting:** 5 years

**Employee Contribution:** 8.0% of salary

**Social Security Coverage:** No

Member Handbook: [http://www.calstrs.com/Help/forms\\_publications/printed/MemberHandbook/MH\\_Entire\\_2011.pdf](http://www.calstrs.com/Help/forms_publications/printed/MemberHandbook/MH_Entire_2011.pdf)

## RETIREE HEALTH BENEFITS

CalSTRS does not offer a Retiree Health Benefits. CalSTRS pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members who retire prior to July 2012. Most active employees already qualify for premium-free Medicare Part A because they have been paying Medicare taxes for at least 40 quarters; so very few members qualify. Some retirees receive health insurance from their school district. However, as of January 1, 2010, 29% of school districts provide no support to members at retirement. Also, 61% of retired CalSTRS members receive no financial support for health insurance at age 65.<sup>36</sup>

Medicare Premium Payment Program: <http://www.calstrs.com/medicare-premium-payment-program>

Detailed General Information about All CalSTRS Plans: [http://www.calstrs.com/sites/main/files/file-attachments/calstrs\\_overview.pdf](http://www.calstrs.com/sites/main/files/file-attachments/calstrs_overview.pdf)

35 For a more detailed description of the California 403(b) market, see Robert Clark and David Richardson, “Who Is Watching the Door? How Controlling Provider Access Can Improve K-12 Teacher Retirement Outcomes,” TIAA-CREF Institute Research Dialogues November 2010, [http://www.tiaa-crefinstitute.org/ucm/groups/content/@ap\\_ucm\\_p\\_inst/documents/document/tiaa02030185.pdf](http://www.tiaa-crefinstitute.org/ucm/groups/content/@ap_ucm_p_inst/documents/document/tiaa02030185.pdf)

36 2009 CalSTRS Employer Health Benefits Survey: <http://www.calstrs.com/document/2009-employer-health-benefits-survey>

**COLORADO****403(b) PLAN**

In 2008, Colorado Public Employees' Retirement Association (PERA) issued a notice to PERA employers encouraging them to write their plan documents "with the flexibility that would allow an entity such as PERA to possibly manage your 403(b) plan for your employees in the future."<sup>37</sup> As of September 2012, PERA does not offer a 403(b) plan and all 403(b) plans are managed at the local school district level. Colorado's largest school district, Jefferson County School District, has more than 10,500 employees. Prior to 2006, the school district offered a 403(b) plan with employees contributing to up to 55 different vendors. In the fall of 2005, the district selected Great West Retirement Services as the sole provider for the district's 403(b) Plan through a competitive RFP process.

**OTHER SUPPLEMENTAL PLANS**

Colorado PERA offers a 457 plan and a 401(k) plan to public employees, including teachers. The 457/401(k) is managed by ING.<sup>38</sup>

**PRIMARY RETIREMENT PLAN**

Colorado Public Employees' Retirement Association<sup>39</sup>  
<http://www.copera.org/>

**Type of Plan:** Defined benefit

**Coverage:** Teachers, State and Local Employees; the Denver Public School system joined PERA in 2010. Prior to that time, the Denver system operated a separate retirement plan for its teachers.

**Normal Retirement Age:** age 65 with 5 years; age 50 with 30 years; the rule of 85; any age with 35 years of service

**Benefit Formula:** 2.5% times year of service times a final average salary

**Final Average Salary:** 4 high years

**Vesting:** 5 years

**Employee Contribution:** 8.0% of salary

**Social Security Coverage:** No

**RETIREE HEALTH BENEFITS**

PERACare is PERA's health benefits program for retirees and benefit recipients. Colorado teachers are in the same retiree health plans as general state employees. PERACare is composed of health, dental, and vision care programs. The state subsidy for retiree health is based on years of service and is set by state law. Details are provided in:  
<http://www.copera.org/pdf/2/2-106-12.pdf>

<sup>37</sup> Source: Colorado PERA Bulletin, October 2008

<http://www.copera.org/pdf/Topics/2008/Topics10-08.pdf>

<sup>38</sup> PERA 401(k) and 457 website: <http://www.copera.org/pera/active/dc.htm>

<sup>39</sup> Plan information can be found at: <https://www.copera.org/PDF/5/5-5.pdf>

**CONNECTICUT****403(b) PLAN**

While Connecticut maintains a 403(b) for educators at certain state agencies, individual school districts have the responsibility for managing 403(b) plans for teachers.<sup>40</sup> The State of Connecticut 403(b) plan was established in 1986 by Connecticut General Statute § 5-264 under the direction of the Office of the Comptroller. By statute, the plan is available upon request to any political subdivision of the state<sup>41</sup>, however no public school districts are currently participating. Eligible individuals are employees at state universities, community colleges, departments of education, and various mental health and social services agencies.<sup>42</sup> Before 2006, there were six authorized vendors for the 403(b) plan. In 2006, ING became the Third Party Administrator (TPA) for the plan. ING was first chosen as the TPA by a RFP issued in 2004<sup>43</sup> and was reselected by the most recent RFP issued in 2009.<sup>44</sup> ING is also the TPA for the 401(a) and 457 plans (same RFP). There is no employer match in the plan and enrollment is voluntary.

For public school teachers, 403(b) plans are offered by local school districts. Simsbury School District is a mid-sized Connecticut school district with enrollment of approximately 4500 students. The Simsbury Board of Education offers all employees a choice of 16 providers for their 403(b) plan. Teachers are required to set up their own accounts. The Simsbury 403(b) plan website includes the following notice: “When going through an agent, the fees for investing in the various company funds may be higher to the investor.” The Simsbury 403(b) plan does not allow loans or hardship withdrawals.<sup>45</sup>

**OTHER SUPPLEMENTAL PLANS**

Members may choose to contribute to a 1% Account and/or a Voluntary Account<sup>46</sup>.

**PRIMARY RETIREMENT PLAN**

Connecticut Teachers Retirement System

<http://www.ct.gov/trb/site/default.asp>

**Type of Plan:** Defined benefit

**Coverage:** Teachers

**Normal Retirement Age:** age 60 with 20 years of service; any age with 35 years of service

**Benefit Formula:** 2.0% per year of service times final average salary

**Final Average Salary:** 3 high years

**Vesting:** 10 years

**Employee Contribution:** 6.0% of salary plus 1.25% to the health insurance fund

**Social Security Coverage:** Yes

40 For more information, contact Thomas C. Woodruff, Ph.D. at the Office of the State Comptroller by phone (860) 702-3481 or visit the State of Connecticut 403(b) Website at <https://ctdcp.prepare4myfuture.com/einfo/planinfo.aspx?page=homehome&cl=ingcustomct&pl=CT403BPU>

41 Connecticut General Statutes § 5-264a(g).

42 See definition of “Eligible Employee” in 403(b) Plan Document: <https://ctdcp.prepare4myfuture.com/einfo/pdfs/forms/ingcustomct/ct403bpu/403bPDocument.pdf>

43 2004 RFP available at <http://www.osc.ct.gov/vendor/rfps/2004/403bARP/index.html>

44 2009 RFP available at <http://www.osc.ct.gov/vendor/rfps/2009/ctdcp/CTDCP-RFP-FINAL.doc>

45 See Simsbury Board of Education 403(b) plan document available at <http://www.simsbury.k12.ct.us/page.cfm?p=232>

46 1% Account Bulletin: <http://www.ct.gov/trb/lib/trb/formsandpubs/1pctVolAcct.pdf>

Voluntary Account Information: <http://www.ct.gov/trb/lib/trb/formsandpubs/VoluntaryBulletin.pdf>

Contact Information:

Darlene Perez

Administrator

860-241-8402

[Darlene.perez@ct.gov](mailto:Darlene.perez@ct.gov)

<http://www.ct.gov/trb/cwp/view.asp?a=1581&q=272454&trbPNavCtr=|41346>

Summary of Benefits: [http://www.ct.gov/trb/taxonomy/v4\\_taxonomy.asp?DLN=41319&trbNav=|41319|](http://www.ct.gov/trb/taxonomy/v4_taxonomy.asp?DLN=41319&trbNav=|41319|)

## **RETIREE HEALTH BENEFITS**

Teachers are not eligible to participate in the State of Connecticut Retiree Health Benefits. Retired members of CTRS and/or their spouses who are enrolled in Medicare Part A and Part B are eligible to join a Medicare Supplement Plan. The retiree is responsible for paying one third of the monthly premium costs of the basic plan and the full cost for any additional benefits. In 2012, for the Medicare Supplement with Prescriptions the member is responsible for paying \$124.00 per person per month.

Retired members and their spouses who are not enrolled in Medicare may choose to pay a premium and remain with their local school district plan. CTRS will provide a monthly subsidy of up to \$110.00 for the retired members plus an additional \$110.00 for a spouse/partner enrolled in a local school district plan. As of June 30, 2010, there were 16,296 participants in the CTRS plan and 16,838 participants in local school district plans.

Retiree Health Insurance FAQ: <http://www.ct.gov/trb/lib/trb/formsandpubs/hlthFAQs.pdf>

Retire Medicare Supplement Enrollment Form 2012: [http://www.ct.gov/trb/lib/trb/formsandpubs/hlthapp\\_2012.pdf](http://www.ct.gov/trb/lib/trb/formsandpubs/hlthapp_2012.pdf)



**DELAWARE****403(b) PLAN**

The State of Delaware TSA 403(b) Plan was administered at the local level until 2007 when plan administration became the responsibility of the State Treasurer and the Deferred Compensation Council.<sup>47</sup> The Deferred Compensation Council is responsible for ensuring the plans remains in compliance with applicable laws and establishing investment policies. In 2009, the Council issued a request for information (RFI) to the over 100 vendors available under the local school district plans. Based on the information provided, 14 vendors were chosen for the state plan.<sup>48</sup> The plan currently has 13 providers<sup>49</sup>, but the Deferred Compensation Council recently discussed reducing the number of vendors due to administrative costs and teacher preferences.<sup>50</sup> According to the plan director, they are “targeting the one-to-three range.”<sup>51</sup>

Participants enroll in the plan through the VALIC Retirement Manager website. While VALIC maintains a database with some plan information for each vendor, the plan does not a central, comprehensive record keeper. In August 2012, the Council voted to issue an RFP for “compilation service” to assist the State Treasury with recordkeeping and compiling financial reports.

Out of the approximately 19,926 eligible individuals, 4,632 employees were actively participating in the plan at the end of 2011. As of December 31, 2011, the plan had \$239.7 million in net assets available for benefits.<sup>52</sup> There is no employer match in the plan and enrollment is voluntary.<sup>53</sup>

**OTHER SUPPLEMENTAL PLANS**

The Delaware State Treasury also offers a 457 plan to state employees and teachers.<sup>54</sup> Fidelity is the sole investment provider. Until July 1, 2008, employers matched up 100% of voluntary contributions up to \$10 per pay period.

**PRIMARY RETIREMENT PLAN**

Delaware Public Employees Retirement System  
<http://www.delawarepensions.com/pensionplans.shtml>

**Type of Plan:** Defined benefit

**Coverage:** Teachers and State Employees

**Normal Retirement Age:** age 62 with 5 years of service; age 60 with 15 years; any age with 30 years of service

**Benefit Formula:** 1.85% per year of service time final average salary

**Final Average Salary:** 3 high years

**Vesting:** 5 years

47 For more information, please contact Joshua Hitchens, Director of Defined Contribution Plans at the Delaware State Treasury by phone at 302-672-6733 or by email at [joshua.hitchens@state.de.us](mailto:joshua.hitchens@state.de.us) or visit the 403(b) plan website at <http://www.delawaresaves.com>

48 Source: Minutes from August 2009 Board Meeting [http://calendar.delaware.gov/egov/calendar.nsf/\\*/DA939450AFE11188525761200540D3D/\\$file/August 25, 2009Minutes.pdf?openelement](http://calendar.delaware.gov/egov/calendar.nsf/*/DA939450AFE11188525761200540D3D/$file/August%2025,2009Minutes.pdf?openelement)

49 Investor provider list available from [http://treasury.delaware.gov/services/Defined\\_Contributions/Providers/Investment\\_Provider\\_List.pdf](http://treasury.delaware.gov/services/Defined_Contributions/Providers/Investment_Provider_List.pdf)

50 A Product Comparison Chart with fee information is available from [http://treasury.delaware.gov/services/Defined\\_Contributions/Providers/403b\\_TSA\\_Plan\\_Provider\\_Matrix-2010.xls](http://treasury.delaware.gov/services/Defined_Contributions/Providers/403b_TSA_Plan_Provider_Matrix-2010.xls)

51 Source: [http://calendar.delaware.gov/egov/calendar.nsf/\\*/D37A28F1B392CBD88525783B006BE35B/\\$file/DCCFinal Minutes 2-23.docx?openelement](http://calendar.delaware.gov/egov/calendar.nsf/*/D37A28F1B392CBD88525783B006BE35B/$file/DCCFinal%20Minutes%202-23.docx?openelement)

52 Financial statement available from [http://auditor.delaware.gov/Audits/FY2013/Audits/State of Delaware 403b Plan 12-31-2011.PDF](http://auditor.delaware.gov/Audits/FY2013/Audits/State%20of%20Delaware%20403b%20Plan%2012-31-2011.PDF)

53 See the plan document at 403(b) Plan Document:

[http://treasury.delaware.gov/services/Defined\\_Contributions/DocsForms/403b\\_TSA\\_Plan\\_Document.pdf](http://treasury.delaware.gov/services/Defined_Contributions/DocsForms/403b_TSA_Plan_Document.pdf)

54 For more information, see the plan website at Plan Website at

<http://www.delawaresaves.com> and the plan document at [http://treasury.delaware.gov/services/Defined\\_Contributions/DocsForms/457bDeferredComp PlanDoc0307.pdf](http://treasury.delaware.gov/services/Defined_Contributions/DocsForms/457bDeferredCompPlanDoc0307.pdf)

**Employee Contribution:** 3.0% above \$6,000

**Social Security Coverage:** Yes

Plan Handbook: [http://delawarepensions.com/pensionplans/stateemployees/sepp\\_handbook/sepp.shtml](http://delawarepensions.com/pensionplans/stateemployees/sepp_handbook/sepp.shtml)

CAFR 2011: <http://delawarepensions.com/financials/fy11cafr.pdf>

#### **RETIREE HEALTH BENEFITS**

Retired DSEPP members who are not eligible for Medicare can choose between six health plans. The “First State Basic Plan” is offered at no cost to retirees with at least 20 years of service. This plan covers both the retiree and his or her family. For Medicare eligible retirees, the state offers two Medicare Supplement plans. Both plans are available at no cost to retirees with at least 20 years of service. Delaware teachers are in the same retiree health plan as general state employees.

Health Insurance Description: [http://delawarepensions.com/pensionplans/stateemployees/benefits/sep\\_health.shtml](http://delawarepensions.com/pensionplans/stateemployees/benefits/sep_health.shtml)

**FLORIDA****403(b) PLAN**

Florida does not have a state managed 403(b) plan, however most Florida school districts have adopted a plan created by the Independent Benefits Council (IBC), a not-for-profit organization. IBC was formed in 2007 by four Florida education groups “to eliminate the inequity in fees and level the playing field for school system employees, while ensuring access to high-quality retirement investment products.” The IBC’s 403(b) plan is called “The Model Plan.”<sup>55</sup> IBC issued an initial RFP on October 18, 2007, by posting it on DemandStar and emailing it to the 90 vendors that were currently doing business in Florida public schools. They received 30 proposals from 24 companies. After an extensive review, including a two-stage interview process, they selected 5 vendors: VALIC, AXA-Equitable, PlanMember Financial Corporation, American Century Investments, and TIAA-CREF.

Many of the school districts that have adopted The Model Plan added it in addition to their other offerings. For example, the Orange County Public School system has four additional approved vendors and Miami-Dade Public Schools and Palm Beach Public Schools each have 10 additional approved vendors. Automatic enrollment in the Model Plan is not being recommended.

**OTHER SUPPLEMENTAL PLANS**

The Department of Financial Services offers a 457 plan<sup>56</sup>, but public school district employees are not eligible to participate.

**PRIMARY RETIREMENT PLAN**

Florida Retirement System

<http://www.myfrs.com/portal/server.pt/community/myfrs/257>

**Type of Plan:** Defined benefit (Employees may choose a defined contribution plan, see below)

**Coverage:** Teachers, State and Local Employees

**Normal Retirement Age:** age 65 with 8 years of service; any age with 33 years

**Benefit Formula:** 1.6%

**Final Average Salary:** 8 high years

**Vesting:** 6 years

**Employee Contribution:** 3.0% of salary

**Social Security Coverage:** Yes

The Florida Retirement System (FRS) offers two primary plans: the FRS Pension Plan and the FRS Investment Plan. All full-time and part-time employees working for a state agency, county government, district school board, state university, community college, or participating city, special district, charter school, or metropolitan planning organization must participate in one of the two plans. New hires are automatically enrolled in the FRS Pension Plan and must elect to participate in the FRS Investment Plan during their first 5 months of employment. A hybrid plan option is available to members once they are been enrolled in the Pension Plan for 8 years (5 years for members hired prior to July 1, 2011.)

<sup>55</sup> For more information, see the plan website at <http://www.themodelplan.com/>

<sup>56</sup> See plan website at <https://www.myfloridadeferredcomp.com/SOFweb/index.htm>

**FRS PENSION PLAN**

The FRS Pension Plan is a defined benefit retirement plan. Members hired on or after July 1, 2011 will vest in their benefit after 8 years of FRS service. Members hired before July 1, 2011 are fully vested after 6 years. Average final compensation is based on the highest 8 fiscal years' earnings, for members initially enrolled on or after July 1, 2011, and the highest 5 fiscal years' earnings for those enrolled prior to July 1, 2011. For individuals first employed on or after July 1, 2011, regular retirement benefits are available at age 65 or any age with 33 years of service. For members hired before July 1, 2011, regular retirement is available at age 62 or with 30 years of service regardless of age.

**FRS INVESTMENT PLAN**

The FRS Investment Plan is a defined contribution retirement plan. Members vest in employer contributions after 1 year. Members contribute 3% of their gross salary. Employers contribute 6% to the retirement benefit. Account balance is payable at any age. A 10% tax penalty applies to distributions taken before age 59½.

FRS Pension Plan Handbook: <https://www.rol.frs.state.fl.us/forms/regular.pdf>

FRS Pension Plan Summary Plan Description: <https://www.rol.frs.state.fl.us/forms/spd-pp.pdf>

FRS Investment Plan Summary Plan Description: [http://www.myfrs.com/imageserver/pdf/forms/frs\\_ip\\_spd.pdf](http://www.myfrs.com/imageserver/pdf/forms/frs_ip_spd.pdf)

**RETIREE HEALTH BENEFITS**

A Health Insurance Subsidy is available to all members who meet the normal retirement age or service requirement of the Pension Plan and have health insurance coverage. Florida teachers are in the same retiree health plan as general state employees. All retirees receiving a benefit from the Pension Plan who have health insurance coverage are eligible for the Health Insurance Subsidy, even if they take an early-retirement benefit. Employers contribute 1.11% goes to fund the Retiree Health Insurance Subsidy.

Health Insurance Subsidy Website: [http://myfrs.com/portal/server.pt/community/comparing\\_the\\_plans/235/health\\_insurance\\_subsidy\\_%28his%29](http://myfrs.com/portal/server.pt/community/comparing_the_plans/235/health_insurance_subsidy_%28his%29)

**GEORGIA****403(b) PLAN**

Georgia does not have a state managed 403(b) plan and allows each school district to develop and manage its own plans. The local districts can determine the rules of the plan such as automatic enrollment and employer matches. Each school district is responsible for selecting plan providers and what these vendors must offer to teachers in the way of products and services.

Gwinnet County Public Schools (GCPS) offers employees a retirement savings programs with 403(b), Roth 403(b), and 457 plan options. GCPS initiated the RFP process in June 2009 and selected two providers, VALIC and Lincoln. Also, VALIC was chosen as the sole plan administrator and record keeper. Employees hired after June 30, 2011 are automatically enrolled and the automatic deferral percentage is 2.5%.<sup>57</sup> The default investment is a T. Rowe Price target date fund.<sup>58</sup>

Pulaski County School District lists the following authorized investment providers on their website: GWN Securities, Life Insurance Company of the Southwest, Lincoln Financial Group, Oppenheimer Funds and VALIC. The website for Pulaski County School District does not provide any educational information, but provides links to the company websites and company phone numbers.<sup>59</sup>

Atlanta Public Schools does not provide any information about their 403(b) plan other than they fact that they “provide a variety of options.”<sup>60</sup>

School districts in Georgia do not seem to be offering low cost investment options for public school teachers. One study of Georgia school districts and their 403(b) plans found that Dawson County was the only county that offered mutual funds as investment options and this district was the only county with an average annual cost less than 1.0%. All other counties had an average annual cost greater than 1.0%, with the highest investment management fee being 2.49%. It is not common for teachers in Georgia to have the ability to compare providers and investments online. The only example found in Georgia was the Savannah-Chatham County Schools employee discount program, where a third party registered their services at a discount for district employees. The Smart Investing Forum stated that Georgia teachers have too many investment choices and as a result, teachers are unable to easily select their best investment options.<sup>61</sup>

**OTHER SUPPLEMENTAL PLANS**

Georgia offers a 457 plan to state employees, but public school teachers are not eligible to participate. Many public school districts offer a 457 plan, either alongside or instead of a 403(b) plan.

**PRIMARY RETIREMENT PLAN**

Teachers Retirement System of Georgia

<http://www.trsga.com/>

**Type of Plan:** Defined Benefit

**Coverage:** Teachers

**Normal Retirement Age:** age 60 with 10 years of service; any age with 30 years of service

57 Automatic Contribution Notice: [https://www.gwinnett.k12.ga.us/GRS/GRSWeb-App.nsf/1994597213C2F22A852579B9005C87A6/\\$file/Gwinnett-Notice-for-Automatic-Enrollment-2012.pdf](https://www.gwinnett.k12.ga.us/GRS/GRSWeb-App.nsf/1994597213C2F22A852579B9005C87A6/$file/Gwinnett-Notice-for-Automatic-Enrollment-2012.pdf)

58 Gwinnet County Public Schools 403(b) and 457(b) Plan Handbook: [http://www.gwinnett.k12.ga.us/GRS/GRSWeb-App.nsf/2BA9C299E106E5998525770A0044BC0E/\\$file/2012-GCPS-RSP.pdf](http://www.gwinnett.k12.ga.us/GRS/GRSWeb-App.nsf/2BA9C299E106E5998525770A0044BC0E/$file/2012-GCPS-RSP.pdf)

59 Pulaski County School District. Authorized Investment Providers. [https://www.tsacg.com/employee\\_site/vendors/Georgia/pulaski\\_vendors.htm](https://www.tsacg.com/employee_site/vendors/Georgia/pulaski_vendors.htm)

60 Atlanta Public Schools Employee Handbook: <http://www.atlanta.k12.ga.us/cms/lib/GA01000924/Centricity/Domain/27/APS%20Employee%20Handbook%20201213%20v1.0.pdf>

61 Reading, 'Riting, 'Rithmetic, and Retirement. Smart Investing Forum, INC. [http://www.smartinvestingforum.org/uploads/Microsoft\\_Word\\_-\\_4Rs10-9.pdf](http://www.smartinvestingforum.org/uploads/Microsoft_Word_-_4Rs10-9.pdf)

**Benefit Formula:** 2.0% per year of service times final average salary

**Final Average Salary:** 2 high years

**Vesting:** 10 years

**Employee Contribution:** 5.53% of salary

**Social Security Coverage:** Yes; however, not all school districts are included in SS.

Details on the Georgia retirement plans for teachers can be found at:  
<http://www.trsga.com/>

#### **RETIREE HEALTH BENEFITS**

The State Health Benefit Plan (SHBP) provides health insurance coverage to state employees, school system employees, retirees and their dependents. Details on state subsidies and cost of participation can be found at:  
[http://dch.georgia.gov/00/channel\\_title/0,2094,31446711\\_32021041,00.html](http://dch.georgia.gov/00/channel_title/0,2094,31446711_32021041,00.html)

**HAWAII****403(b) PLAN**

Hawaii is the only unitary school district in the nation. The Hawaii Department of Education supervises all of Hawaii's schools and offers a statewide 403(b) plan to school employees.<sup>62</sup> The Hawaii Department of Education 403(b) plan was established in 2008.<sup>63</sup> National Benefit Services, LLC is the third party administrator for the plan. There are 35 approved providers for the plan.<sup>64</sup> The approval process requires vendor to submit a form verifying that they are licensed in the State of Hawaii, can comply with IRS Code 403(b), and have either representatives in Hawaii or a toll-free phone number.<sup>65</sup> To enroll, employees must contact an approved vendor to establish a TSA account and then send several forms to the third party administrator.

Employees of the University of Hawaii system are offered a different 403(b) plan that is also administered by National Benefit Services. There are 30 approved providers for the University of Hawaii plan. They provide a breakdown of the providers by participant count and contribution amount as of November 2010 on their website.<sup>66</sup>

**OTHER SUPPLEMENTAL PLANS**

The State of Hawaii Island Savings Plan is a 457 plan available to all state employees<sup>67</sup>.

**PRIMARY RETIREMENT PLAN**

Employees' Retirement System of State of Hawaii  
<http://ers.ehawaii.gov/>

**Type of Plan:** Defined benefit

**Coverage:** Teachers, State and Local Employees

**Normal Retirement Age:** age 62 with 5 years of service; age 55 with 30 years of service

**Benefit Formula:** 2.0% per year of service times final average salary

**Final Average Salary:** 3 high years

**Vesting:** 5 years

**Employee Contribution:** 6.0% of salary

**Social Security Coverage:** Yes

All employees of the State or County are required to become a member of the State of Hawaii Employees' Retirement System. Members participate in one of three retirement plans, depending on date of hire.

<sup>62</sup> More information is available on the plan website (<http://www.nbsbenefits.com/HawaiiDOE/doe.htm>) or by contacting Nathan Glassey at 800-274-0503 x127.

<sup>63</sup> Law establishing 403(b): [http://www.capitol.hawaii.gov/hrscurrent/Vol05\\_Ch0261-0319/HRS0303/HRS\\_0303-0002.htm](http://www.capitol.hawaii.gov/hrscurrent/Vol05_Ch0261-0319/HRS0303/HRS_0303-0002.htm)

<sup>64</sup> Provider List: <http://www.nbsbenefits.com/HawaiiDOE/InvestmentProviders/providers.php>

<sup>65</sup> Vendor Form: <http://www.nbsbenefits.com/HawaiiDOE/forms/500a.pdf>

<sup>66</sup> Providers by Participant Count: <http://www.pers.hawaii.edu/tda/tda-stats.asp?count=ALL&month=11&year=2010&criteria=CONTRIBUTION>

<sup>67</sup> Island Savings Plan website: <https://islandsavings.ingplans.com/eportal/welcome.do>

## **HYBRID PLAN**

Employees hired on or after July 1, 2006 are members of the Hybrid Plan, a combination retirement plan. Hybrid Plan Handout for New Hires July 1, 2011-June 30, 2012:

<http://ers.ehawaii.gov/Publications/YourRetirementSystem/HybridNew201107.pdf>

Early retirement is available at age 55 with at least 20 years of service. Benefits are reduced by 6% for each year under age 62.

Employee Handbook: <http://ers.ehawaii.gov/Publications/YourRetirementSystem/Noncontributory.pdf>

Employee Handbook: <http://ers.ehawaii.gov/Publications/YourRetirementSystem/Contributory200912.pdf>

## **RETIREE HEALTH BENEFITS**

Hawaii offers its teachers the opportunity to remain part of the state health plan that also covers general state employees. There is a state subsidy to offset some, or all, of the premium. The subsidy is a function of years of service and the date of first employment. <http://hawaii.gov/hrd/information/HRDInfoCentral/DocCentral/EEBenefits/SummaryEEBenefits>



**IDAHO****403(b) PLAN**

The Idaho State Board of Education offers a Tax-Deferred 403(b) Plan to State Board members and University employees and a Supplemental 403(b) plan to provide benefits to “highly compensated employees.” As of August 2011, there were only five individuals who were eligible to participate in the Supplemental 403(b) plan.<sup>68</sup>

Each local school district in Idaho manages their own 403(b) plan for public school teachers. Boise School Districts offers a 403(b) plan that is administered by the Omni Group. The district website includes a list of retirement investment providers and contact information.<sup>69</sup> Eight districts offer plans that are administered by TSA Consulting Group, with the number of approved providers ranging from three to 15.<sup>70</sup>

**OTHER SUPPLEMENTAL PLANS**

Idaho offers all public employees the option of participating in a 401(k) plan<sup>71</sup>.

**PRIMARY RETIREMENT PLAN**

Public Employee Retirement System of Idaho

<http://persi.idaho.gov/>

**Type of Plan:** Defined benefit

**Coverage:** Teachers, State and Local Employees

**Normal Retirement Age:** age 65 with 5 years of service; rule of 90

**Benefit Formula:** 2.0% per year of service times final average salary

**Final Average Salary:** 3.5 high years

**Vesting:** 5 years

**Employee Contribution:** 6.23%

**Social Security Coverage:** Yes

Details of the Idaho state retirement plan can be found at:

[http://www.persi.idaho.gov/handbook/PERSI\\_Member\\_Handbook.pdf](http://www.persi.idaho.gov/handbook/PERSI_Member_Handbook.pdf)

**RETIREE HEALTH BENEFITS**

All retirees receiving a monthly retirement benefit are eligible to participate in the same retiree health plan that covers general state employees. Retirees pay a specified premium for inclusion in the plan.

<http://ogi.idaho.gov/retirees/medical.html>

68 Source: [http://www.boardofed.idaho.gov/meetings/board/current\\_year/06\\_22-23\\_11/bahr\\_hr.pdf](http://www.boardofed.idaho.gov/meetings/board/current_year/06_22-23_11/bahr_hr.pdf)

69 <http://school.boiseschools.org/modules/cms/pages.phtml?pageid=251723&sessionid=ab8765a18f6da14d8dfa805e30f5ba68&sessionid=ab8765a18f6da14d8dfa805e30f5ba68>

70 [https://www.tsacg.com/employee\\_site/employee\\_site\\_idaho.htm](https://www.tsacg.com/employee_site/employee_site_idaho.htm)

71 For more information about the 401(k) plan see the plan website: [http://persi.idaho.gov/members/choice\\_401k\\_plan.cfm](http://persi.idaho.gov/members/choice_401k_plan.cfm)

**ILLINOIS****403(b) PLAN**

In 2000, the Illinois Public Pension Fund Association (IPPFA), a not-for-profit organization, conducted a survey and determined that members were facing various problems with their deferred compensation plans. In response, they created a supplemental savings program for public sector employees. In 2009, IPPFA expanded their deferred compensation 457 plan to include a 457(b)/403(b) integrated platform called The Wise Choice for Educators. IPPFA acts as the third party administrator. Diversified Investment Advisors was selected as the sole provider through an RFP process.<sup>72</sup> In 2006, the IPPFA executive board conducted a RFI to review their choice of provider. Based on the information they received, the board authorized the extension of their partnership with Diversified Investment Advisors through the end of 2011.<sup>73</sup>

**OTHER SUPPLEMENTAL PLANS**

As discussed above, the IPPFA offers a 457 plan to educators.

**PRIMARY RETIREMENT PLAN**

Teachers Retirement System of State of Illinois

<http://trs.illinois.gov/>

**Type of Plan:** Defined Benefit, Chicago School System has a separate retirement plan.

**Coverage:** Teachers

**Normal Retirement Age:** age 62 with 5 years of service; age 60 with 10 years of service; rule of 85; For members hired on or after July 1, 2011, the normal retirement age is 67 with 10 years of service.

**Benefit Formula:** Currently, 2.2% per year of service times final average salary. However,

Retirement benefits are determined by the following formula:

$$\begin{aligned}
 &[2.2\% \times \text{years of service earned after June 30, 1998} \\
 &+ 1.67\% \times \text{first 10 years earned prior to July 1, 1998} \\
 &+ 1.90\% \times \text{second 10 years earned prior to July 1, 1998} \\
 &+ 2.1\% \times \text{third 10 years earned prior to July 1, 1998} \\
 &+ 2.3\% \times \text{number of years beyond 30 earned prior to July 1, 1998}] \\
 &\times \text{Average final salary}
 \end{aligned}$$

Members may upgrade all pre-July 1998 service to the 2.2% formula by making an additional contribution equal to:

$$1\% \times \text{highest salary rate in the prior four years} \times$$

(Lesser of: years of service earned prior to July 1, 1998 or 20)

**Final Average Salary:** 4 high years out of 10

**Vesting:** 5 years, Members hired on or after July 1, 2011 are vested after ten years.

**Employee Contribution:** 9.4%

<sup>72</sup> Plan history: [http://www.ippfa.org/ippfa\\_services/457\\_veba/IPPFA\\_Story\\_on\\_IPPFA\\_Benefits\\_030810.pdf](http://www.ippfa.org/ippfa_services/457_veba/IPPFA_Story_on_IPPFA_Benefits_030810.pdf)

<sup>73</sup> For more information, contact Joel J. Babbitt, CLU at [joelb@ippfabenefits.org](mailto:joelb@ippfabenefits.org) or Debby Karton at [dkarton@ippfabenefits.org](mailto:dkarton@ippfabenefits.org)

**Social Security Coverage: No**

Member Handbook (hired prior to July 1, 2011):

[http://trs.illinois.gov/subsections/members/pubs/memberguide/tieri\\_print.pdf](http://trs.illinois.gov/subsections/members/pubs/memberguide/tieri_print.pdf)

Member Handbook (hired on or after July 1, 2011):

[http://trs.illinois.gov/subsections/members/pubs/memberguide/tierii\\_print.pdf](http://trs.illinois.gov/subsections/members/pubs/memberguide/tierii_print.pdf)

**RETIREE HEALTH BENEFITS**

Any retiree who has eight or more years of service and is receiving a TRS annuity may enroll in one of the health insurance plans provided by the Teachers' Retirement Insurance Program (TRIP). No TRS monies are used to fund TRIP.

TRIP Summary

<http://trs.illinois.gov/subsections/members/pubs/bulletins/INS28.pdf>

**INDIANA****403(b) PLAN**

Indiana does not have a state managed 403(b) plan. Instead, 403(b) plans are offered at the local school district level. The largest school district in Indiana, Indianapolis Public Schools (IPS) offers a 403(b) Matching Plan to employees who choose to enroll in a 403(b) plan offered by one of the eight vendors that are approved for payroll.<sup>74</sup> The Matching Plan is administered by VALIC.<sup>75</sup> IPS will match contributions up to \$105 per year for general employees and \$175 per year for administrators. Employees are vested in the Matching Plan after five years. At retirement, an additional contribution of \$42 per day of unused sick or personal leave is deposited into the employees' 403(b) account.<sup>76</sup>

Elkhart Community Schools (ECS) is a mid-sized school district in Indiana. In 2008, a committee of teachers and administrators reviewed information about investment options, services, and fees for each of the vendors that were available to ECS employees at that time.<sup>77</sup> Based on this review, the committee designated three investment providers as approved vendors: ING, MetLife, and 403(b) Aspire (represented locally by the Teachers' Credit Union). VALIC was later added to the list of approved vendors. Currently, the ECS 403(b) plan is administered by OMNI Group.<sup>78</sup>

Batesville Community School Corporation (BCSC) is a small school district which includes 4 schools that serve approximately 2,000 students. A master agreement between the Batesville Educators Association and BCSC requires that the school board maintain a 403(b) Plan and match contributions to that 403(b) plan by contributing to the employee's 401(a) Plan. The maximum contribution is set at 2 ½ % of salary. The agreement also requires the school board to contribute a set amount each year into to the employees' 403(b) plan after retirement for five years or until the retiree reaches age 62.<sup>79</sup>

**OTHER SUPPLEMENTAL PLANS**

Indiana offers an optional supplementary defined contribution plan to public school teachers called a Rollover Savings Account.<sup>80</sup>

**PRIMARY RETIREMENT PLAN**

Teacher's Retirement Fund

<http://www.in.gov/inprs/trfmbrforms.htm>

**Type of Plan:** Defined Benefit Plan combined with Defined Contribution Plan

**Coverage:** Teachers

**Normal Retirement Age:** age 65 with 10 years of service; age 60 with 15 years; Rule of 85

**Benefit Formula:** 1.1% plus money purchase annuity from DC plan

**Final Average Salary:** 5 high years

**Vesting:** 10 years

74 Indianapolis Public Schools: Approved Vendors: [http://www.benefits.ips.k12.in.us/fileadmin/Assets/HR/Benefits/OnLine\\_TSA\\_Posting.pdf](http://www.benefits.ips.k12.in.us/fileadmin/Assets/HR/Benefits/OnLine_TSA_Posting.pdf)

75 Indianapolis Public Schools: Benefits Orientation 2012: [http://www.benefits.ips.k12.in.us/fileadmin/Assets/benefits/benefits\\_orientation\\_2012.pdf](http://www.benefits.ips.k12.in.us/fileadmin/Assets/benefits/benefits_orientation_2012.pdf)

76 Indianapolis Public Schools: Payment for Unused Leave Policy: [http://www.hr.ips.k12.in.us/fileadmin/Assets/HR/Admin\\_Resolution\\_5236\\_2-28-12.pdf](http://www.hr.ips.k12.in.us/fileadmin/Assets/HR/Admin_Resolution_5236_2-28-12.pdf)

77 Elkhart Community Schools: 403(b) Memo: [http://elkhart.k12.in.us/3\\_staff/403B\\_memo.pdf](http://elkhart.k12.in.us/3_staff/403B_memo.pdf)

78 Elkhart Community Schools: 403(b) Toolkit: <http://elkhart.k12.in.us/content.php?id=370>; Elkhart Community Schools: Fee Schedule: [http://elkhart.k12.in.us/3\\_staff/403B\\_fees.pdf](http://elkhart.k12.in.us/3_staff/403B_fees.pdf)

79 Batesville Community School Corporation Master Agreement: [http://www.batesvilleinschools.com/MasterAgreement\\_BEABCSC\\_2009-2013.pdf](http://www.batesvilleinschools.com/MasterAgreement_BEABCSC_2009-2013.pdf)

80 For more information about the rollover savings account visit the Retirement System, website: <http://www.in.gov/inprs/2546.htm>.

**Employee Contribution:** 3.0% of salary is contributed to the Annuity Saving Account. This contribution may be paid by employer. Employee can elect to contribute additional funds to the Annuity Saving Account. No employee contribution is required for the defined benefit component of the retirement plan.

**Social Security Coverage:** Yes

For additional information on the Defined Benefit and Annuity Savings Account Plans see:

[http://www.in.gov/inprs/files/TRF\\_at\\_a\\_Glance.pdf](http://www.in.gov/inprs/files/TRF_at_a_Glance.pdf)

<http://www.in.gov/inprs/files/RMInvestmentsBrochureTRF.pdf>

#### **RETIREE HEALTH BENEFITS**

Indiana provides access to a state managed health plans to retired teachers who meet certain age and service requirements. Plans differ by year of retirement. Teachers are in a different plan than general state employees.

<http://www.in.gov/spd/files/eehandbook.pdf>

**IOWA****403(b) PLAN**

The Retirement Investors' Club (RIC) was established January 1, 2009.<sup>81</sup> It is administered by the Iowa Department of Administrative Services.<sup>82</sup> It includes a 457/401(a) program for state employees, and non-state public sector employers and a 403(b) program for education-related employers. Planwithease is the third party administrator for the 403(b) plan. The most recent RFP was issued in 2009.<sup>83</sup> Six providers were selected for 2010-2015: The Hartford, Horace Mann, ING, Security Benefit, TIAA-CREF, and VALIC. State legislation mandated that education-related employers adopt the RIC 403(b) plan or create their own local 403(b) plan by August 15, 2008.<sup>84</sup>

As of January 2012, there are over 15,000 active contributors who contribution a total of more than \$6 million per month. All of Iowa's community colleges and 318 out of 351 school districts have adopted the RIC 403(b). None of these employers provides automatic enrollment or matching employer contributions. Out of the 212 participating districts that responded to a survey conducted by the Iowa Association of School Business Officials in February 2012, 205 reported that the program was operating effectively.<sup>85</sup>

**OTHER SUPPLEMENTAL PLANS**

A 457 plan is also offered through the Iowa Retirement Investors' Club. All participants contributing to the 457 plan are eligible for an employer match of up to \$75 per month.<sup>86</sup>

**PRIMARY RETIREMENT PLAN**

Iowa's Public Employees Retirement System

<http://www.ipers.org/>

**Type of Plan:** Defined benefit

**Coverage:** Teachers, State and Local Employees

**Normal Retirement Age:** age 65; age 62 with 20 years of service; Rule of 88

**Benefit Formula:** 2.0% per year of service times final average salary for first 30 years plus 1.0% per year of service over 30 years times final average salary

**Final Average Salary:** 3 high years. After June 30, 2012, average salary will be the average of the highest five years' wages.

**Vesting:** 4 years. As of July 1, 2012, any non-vested member will become vested after seven years of service or upon reaching age 65 while employed by an IPERS employer.

**Employee Contribution:** 5.38%

**Social Security Coverage:** Yes

Member Handbook

<http://www.ipers.org/publications/members/pdf/memberhandbook.pdf>

2010-2012 Law Changes

[http://www.ipers.org/publications/misc/pdf/other/brochure2010\\_2012lawchangesspreads.pdf](http://www.ipers.org/publications/misc/pdf/other/brochure2010_2012lawchangesspreads.pdf)

81 Establishment of Plan: <https://www.legis.iowa.gov/DOCS/ACO/IAC/LINC/Rule.11.64.12.pdf>

82 For more information, visit the plan website (<http://ric.iowa.gov/403b>) or contact John Williams at 515-725-2135 or [john.williams5@iowa.gov](mailto:john.williams5@iowa.gov).

83 History of the Plan: <http://www.iowa-asbo.org/documents/Iowa%20403b%20Plan%20-%20A%20Win-Win.pdf>

84 School district 403(b) vendor selection: <http://search.legis.state.ia.us/nxt/gateway.dll/ic/1/13/9192/10108/10488/10504?f=templates&fn=default.htm>

85 February 2012 403(b) Satisfaction Survey <http://www.iowa-asbo.org/documents/Iowa ASBO 403b Survey Responses pdf.pdf>

86 See the program summary for details: [http://ric.iowa.gov/documents/program\\_summary.pdf](http://ric.iowa.gov/documents/program_summary.pdf)

## **RETIREE HEALTH BENEFITS**

Iowa provides access to retired teachers to remain in the state health plan that also covers general state employees, however, retirees must pay the entire premium.

[http://benefits.iowa.gov/retirees\\_continuing\\_benefits.html#eligibility](http://benefits.iowa.gov/retirees_continuing_benefits.html#eligibility)

**KANSAS****403(b) PLAN**

In Kansas, 403(b) plans are managed by the local school districts. Wichita USD, Kansas's largest school district, requires that employees who wish to contribute to a 403(b) plan choose a vendor from a list of 14 approved providers.<sup>87</sup> Compliance issues are handled by a TPA: CPI Qualified Plan Consultants of Great Bend, KS.<sup>88</sup>

Derby USD is a midsized Kansas school district with enrollment of around 6,800 students. They allow employees to choose between three approved 403(b) providers: ING, VALIC, and Ameriprise.<sup>89</sup> Golden Plains USD, a school district that serves less than 500 students, has one approved investment provider, American Fidelity Assurance, and contracts with AFPlan Serv for some administrative services related to their 403(b) plan.<sup>90</sup>

**OTHER SUPPLEMENTAL PLANS**

Kansas offers a 457 to state employees, but public school teachers are not eligible to participate. A few districts offer 457 plans.

**PRIMARY RETIREMENT PLAN**

Kansas Public Employees Retirement System

<http://www.kpers.org/>

**Type of Plan:** Defined benefit

**Coverage:** Teachers, State and Local Employees

**Normal Retirement Age:** Age 65 with 5 years of service; age 62 with 10 years; Age 60 with 30 years; Rule of 85

**Benefit Formula:** 1.75% per year of service times final average salary

**Final Average Salary:** 3 high years

**Vesting:** 5 years

**Employee Contribution:** 4.0% of salary

**Social Security Coverage:** Yes

**RETIREE HEALTH BENEFITS**

Retirees are eligible for inclusion in the retiree medical plan if they are 55 and have 10 years of service; however, the retiree must pay the full premium in order to participate in the state health plan. Kansas teachers are covered by the same retiree health plan as general state employees. <http://www.kdheks.gov/hcf/sehp/download/2013RetireeDBBook.pdf>

87 Wichita USD: Approved Vendors: <http://employeebenefits.usd259.org/modules/groups/homepagefiles/gwp/1521178/1505362/File/APPROVED%20403%20Vendor%20List%20-%20CPI%206%201%2012.pdf?sessionid=e51d38f0d0570203ceb6fa6327c5774d>

88 Wichita USD: Benefits Site: [http://employeebenefits.usd259.org/modules/groups/group\\_pages.phtml?&gid=1505362&nid=130158](http://employeebenefits.usd259.org/modules/groups/group_pages.phtml?&gid=1505362&nid=130158)

89 Derby USD: Benefits Handbook: <http://derbyschools.com/modules/groups/homepagefiles/cms/911100/File/HumanResources/Derby%20Benefits%20Book%202012.pdf>

90 Golden Plains USD: 403(b) Notice: <http://usd316.k12.ks.us/BOARD/403bnotice.pdf>



**KENTUCKY****403(b) PLAN**

In Kentucky, 403(b) plans are managed by the local school districts. Kentucky's largest school district, Jefferson County Public Schools, provides a 403(b) plan through a contract with Great West Retirement Services. They have a customized website that provides information about the plan, financial education, and individual account details.<sup>91</sup> Employees can choose to invest their contributions across 16 different funds and a self-directed brokerage account.<sup>92</sup> Daviess County Public Schools, a midsized district serving approximately 10,000 students, offers employees a choice between six 403(b) providers.<sup>93</sup> JEM is the third party administrator. The school districts pays JEM's monthly administrative fee of \$1.50 per participant.<sup>94</sup>

**OTHER SUPPLEMENTAL PLANS**

Kentucky also offers state employees and teachers access to a deferred compensation 457 plan.<sup>95</sup>

**PRIMARY RETIREMENT PLAN**

Kentucky's Teachers Retirement System

<http://www.ktrs.ky.gov/>

**Type of Plan:** Defined benefit

**Coverage:** Teachers

**Normal Retirement Age:** age 60 with 5 years of service; any age with 27 years

**Benefit Formula:** 1.7% per years of service times final average salary up to 3.0% per year depending on length of service

**Final Average Salary:** 3 high years

**Vesting:** 5 years

**Employee Contribution:** 9.11%

**Social Security Coverage:** No

**RETIREE HEALTH BENEFITS**

Retirees are eligible to participate in the state health plan; however, the state subsidy for the premium varies with years of service. Kentucky teachers are covered by a different health plan from general state employees. [http://www.ktrs.ky.gov/02\\_retired\\_members/03\\_medical\\_benefits\\_over.htm](http://www.ktrs.ky.gov/02_retired_members/03_medical_benefits_over.htm)

91 Jefferson County Public Schools-Website: <http://jeffcoschoolsgwest.com/index.html>

92 Jefferson County Public Schools-Prospectus: [http://jeffcoschoolsgwest.com/index\\_files/fundoverview.html](http://jeffcoschoolsgwest.com/index_files/fundoverview.html)

93 Daviess County Public Schools-Vendor List:

[http://www.jemtpa.com/files/403b-resources/Vendor\\_Lists\\_for\\_Other\\_States\\_Daviess\\_County\\_PS\\_20100129112329.pdf](http://www.jemtpa.com/files/403b-resources/Vendor_Lists_for_Other_States_Daviess_County_PS_20100129112329.pdf)

94 Daviess County Public Schools-Summary Plan Description:

[http://www.jemtpa.com/files/403b/Daviess\\_County\\_Summary\\_Plan\\_Description\\_20120113123220.pdf](http://www.jemtpa.com/files/403b/Daviess_County_Summary_Plan_Description_20120113123220.pdf)

95 Kentucky Deferred Compensation website: <http://kdc.participant-connection.com>

**LOUISIANA****403(b) PLAN**

In Louisiana, 403(b) plans are managed by the local school districts. Most of the information regarding the 403(b) plans offered by local districts must be distributed offline, since very little information is available online other than some brief discussions in the minutes from school board meeting.<sup>96</sup> Before hurricane Katrina hit in 2005, Louisiana's largest school district, Orleans's Parish, offered employees the option to participate in 403(b) program through payroll deduction with multiple vendors. The program was suspended for several years following Hurricane Katrina, before being reinstated in fall 2009 with only one provider, ING. ING was chosen because they were the most popular choice among employees as indicated by survey results. There is no further information regarding the 403(b) program available on the Orleans's Parish website.

Lafourche Parish is a small school board in Louisiana serving approximately 15,000 students. In 2008, the Lafourche Parish school board issued a RFP for a third party administrator to improve efficiency and ensure compliance with applicable laws and regulations. The Standard was chosen at the TPA. Any employee who had another 403(b) plan when The Standard became the TPA was automatically enrolled in the most conservative plan.<sup>97</sup>

One district that does provides some additional information about their 403(b) plan is Jefferson Parish Public Schools, which serves more than 50,000 students. National Plan Administrator has provided TPA services for Jefferson Parish Public Schools since 2002 for a fee of \$1.50 per participant per pay period, which is paid by the employer. There are 15 authorized vendors available under than plan.<sup>98</sup> All employees receive a notice about the availability of the 403(b) plan and step by step directions on how to sign-up online.<sup>99</sup>

**OTHER SUPPLEMENTAL PLANS**

Louisiana offers a 457 plan for state employees, but teachers are not eligible to participate. Some public school districts offer a 457 plan, either alongside or instead of a 403(b) plan.

**PRIMARY RETIREMENT PLAN**

Teachers' Retirement System of Louisiana

<http://www.trsl.org/main/>

**Type of Plan:** Defined benefit

**Coverage:** Teachers

**Normal Retirement Age:** age 60 with 5 years of service; age 55 with 25 years; any age with 30 years

**Benefit Formula:** 2.5% per year of service times final average salary

**Final Average Salary:** 3 high years

**Vesting:** 5 years

**Employee Contribution:** 8.0%

**Social Security Coverage:** No

96 Orleans Parish-School Board Meeting Minutes: <http://www.opsb.us/wp-content/uploads/2012/10/Board-Meeting-08-18-09certified-final.doc>

97 Lafourche Parish-School Board Meeting Minutes: <http://lafourche.k12.la.us/minutes/r20081105.pdf>

98 Jefferson Parish-Approved Providers [http://www.natlplan.com/forms/tsa/employer/LA/Jefferson Parish Public Schools\\_472/Approved 403\(b\) Providers.pdf](http://www.natlplan.com/forms/tsa/employer/LA/Jefferson%20Parish%20Public%20Schools_472/Approved%20403(b)%20Providers.pdf)

99 Jefferson Parish: 403(b) Employee Handbook  
<http://payroll.jpss.k12.la.us/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=2147503282>

## **RETIREE HEALTH BENEFITS**

Retirees are eligible to remain in the state health plan with the proportion of the premium paid by the retiree varying with years of service. Louisiana teachers are covered by the same plan that covers general state employees.

June 2012 GASB 45 Actuarial Valuation: [http://www.doa.louisiana.gov/osrap/library/afr%20packetts/2012OGB\\_OPEBValuationReport.pdf](http://www.doa.louisiana.gov/osrap/library/afr%20packetts/2012OGB_OPEBValuationReport.pdf)

**MAINE****403(b) PLAN**

In Maine, 403(b) plans are managed by the local school departments. The largest school district in Maine, Portland Public Schools, is still very small in comparison to districts in other states with enrollment totaling less than 7,000. We found no information about a 403(b) plan on the Portland School Department website. A smaller district, located about 30 miles northeast of Portland in Brunswick, Maine, does provides information about their 403(b) including general information on the benefits of contributing to a 403(b) plan, contribution rules, and how to sign up for the district's 403(b) plan.<sup>100</sup> The Brunswick School Department began offering a 403(b) plan in 2009. CPI provides TPA services for the plan. Employer contributions are not allowed under than plan and there is not a Roth option.<sup>101</sup>

Lincolntonville School Department is one of the smallest districts in Maine, with enrollment of around 200. The district school committee appointed an individual named Henry J. Garretson as the TPA at a June 2012. Mr. Garretson owns a small company called Penobscot Pension Services.<sup>102</sup> There is no further information regarding the plan on the district website.

**OTHER SUPPLEMENTAL PLANS**

The State of Maine Deferred Compensation 457 plan is administered by IIS Financial.

**PRIMARY RETIREMENT PLAN**

Maine Public Employees Retirement System

<http://www.mainebers.org/>

**Type of Plan:** Defined benefit

**Coverage:** Teachers, State and Local Employees

**Normal Retirement Age:** age 62 with 5 years of service

**Benefit Formula:** 2.0% per year of service times final average salary

**Final Average Salary:** 3 high years

**Vesting:** 5/10 years

**Employee Contribution:** 7.65% of salary

**Social Security Coverage:** No

**RETIREE HEALTH BENEFITS**

Retirees are eligible to remain in the state health plan. The state subsidizes the premium for the plan with the level of subsidy varying by date of employment and years of service. Maine teachers are included in the same plan as general state employees.

<http://www.maine.gov/deh/retirees/index.html>

<sup>100</sup> Brunswick School Department-Plan Adoption Agreement: [http://www1.brunswick.k12.me.us/employee\\_information/403/pdf/403b\\_plan.pdf](http://www1.brunswick.k12.me.us/employee_information/403/pdf/403b_plan.pdf)

<sup>101</sup> Brunswick School Department-Employee Information Webpage: <http://www.brunswick.k12.me.us/employee-info/retirement-plan/>

<sup>102</sup> Lincoln Schools-Committee Meeting Minutes: <http://www.lcs.lincolntonville.k12.me.us/commminutes.htm>

**MARYLAND****403(b) PLAN**

Maryland offers a state managed 403(b) plan for employees of state education facilities, including universities and the Maryland Department of Education.<sup>103</sup> By statute, employees of other government entities, including a county board of education, are also eligible to participate.<sup>104</sup> As of March 31, 2012, there were 921 participants, with approximately 400 participants contributing to the Plan, and \$69 million in Plan assets.<sup>105</sup> We were not able to find any evidence that any public school teachers actually participate in the plan. Maryland issued an RFP for a plan administrator for its four supplemental retirement plans, including the 403(b), in July 2012.

Maryland's largest school district, Montgomery County, serves more than 130,000 students.<sup>106</sup> The district provides extension information about their 403(b) plan on their supplemental retirement website, including a comprehensive FAQ section, a savings calculator, forms, and investment references. The website was designed by bWise Guys, LLC. VRSCO provides TPA services. There are nine approved vendors and an employee must contact the vendor directly, via information provided on the website, to set up their account.<sup>107</sup>

Anne Arundel County Public Schools offers employees access to a 403(b) and a 457 (b) plan. The district website includes educational materials and a comparison chart with detailed information about each of the four authorized providers: ING, Lincoln Financial, MetLife, and VALIC.<sup>108</sup> The website also includes a calendar that lists "Lunch and Learn" sessions with each of the providers. Employees can enroll and manage their account online through the VRSCO Retirement Manager.<sup>109</sup>

**OTHER SUPPLEMENTAL PLANS**

Maryland offers state employees a 457 plan, but public school teachers are not eligible to participate. Some public school districts offer a 457 plan, either alongside or instead of a 403(b) plan.

**PRIMARY RETIREMENT PLAN**

Maryland State Retirement and Pension System

<http://www.sra.state.md.us/>

**Type of Plan:** Defined Benefit

**Coverage:** Teachers, State and Local Employees

**Normal Retirement Age:** age 62 with 5 years of service; age 65 with 2 years; any age with 30 years of service

**Benefit Formula:** 2.0% per year of service times final average salary

**Final Average Salary:** 3 high years

**Vesting:** 5 years

**Employee Contribution:** 2.0% of salary

**Social Security Coverage:** Yes

<sup>103</sup> Maryland Optional Retirement Program 403(b): [http://www.sra.state.md.us/Agency/Investment/Downloads/Optional\\_Retirement\\_Program\\_Plan\\_Document.pdf](http://www.sra.state.md.us/Agency/Investment/Downloads/Optional_Retirement_Program_Plan_Document.pdf)

<sup>104</sup> Md. STATE PERSONNEL AND PENSIONS Code Ann. § 35-402

<sup>105</sup> RFP for Plan Administrator: <http://msrp.maryland.gov/msrptparfp2012.pdf>  
<http://msrp.maryland.gov/msrptparfp2012.pdf>

<sup>106</sup> Montgomery County Schools: 403(b) Website: <http://mcps.yourplan.info/403b/index.html>

<sup>107</sup> Montgomery County Schools Approved Vendors: <http://mcps.yourplan.info/pdf/VendorRepListMar2011.pdf>

<sup>108</sup> Provider Comparison Chart available: at <http://www.aacps.org/humanresources/compchart.pdf>  
<http://www.aacps.org/humanresources/compchart.pdf>

<sup>109</sup> Ann Arundel County Public School—"Elect": <http://www.aacps.org/humanresources/elect.asp>  
<http://www.aacps.org/humanresources/elect.asp>

**RETIREE HEALTH BENEFITS**

Maryland allows retired teachers to have access to the state health plan with the degree of subsidy depending on years of service. Maryland teachers are covered by the same health plan as general state employees.

<http://dbm.maryland.gov/benefits/Documents/Benefits%20Guide.pdf>

**MASSACHUSETTS****403(b) PLAN**

The Massachusetts Department of Higher Education offers the Commonwealth 403(b) plan for employees of community colleges, state colleges, universities, and some state education departments. Providers are chosen through a competitive bidding process that is conducted “from time-to-time”. As of January 1, 2009, there are seven vendors<sup>110</sup>. Public School teachers are offered 403(b) plans through their local district. More than 50,000 students attend one of Boston’s 146 public schools. Boston Public Schools allows employees to choose from 19 vendors. The only information available on the district website is a payroll deduction form and the list of vendors.<sup>111</sup>

Cambridge Public Schools is a much smaller district, serving less than 6,000 students. PenServ Plan Services Inc. manages the Cambridge Public Schools 403(b) Plan. Any qualified investment provider that enters into an information-sharing agreement with the Plan to provide compliance data may offer a 403(b) product to employees. As of October 2009, there were 15 providers. To enroll, employees must establish an account with one of the authorized providers and enroll online with Penserv.<sup>112</sup>

**OTHER SUPPLEMENTAL PLANS**

The Massachusetts Deferred Compensation SMART Plan is a 457 plan that is available to employees of the State and participating governmental entities. Over 100 local education authorities participate in the plan.<sup>113</sup>

**PRIMARY RETIREMENT PLAN**

Massachusetts Teachers Retirement System

<http://www.mass.gov/mtrs/>

**Type of Plan:** Defined Benefit

**Coverage:** Teachers

**Normal Retirement Age:** age 55 with 10 years, any age with 20 years

**Benefit Formula:** generosity is a function of years of service

**Final Average Salary:** 3 high years

**Vesting:** 10 years

**Employee Contribution:** 11.0% of salary

**Social Security Coverage:** No

**RETIREE HEALTH BENEFITS**

Health insurance for retired members of the Massachusetts Teachers Retirement System (MTRS) is not provided by the MTRS. Retiree health insurance is a local contractual benefit. Most school districts offer continued health insurance to their retirees by either participating in the Retired Municipal Teachers’ Program or offering their own group insurance plan.

<http://www.mass.gov/mtrs/benefit-recipients-retirees-and-survivors/health-insurance/retired-municipal-teachers-program/>

110 Commonwealth 403(b) Plan Summary: <http://web.gcc.mass.edu/hr/files/2010/08/Commonwealth-403b-Plan-Summary-1-091.pdf>

111 Boston Public Schools—Retirement Webpage: <http://www.bostonpublicschools.org/retirement>

112 Cambridge Public Schools—403(b) Plan Summary: [http://www.cpsd.us/web/HR/403B\\_Plan\\_Procedures.pdf](http://www.cpsd.us/web/HR/403B_Plan_Procedures.pdf)

113 Massachusetts Deferred Compensation SMART Plan—Online Enrollment Employer Listing: [https://www.fascore.com/PDF/mass/Online\\_Enrollment\\_Employer\\_Listing.pdf](https://www.fascore.com/PDF/mass/Online_Enrollment_Employer_Listing.pdf)

**MICHIGAN****403(b) PLAN**

In Michigan, 403(b) plans are managed by the local school districts. In response to the new IRS regulations implemented in 2009, two groups of school districts, one from Northern Michigan and one from West Michigan, united to form the Michigan Retirement Investment Consortium (MRIC)<sup>114</sup>. MRIC consists of more than 240 school districts representing approximately 120,000 school employees. The Consortium selected TSA Consulting Group as the TPA through a RFP process. Working with an outside registered investment advisor, MRIC selected a “core” menu of five investment providers. Additionally, in July 2008, MRIC released a RFP for a “single source” provider. Midwest Capital Advisors was selected as the “single source provider.” Midwest offers low cost and no load mutual funds. Consortium members are required to offer the “core” investment providers and the “single source” provider, and may also continue to offer other options. TSA Consulting Group charges an administrative fee of \$18 per participant; however, the “core” and “single source” providers cover this fee for participants.<sup>115</sup>

A smaller group of school districts, located in southeast Michigan, also united to form a consortium for establishing a new 403(b) plan to meet the 2009 IRS regulations. This consortium includes Washtenaw County Intermediate School District, Wayne County Regional Education Service Agency, and 38 constituent school districts. In 2007, 12,552 employees of consortium districts were participating in a 403(b) plan out of 27,750 eligible employees. Participants contributed a total of \$77,507,000. The consortium issued an RFP in April 2008 and received 28 proposals.<sup>116</sup> The winning proposal was expected to provide compliance with new IRS regulations and to maximize participant retirement savings with the selection of investment and by minimizing erosion caused by high vendor fees. The Standard was chosen as the single vendor for the plan. Only 16 of the 40 districts ended up electing the plan. The core line-up includes 29 mutual funds across broad investment categories and provides a mix of actively and passively managed mutual funds. Members may choose their own portfolio, one of five guided portfolios, or an actively managed optioned. The core plan is supplemented with a self-directed brokerage account option, the Schwab Personal Choice Retirement Account. The passive portfolio has 0.92% total annual costs and there is no front end-end load, back-end load, sales charge, or surrender charge.<sup>117</sup>

**OTHER SUPPLEMENTAL PLANS**

Public school teachers hired on or after July 1, 2010 make mandatory contributions to the State of Michigan 457 Plan and may choose to make additional contributions. Many public school districts also offer 457 plans.

**PRIMARY RETIREMENT PLAN**

Public School Employees Retirement System: Pension Plus<sup>118</sup>

<http://www.mipensionplus.org/>

**Type of Plan:** Hybrid

**Coverage:** Public School Employees

**Normal Retirement Age:** age 60 with 5 years of service; any age with 30 years

<sup>114</sup> MRIC history: <http://www.monroe.k12.mi.us/district.cfm?subpage=4707>

<sup>115</sup> TSA Consulting MRIC 403(b) Webpage: [http://www.waddell.com/michigan/pdf/mric\\_2009\\_mn.pdf](http://www.waddell.com/michigan/pdf/mric_2009_mn.pdf)

<sup>116</sup> Southeast Michigan Consortium RFP: <http://www.wash.k12.mi.us/files/business/RFP403bplan.pdf>

<sup>117</sup> Information about Southeast Michigan Consortium RFP: <http://wash.k12.mi.us/files/business/WISDQA403b.pdf>

<sup>118</sup> Teachers hired before July 1, 2010 participate in a defined benefit plan:

<http://www.michigan.gov/orsschools>

Normal Retirement Age: age 60 with 5 years of service; any age with 30 years

Benefit Formula: 1.5% per year of service times final average salary

Final Average Salary: 3 high years

Vesting: 10 years

Employee Contribution: 3.0 to 4.3% of salary



**Benefit Formula:** 1.5% per year of service times final average salary

**Final Average Salary:** 5 high years

**Vesting:** 10 years

**Employee Contribution:** 3.0 to 6.4% of salary, plus 2% to investment account

**Social Security Coverage:** Yes

#### **RETIREE HEALTH BENEFITS**

Michigan provides retired teachers access to its state health plan. The plan for retired teachers is different than the plan that covers general state employees. The state provides an insurance subsidy based on years of services.

[http://www.michigan.gov/documents/R072C\\_128095\\_7.pdf](http://www.michigan.gov/documents/R072C_128095_7.pdf)

[http://www.michigan.gov/orsschools/0,1607,7-206-36504\\_36533\\_48173---,00.html](http://www.michigan.gov/orsschools/0,1607,7-206-36504_36533_48173---,00.html)

**MINNESOTA****403(b) PLAN**

In Minnesota, 403(b) plans are managed by the local school districts. Fourteen Public School districts participate in the Minnesota Public Schools 403(b) Plan offered by Capital Street through an affiliation with ING and Great West.<sup>119</sup>

Members of Education Minnesota, an educators union with more than 70,000 members, can choose from several 403(b) products offered through Education Financial Services, Inc.<sup>120</sup> These options include a proprietary product, EFA Advisors Choice, the National Education Association's Valuebuilder Plan, and products from Commonwealth Annuity, Great American Financial Resources, TD Ameritrade, and Allianz Life Insurance Company of North America.<sup>121</sup>

Anoka Hennepin Education District is one of the largest districts in Minnesota, with enrollment of almost 40,000 students. The district allows employees to choose from the Minnesota Public Schools 403(b) Plan offered by Capital Street, the program offered by Education Minnesota through Education Financial Services, Inc., and plans from two other vendors: Ameriprise Financial and P&A Financial Strategies, Inc. The district website includes a table comparing the pricing and plan features of the four plans, a list of vendor representatives, the salary reduction agreement form, and a document with general information about 403(b) plans.<sup>122</sup> Full-time teachers and part-time teachers who are eligible to participate in the district's health insurance program and have worked in the district continuously for at least two school years are eligible to receive a matching 403(b) contribution. This contribution varies according to length of service, with a maximum yearly matching contribution of \$2,000 and maximum lifetime matching contribution of \$40,000.<sup>123</sup>

**OTHER SUPPLEMENTAL PLANS**

The Minnesota Deferred Compensation Plan is available to all Minnesota public employees, including teachers.<sup>124</sup>

**PRIMARY RETIREMENT PLAN**

Minnesota Teachers Retirement Association

<http://www.minnesotatra.org/>

**Type of Plan:** Defined benefit

**Coverage:** Teachers

**Normal Retirement Age:** age 60; any age with 30 years of service

**Benefit Formula:** 2.5% per year of service times final average salary

**Final Average Salary:** 5 high years

**Vesting:** 3 years

**Employee Contribution:** 9.0% of salary

<sup>119</sup> <http://www.capitalstreet.biz/Minnesota-Public-Schools-403b-Plans.1.htm>

<sup>120</sup> Education Minnesota, Financial and retirement planning: <http://www.educationminnesota.org/en/membership/savings/financialservices.aspx>

<sup>121</sup> Education Financial Services 403(b) Products: <http://www.mninvest.com/products-and-services/403b/>

<sup>122</sup> Anoka-Hennepin Education District Labor Relations & Benefits, 403(b) Information & Salary Reduction Forms: <http://www.anoka.k12.mn.us/education/components/scrapbook/default.php?sectiondetailid=250072&>

<sup>123</sup> Working Agreement By and Between Anoka-Hennepin Independent School District No. 11 School Board and Anoka-Hennepin Education Minnesota July 1, 2011- June 30, 2013, pg. 38: <http://ahem.locals.educationminnesota.org/~media/ahem/AHEM2011%2013.ashx>

<sup>124</sup> Minnesota Deferred Compensation Plan Handbook: <http://www.mndcplan.com/PlanNow.htm>

**Social Security Coverage:** Yes

**RETIREE HEALTH BENEFITS**

Access to a retiree health plan varies by school district and the extent of any subsidy to the premium is determined by the school district.

**MISSISSIPPI****403(b) PLAN**

In Mississippi, 403(b) plans are managed by the local school districts. Hinds County School District offers its teachers the option of enrolling in a 403(b) plan. The District website suggests that teachers call the payroll department to learn more about the plan.<sup>125</sup> Jackson County Public Schools allows teachers to choose between 11 providers. Other than the list of providers, there is no information regarding the 403(b) program on the Jackson County Public School website.<sup>126</sup>

**OTHER SUPPLEMENTAL PLANS**

Mississippi also offers a 457 to employees of the state and of participating political subdivisions.<sup>127</sup>

**PRIMARY RETIREMENT PLAN**

Mississippi Public Employees Retirement System

<http://www.pers.state.ms.us/>

**Type of Plan:** Defined benefit

**Coverage:** Teachers, State and Local Employees

**Normal Retirement Age:** age 60 with 8 years of service; any age with 30 years

**Benefit Formula:** 2.0% per year of service times salary average for first 25 years; 2.5% per year for years over 25

**Final Average Salary:** 25 years

**Vesting:** 8 years

**Employee Contribution:** 9.0%

**Social Security Coverage:** Yes

**RETIREE HEALTH BENEFITS**

Mississippi teachers are covered by the same retiree health plan as general state employees. The retiree health plan is only available to retirees enrolled in Medicare Part A and Part B and requires a monthly premium of \$138 for a single retiree in 2012.

<http://www.pers.state.ms.us/insurance/pershealthplan.html>

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<sup>125</sup> [http://www.hinds.k12.ms.us/cms/lib07/MS01001020/Centricity/Domain/52/403\\_b\\_.pdf](http://www.hinds.k12.ms.us/cms/lib07/MS01001020/Centricity/Domain/52/403_b_.pdf)

<sup>126</sup> Jackson County Schools—Tax Shelter Annuity Providers: [http://www.jackson.k12.ms.us/departments/human\\_resources/publications/benefits\\_403b.pdf](http://www.jackson.k12.ms.us/departments/human_resources/publications/benefits_403b.pdf)

<sup>127</sup> Mississippi Deferred Compensation Plan website: <https://ingcustom.ingplans.com/einfo/planinfo.aspx?cl=INGMS&pl=MSDCPPU&page=homehome&domain=ingcustom.ingplans.com#>

**MISSOURI****403(b) PLAN**

In Missouri, 403(b) plans are managed by the local school districts. Rolla Public Schools uses CPI as the compliance administrator for its 403(b) plan. The district website offers a list of eight investment representatives “who have previously provided support to the district.” The site appears to suggest that employees may choose an unlisted provider.<sup>128</sup> The Columbia Public Schools offer teachers a 403(b) plan. The website lists four plan representatives, provides a list of investment options and a history returns to these investment products.<sup>129</sup> Springfield Public Schools allows employees to choose between 18 service providers.<sup>130</sup>

**OTHER SUPPLEMENTAL PLANS**

Missouri offers state employees a 457 plan, but public school teachers are not eligible to participate. Some public school districts offer a 457 plan, either alongside or instead of a 403(b) plan.

**PRIMARY RETIREMENT PLAN**

Public School and Education Employee Retirement System of Missouri  
<https://www.psrsmo.org/>

**Type of Plan:** Defined benefit

**Coverage:** Teachers; St Louis and Kansas City have separate retirement plans

**Normal Retirement Age:** age 60 with 5 years; Rule of 80; any age with 30 years

**Benefit Formula:** 2.5% per year of service times final average salary

**Final Average Salary:** 3 high years

**Vesting:** 5 years

**Employee Contribution:** 14% of salary

**Social Security Coverage:** No

**RETIREE HEALTH BENEFITS**

Missouri teachers are covered by the same retiree health plan as general state employees.

<http://www.mchcp.org/aboutUs/documents/annualReports/AR11.pdf>

128 Rolla Public Schools Provider List: [http://rolla.k12.mo.us/fileadmin/rpsweb/home/District/Financial\\_Information/CPI\\_APPROVED\\_403B\\_VENDORS\\_01.pdf](http://rolla.k12.mo.us/fileadmin/rpsweb/home/District/Financial_Information/CPI_APPROVED_403B_VENDORS_01.pdf)

129 Columbia Public School Voluntary Retirement: <http://www.columbia.k12.mo.us/bcs/bcsbus/VolRetire.htm>

130 Springfield Public Schools Deferred Compensation Provider List: <http://springfieldpublicschools.org/humanresources/benefits/other/documents/TSaproviderlist.pdf>

**MONTANA****403(b) PLAN**

In Montana, 403(b) plans are managed by the local school districts. In Montana, 403(b) plans are managed by the local school districts. Kalispell Public Schools administers a 403(b) plan that offers a choice between two providers: ING and VALIC.<sup>131</sup> The Billings Public School system offers teachers the opportunity to enroll in a 403(b) plan that has six providers (Valic, Ameriprise, ING, Security Benefit, and Hartford. The school's website lists providers and includes links to individual investment products with all fees shown.<sup>132</sup>

**OTHER SUPPLEMENTAL PLANS**

Montana also offers employees a 457 plan.

**PRIMARY RETIREMENT PLAN**

Montana Teachers Retirement System

<http://www.trs.mt.gov/>

**Type of Plan:** Defined benefit

Coverage: Teachers

**Normal Retirement Age:** age 60 with 5 years of service; any age with 25 years of service

**Benefit Formula:** 1.67% per year of service times final average salary

**Final Average Salary:** 3 high years

**Vesting:** 5 years

**Employee Contribution:** 7.15%

**Social Security Coverage:** Yes

**RETIREE HEALTH BENEFITS**

Access to a retiree health plan varies by school district and the extent of any subsidy to the premium is determined by the school district. A retiree who is a participant in their former employer's group plan may elect to have their premium withheld from their monthly retirement benefit.

<http://www.trs.mt.gov/Retirees/InsurancePremiums.asp>

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131 [www.sd5.k12.mt.us/cms/.../ORP%20Provider%20list\\_112811.doc](http://www.sd5.k12.mt.us/cms/.../ORP%20Provider%20list_112811.doc)

132 <http://bps.schoolwires.net/Page/143>

**NEBRASKA****403(b) PLAN**

In Nebraska, 403(b) plans are managed by the local school districts. In 2010, only 24 out of 180 districts reported offering a tax sheltered annuity in a survey conducted by the Nebraska Retirement Systems Committee.<sup>133</sup> School districts may be very different in the number of providers allowed in the plan. In the Lincoln Public School system, teachers can enroll in a 403(b) plan offered by Union Bank and Trust. Links of the school's website send teachers to the bank's website for additional information.<sup>134</sup> Omaha Public Schools offer teachers the opportunity to enroll in a 403(b) plan; however, the school district provides very limited assistance. The website indicates that the district has 48 providers that are allowed in this plan and sends teachers to the providers for additional information.<sup>135</sup>

**OTHER SUPPLEMENTAL PLANS**

Nebraska also offers employees a 457 plan.

**PRIMARY RETIREMENT PLAN**

Nebraska Public Employees Retirement System; Omaha has a separate retirement system.

<https://npers.ne.gov/whalecomfb0318c98356c576f7c4/whalecom0/SelfService/>

**Type of Plan:** Defined benefit (cash balance plan)

Coverage: Teachers

**Normal Retirement Age:** age 65; Rule of 85

**Benefit Formula:** based on investment returns of plan

**Final Average Salary:** 3 high years

**Vesting:** 5 years

**Employee Contribution:** 8.28% of salary

**Social Security Coverage:** Yes

**RETIREE HEALTH BENEFITS**

Access to a retiree health plan varies by school district and the extent of any subsidy to the premium is determined by the school district.

133 The low response rate may have been due to the wording of the question. Survey results are available at [http://nebraskalegisature.gov/pdf/reports/committee/retirement/LR120\\_2010.pdf](http://nebraskalegisature.gov/pdf/reports/committee/retirement/LR120_2010.pdf).

134 <http://www.ubt.com/lps/index.asp>

135 <http://www.ops.org/district/CENTRALOFFICES/GeneralAdministrativeServices/CompensationandBenefits/TaxDeferredSavingsPlan403b/tabid/645/Default.aspx>

NEVADA

403(b) PLAN

In Nevada, 403(b) plans are managed by the local school districts. This report examines seven county school districts that have chosen TSA consulting group as a third party administrator of their plan: Clark, Douglas, Humboldt, Lincoln, Nye, Odyssey, and Washoe county schools districts. TSA provides much of the oversight that is similar to what statewide plans are able to offer to their participants. There are several financial tools available from the website as well as financial literacy to help participants create a 403(b) plan.

For an individual to contribute to a 403(b) plan in one of the seven county districts, they would be directed to the TSA website usually found on the county district’s website. TSA has a link labeled district/colleges that directs you to a drop down list of all 50 states and a participant would then choose Nevada and pick from one of the seven counties listed afterwards. As soon as the participant chooses his/her county, they are directed to a “Home” page within TSA. This county plan home page includes: a pdf of a 403(b) plan brochure, a benefits description of a 403(b), the authorized investment provider list, the list of forms necessary to contribute to the 403(b), and a link to the Nevada State Retirement System. The plan brochure states that a participant has to fill out both a salary reduction agreement (SRA) and a product disclosure form.

The benefits description page gives participants basic knowledge about the types of investment options they have to choose from. Under the Clark County district, four investment options are given: standard interest annuity, equity index annuity, variable annuity, and mutual funds. The page gives a brief description of each option for the participants and encourages them to seek assistance from a professional representative in deciding which option to choose from.

TSA’s website has a lot of useful financial literacy tools for its participants. An educational video is offered on the home page of the county that runs around 9 minutes long. The video spends much time outlining the benefits of having a retirement plan and how important it is to properly save in order to meet retirement goals.

The seven county school districts that participate in the 403(b) plan that TSA offers have a different number of providers.

SCHOOL DISTRICT	NUMBER OF PROVIDERS
Clark County	20
Douglas County	7
Humboldt County	12
Lincoln County	14
Nye County	3
Odyssey Charter	8
Washoe County	12

Clark County has the most number of providers with 20 and Nye County has the fewest number with 3. Since these are local plans, the number of providers should be scaled down from what a state level offers. It’s apparent that there is some amount of restriction with the local plans. Douglas, Odyssey, and Nye seem to have a restricted number of providers compared to the other counties. Clark, Humboldt, Lincoln, and Washoe seem to have an open access policy with over 10 providers. Most of the websites that the local school districts had seemed very outdated but the website that TSA offers gives participants a comparative amount of financial literacy that both restricted and open access states had provided, if not more. The plan has a full set of characteristics including a loan program for participants that most other state 403(b) plans offer.



## **OTHER SUPPLEMENTAL PLANS**

Nevada also offers employees a 457.

## **PRIMARY RETIREMENT PLAN**

Public Employees Retirement System

<http://www.nvpers.org/>

**Type of Plan:** Defined benefit

**Coverage:** Teachers, State and Local Employees

**Normal Retirement Age:** age 65 with 5 years of service; age 62 with 10 years of service; any age with 30 years of service

**Benefit Formula:** 2.5% per year of service times final average salary

**Final Average Salary:** 3 high years

**Vesting:** 5 years

**Employee Contribution:** 11.88% of salary

**Social Security Coverage:** No

## **RETIREE HEALTH BENEFITS**

Nevada school teachers are covered by the same retiree health plan as general state employees.

[http://pebp.state.nv.us/fiscal%5CSRHWB\\_2012\\_Audited\\_Financial%20Statements.pdf](http://pebp.state.nv.us/fiscal%5CSRHWB_2012_Audited_Financial%20Statements.pdf)

**NEW HAMPSHIRE****403(b) PLAN**

School districts in New Hampshire are organized in School Administrative Units. Some of these units include only one district and some are comprised of several districts. Nashua School District, a large district in New Hampshire with enrollment of more than 12,000, offers a 403(b) plan through TSA Consulting Group. The plan includes 14 authorized investment providers.<sup>136</sup>

The largest multi-district School Administrative Unit is SAU 29, which is comprised of seven independent school districts: Chesterfield, Harrisville, Keene, Marlborough, Marlow, Nelson and Westmoreland. SAU 29 offers a 403(b) Plan through Fidelity Investments. Fidelity is the sole provider of investment options and recordkeeping services for the plan.<sup>137</sup>

**OTHER SUPPLEMENTAL PLANS**

Public School teachers are also eligible to participate in the State of New Hampshire 457(b) Employees Deferred Compensation Plan. The Plan sponsor is Great West Retirement Services.<sup>138</sup>

**PRIMARY RETIREMENT PLAN**

New Hampshire Retirement System

<http://www.nhrs.org/>

**Type of Plan:** Defined benefit

**Coverage:** Teachers, State and Local Employees

**Normal Retirement Age:** age 60

**Benefit Formula:** 1.67% per year of service times final average salary for years up to age 65; thereafter 1.515% per year of additional service

**Final Average Salary:** 3 high years

**Vesting:** 10 years

**Employee Contribution:** 7.0% of salary

**Social Security Coverage:** Yes

**RETIREE HEALTH BENEFITS**

New Hampshire teachers are covered by the same retiree health plan as general public employees.

[http://pebp.state.nv.us/mpd/EE\\_guide\\_PY13.pdf](http://pebp.state.nv.us/mpd/EE_guide_PY13.pdf)

<sup>136</sup> Nashua School District 403(b) plan: [https://www.tsacg.com/employee\\_site/districts/new\\_hampshire/nashua.htm](https://www.tsacg.com/employee_site/districts/new_hampshire/nashua.htm)

<sup>137</sup> SAU 29's 403(b) Plan <http://www.sau29.k12.nh.us/403b-plan-103.html>

<sup>138</sup> <https://nhdcp.gwrs.com/login.do>

**NEW JERSEY****403(b) PLAN**

The Division of Investment of the New Jersey Department of the Treasury manages the Supplemental Annuity Collective Trust (SACT).<sup>139</sup> The SACT includes two plans: the Regular Plan (457) and the Tax-Sheltered plan (403(b)). Employees of New Jersey public schools who are also members of a State-administered retirement system are eligible to participate in the Tax-Sheltered Plan.

The State manages the investment of contributions conservatively in the stock market according to the principal investment strategy.<sup>140</sup> The state of New Jersey pays all of the investment fees. For the year ended June 30, 2011, the total investment return for the trust is estimated to be a 25.88% gain.

As of June 30, 2011, there were 3,806 members participating in one of the two plans and assets totaled \$158,478,459. Benefit payments for the year totaled \$18,312,488.<sup>141</sup>

**OTHER SUPPLEMENTAL PLANS**

Employees enrolled in the primary retirement plan are automatically enrolled in the Defined Contribution Retirement Program (DCRP) when their annual salary exceeds the annual maximum wage contribution base for Social Security pursuant to the Federal Insurance Contributions Act. The DCRP is administered for the Division of Pensions and Benefits by Prudential Financial.

Plan Website

<http://www.nj.gov/treasury/pensions/dcrp1.shtml>

**PRIMARY RETIREMENT PLAN**

Teachers Pension and Annuity Fund

<http://www.state.nj.us/treasury/pensions/epbam/exhibits/handbook/tpafbook.pdf>

**Type of Plan:** Defined benefit

**Coverage:** Teachers

**Normal Retirement Age:** age 65

**Benefit Formula:** 1.67% per year of service times final average salary

**Final Average Salary:** 5 high years

**Vesting:** 10 years

**Employee Contribution:** 6.5% of salary\*

**Social Security Coverage:** Yes

\*As of October 2011, the contribution rate for employees is 6.5%. This rate is set to increase by approximately .1429% each July until the final rate of 7.5% is reached on July 1, 2018. Prior to this change, the employee contribution rate was 5.5% of base salary.

<sup>139</sup> For more information, contact New Jersey Division of Pensions and Benefits at (609) 633-2031 or visit the plan website: <http://www.state.nj.us/treasury/pensions/sact.shtml>

<sup>140</sup> Investment Summary: <http://www.state.nj.us/treasury/pensions/sactsum.shtml>

<sup>141</sup> Supplemental Annuity Collective Trust Financial Statements and Schedules <http://www.state.nj.us/treasury/pensions/audit-rpts-2011/sact-11.pdf>

## **RETIREE HEALTH BENEFITS**

TPAF members who attain at least 25 years of service and retire will receive employer contributions towards post-retirement health coverage. New Jersey teachers are covered by the same retiree health plan as general state employees.

Health Insurance Handbook

<http://www.state.nj.us/treasury/pensions/epbam/exhibits/handbook/hb0505.pdf>

**NEW MEXICO****403(b) PLAN**

In New Mexico, 403(b) plans are managed by the local school districts. Student enrollment at the second largest LEA in New Mexico, Las Cruces Public Schools, is approximately 24,000. In response to the new IRS regulations implemented in 2009, Las Cruces Public Schools amended their 403(b) plan document and hired The Omni Group as the new TPA, replacing Gatekeeper Administration & Consulting, for its 403(b) Retirement Program. The District allows any properly licensed agent or broker to offer 403(b) products to its employees after submitting an application. New applicants are required to bring a minimum of 25 employees into the program. As of May 2012, there were 22 approved 403(b) agents, who were authorized to sell products from ten different providers.

School district employees who chose to participate in the program must agree to a minimum salary reduction of \$16.00 per month for 12 months. The plan does not allow loans and there is not a ROTH option. All eligible employees are required to fill out the Salary Reduction Agreement for the 403(b), even if they chose not to participate in the program. All eligible employees are required to fill out the Salary Reduction Agreement for the 403(b), even if they chose not to participate in the program.<sup>142</sup>

**OTHER SUPPLEMENTAL PLANS**

The State of New Mexico 457(b) Deferred Compensation Plan is available to New Mexico public school teachers. Nationwide is the third party administrator.<sup>143</sup>

**PRIMARY RETIREMENT PLAN**

New Mexico Education Retirement Board

<http://www.nmerb.org/>

**Type of Plan:** Defined benefit

**Coverage:** Teachers

**Normal Retirement Age:** age 67 with 5 years of service; any age with 30 years; Rule of 80

**Benefit Formula:** 2.35% per year of service times final average salary

**Final Average Salary:** 5 high years

**Vesting:** 5 years

**Employee Contribution:** 7.9% of salary

**Social Security Coverage:** Yes

**RETIREE HEALTH BENEFITS**

New Mexico teachers are covered by the same retiree health plan as general state employees.

<http://www.nmdfa.state.nm.us/uploads/files/Required%20Supplementary%20Information%202010CAFR.pdf>

<sup>142</sup> Las Cruces Public Schools 403(b) Tax-Deferred Retirement Program Website: <http://lcps.k12.nm.us/Departments/Finance/403b.asp>

<sup>143</sup> New Mexico Deferred Compensation Plan website: <https://www.newmexico457dc.com/>

**NEW YORK****403(b) PLAN**

In New York, 403(b) plans are managed by the local school districts. TRSNYC offers an exclusive 403(b) program, established in 1970, to its members to help them supplement their retirement income. This program, referred to as the Tax-Deferred Annuity (TDA) Program, offers members six different mutual funds to invest their money in. These six funds are referred to as “Passport Funds” and are diverse enough to serve various members’ retirement and investment interests. The six funds are the Diversified Equity Fund, the Bond Fund, the International Equity Fund, the Inflation Protection Fund, and the Socially Responsive Fund. The sixth fund, the Fixed Return Fund, offers investors a guaranteed rate of return, required by New York law to never be below 7% (it is currently 8.25%). Since the program is managed by the TRSNYC, there are no management fees on the funds. TRSNYC has found their TDA program to be very popular among its members, with a 2010 participation rate of 68%. The TDA has a loan provision. TRSNYC also operates a very informative and helpful website, [www.trsnyc.org](http://www.trsnyc.org), that describes the Passport Funds in detail and provides historical data regarding the funds’ past performance. The website can also be used to manage your TDA portfolio. However, you can only change how your contributions are invested (in which Passport Funds your money is allocated) on a quarterly basis.

While all New York state teachers participate in the same defined benefit plan, the defined contribution plans they have available to them are determined by the individual school districts that employs them. There are 721 school districts in New York. In order to gain efficiency through economies of scale, all but nine New York school belong to one of 37 Boards of Cooperative Educational Services (BOCES). These BOCES often determine what 403(b) options are available to employees in its member districts.

The Orange-Ulster BOCES issued a RPF to contract a third-party administrator (TPA) to administrate its 403(b) plan. Their TPA, the OMNI Group, monitors and maintains the plan’s compliance with IRS regulations, offers customer care services including a call center, processes loan and hardship requests and salary reduction agreements, acts as a point of contact for financial advisors, and maintains [www.omni403b.com](http://www.omni403b.com), which allows employers to view participant activity reports and employees to manage their accounts. It also provides educational materials demonstrating the importance of saving toward retirement and publishes a quarterly newsletter. The Orange-Ulster BOCES was in charge of determining which service providers could participate in the plan. The Orange-Ulster BOCES elected to allow 12 403(b) providers to participate in its plan. OMNI Group does not charge teachers a management fee, but instead bills the employer on a per employee basis. The Oceanside School District, another organization that contracted OMNI as its TPA, paid OMNI \$16,217 to administer its 403(b) program to 507 participants (37\$/participant) for the 2010/2011 school year. Of course, the individual funds that the employee elects to invest in carry fees. Since it is the individual BOCES/school district that must determine what providers are able to participate in their 403(b) program, they are in charge of what fees providers can charge and types of assets their employees can purchase, as well as what features the approved 403(b) plans offer.

**OTHER SUPPLEMENTAL PLANS**

New York also offers employees a 457 plan.

**PRIMARY RETIREMENT PLAN**

New York State Teachers Retirement System  
<http://www.nysstrs.org/>

**Type of Plan:** Defined benefit

**Coverage:** Teachers\*

**Normal Retirement Age:** age 62 with 10 years of service

**Benefit Formula:** 1.67% per year of service times final average salary

**Final Average Salary:** 3 high years

**Vesting:** 10 years

**Employee Contribution:** 3.5% of salary

**Social Security Coverage:** Yes

\*Separate plan for teachers in New York City.

**RETIREE HEALTH BENEFITS**

New York teachers are covered by the same retiree health plan as general state employees.

<http://www.osc.state.ny.us/finance/finreports/cafr10.pdf>

**NORTH CAROLINA****403(B) PLAN**

North Carolina is in the process of implementing a state managed 403(b) program. The initial phase of school district enrollment is expected to begin in spring of 2013.

In 2010, the North Carolina Department of the State Treasurer issued a survey to all 115 school systems to learn more about how they administer their 403(b) plans. Of the 83 responses received, all but one were currently offering a 403(b) plan to employees. Some school systems reported concerns about high fees and compliance with IRS regulations. Almost 85% of school systems reported that they would participate in a state-sponsored 403(b) program if it were available. In 2011, the NC General Assembly enacted legislation that authorizes the Department of the State Treasurer to create a centralized 403(b) plan.<sup>144</sup>

An Invitation to Bid (ITB) for a third-party recordkeeping vendor for the North Carolina Public School Teachers' and Professional Educators' Investment Plan was first issued on May 25, 2012. However, all the bids were disqualified due to "material ambiguities, inconsistencies or conditions placed by the bidder upon mandatory prerequisites stated in the ITB document."<sup>145</sup> A new ITB was issued in September. The successful bidder is required to make the NC 403(b) program available to any local school board that meets compliance standards without regard to how the school board chooses to maintain compliance. In other words, the successful bidder may provide compliance TPA services to a school board, but they may not require that a school board use their compliance services and must be willing to work with another TPA.<sup>146</sup>

In December 2012, the State Treasurer announced that TIAA-CREF had been selected to administer the new 403(b) program based on its "ability to offer competitive investment vehicles, its exception participant education and communication program, and its existing relationships with compliance third-party administrators". Horace Mann Insurance and ING were finalists.<sup>147</sup>

**OTHER SUPPLEMENTAL PLANS**

All public school districts in North Carolina participate in either the NC 401(k) Plan or the NC Deferred Compensation (457) Plan or both.<sup>148</sup>

**PRIMARY RETIREMENT PLAN**

Teachers and State Employees Retirement System  
<https://www.nctreasurer.com/ret/Pages/default.aspx>

**Type of Plan:** Defined benefit

**Coverage:** Teachers, State Employees

**Normal Retirement Age:** age 65 with 5 years of service; age 60 with 25 years; any age with 30 years of service

**Benefit Formula:** 1.82% per year of service times final average salary

**Final Average Salary:** 4 high consecutive years

**Vesting:** 5 years; raised to 10 years for employees hired after August 1, 2011

<sup>144</sup> SL 2010-310

<sup>145</sup> Statement from North Carolina Department of State Treasurer to bidders

<sup>146</sup> The September 18, 2012 invitation to bid is available on the NC Department of State Treasurer website at <http://www.nctreasurer.com/ret/403b%20Plan%20Features/NC403bITB.pdf>

<sup>147</sup> Press Release issued by the Department of State Treasurer on December 6, 2012: [https://www.nctreasurer.com/inside-the-department/News-Room/press-releases/Pages/Treasurer%27s-Office-Announces-Vendor-for-New-403\(b\)-Program.aspx](https://www.nctreasurer.com/inside-the-department/News-Room/press-releases/Pages/Treasurer%27s-Office-Announces-Vendor-for-New-403(b)-Program.aspx)

<sup>148</sup> List of Agency Participants in NC Supplement Retirement Plans <https://www.nctreasurer.com/ret/Active%20Employees/401457EmployerParticipation.pdf>



**Employee Contribution:** 6.0% of salary

**Social Security Coverage:** Yes

**RETIREE HEALTH BENEFITS**

North Carolina teachers are covered by the same retiree health plan as general state employees. The state subsidized premium varies by years of service and date of hire.

<https://www.nctreasurer.com/ret/Benefits%20Handbooks/NCTeaState.pdf>

**NORTH DAKOTA****403(b) PLAN**

In North Dakota, 403(b) plans are managed by the local school districts. Bismarck Public Schools is the second largest LEA with enrollment of more than 10,000 students. A 403(b) Group Tax Deferred Annuity Program is offered to all school district employees. The most recent document available on the district website, updated in October 2002, lists 26 provider options. Most of the available options are provided by life insurance companies.<sup>149</sup>

Mandan is the sixth largest school district in North Dakota, with over 3200 students. Mandan Public School District offers a 403(b) plan for employees with nine authorized vendors.<sup>150</sup> The district will only add a new vendor if a minimum of five employees will choose the new vendor.<sup>151</sup> Mandan also maintains a 403(b) Special Pay Plan with VALIC for employees retiring with at least \$1500 in combined unused annual leave. The district issues a check for the amount payable to the retiree directly to VALIC.<sup>152</sup>

**OTHER SUPPLEMENTAL PLANS**

Most teachers in North Dakota are eligible to enroll in the State of North Dakota 457 Deferred Compensation Plan. Participants may select from 11 providers offering more than 250 investment fund options.<sup>153</sup>

**PRIMARY RETIREMENT PLAN**

North Dakota Teachers' Fund for Retirement<sup>154</sup>

Teachers Fund For Retirement

<http://www.nd.gov/rio/tffr/default.htm>

**Type of Plan:** Defined benefit

**Coverage:** Teachers

**Normal Retirement Age:** age 65 with 5 years of service; Rule of 90

**Benefit Formula:** 2.0% per year of service times final average salary

**Final Average Salary:** 5 high years

**Vesting:** 5 years

**Employee Contribution:** 9.75% of salary<sup>155</sup>

**Social Security Coverage:** Yes

**RETIREE HEALTH BENEFITS**

North Dakota teachers are not included in the same retiree health plan as general state employees.

149 Bismarck Public Schools Group Retirement Annuity Information: <http://www2.bismarck.k12.nd.us/admin/docs/gra.pdf>

150 Mandan Public Schools 403(b) Vendors  
<http://www.mandan.k12.nd.us/employees/include/pdf/pretax/403b-VENDORS.pdf>

151 Mandan Public Schools 403(b) Processes and Procedures  
<http://www.mandan.k12.nd.us/employees/include/pdf/pretax/403b-Processes-and-Procedures.pdf>

152 Mandan Public Schools 403(b) Special Pay Plan  
<http://www.mandan.k12.nd.us/employees/include/pdf/403b-Memo-special-pay-plan.pdf>

153 Plan Summary: <http://www.nd.gov/ndpers/forms-and-publications/publications/defcomp.pdf>

154 Dakota Teachers' Fund for Retirement Member Handbook, effective August 1, 2011 <http://www.nd.gov/rio/TFFR/Publications/Handbook.pdf>

155 Employee contribution rate increased to 9.75% as of July 1, 2012 and is scheduled to increase to 11.75% effective July 1, 2014.

**OHIO****403(b) PLAN**

Ohio does not have a state managed 403(b) plan. Ohio Revised Code § 9.91 only allows school districts to restrict providers under certain circumstances. If a board of education of a school district procures a tax-sheltered annuity, they must do so with any vendor of the employees' choosing provided that:

The vendor executes a reasonable agreement protecting the district from any liability and

At least 1% of the district's full-time employees or five employees, whichever is greater, also choose that vendor.

Due to this law, each Ohio school district generally accepts salary reduction agreements from many different investment providers. Three districts in Ohio, each with less than 400 full-time teachers, list more than 30 authorized investment providers.<sup>156</sup>

In May 2012, a bill that would have allowed local school districts to select 403(b) providers through a competitive bidding process was amended in the Senate to only include higher education institutions.<sup>157</sup> The bill was strongly opposed by several organizations representing school officials.<sup>158</sup>

**OTHER SUPPLEMENTAL PLANS**

All Ohio public employees who are eligible for membership in one of the State's retirement systems are also eligible to enroll in the Ohio Deferred Compensation Plan. The Ohio DC plan is one of the largest 457 plans in the country with more than 200,000 participants.<sup>159</sup> Ohio recently implemented a pilot program that allows participants to elect to have their contribution amount automatically increased each year.<sup>160</sup> In addition, almost half of Ohio's 600 school districts participate in the Ohio Association of School Business Officials Deferred Compensation Retirement Plan.<sup>161</sup> The 457(b) plan was developed in 2002 to "to keep every district from having to develop a plan document and having to go through a process to select a provider." ING was selected as the initial investment provider through an RFP process and is still the provider today.<sup>162</sup>

**PRIMARY RETIREMENT PLAN**

State Teachers Retirement System of Ohio<sup>163</sup>

<https://www.strsoh.org/>

**Type of Plan:** Defined benefit

**Coverage:** Teachers

**Normal Retirement Age:** age 65; any age with 30 years of service

**Benefit Formula:** 2.2% per year of service times final average salary for first 35 years; 2.5% for years greater than 35

156 Perry Local School District: [https://www.tsacg.com/employee\\_site/vendors/Transition/OH\\_Perry\\_vendors.pdf](https://www.tsacg.com/employee_site/vendors/Transition/OH_Perry_vendors.pdf), Jackson Local School District: [https://www.tsacg.com/employee\\_site/vendors/Transition/OH\\_Jackson\\_vendors.pdf](https://www.tsacg.com/employee_site/vendors/Transition/OH_Jackson_vendors.pdf), Elgin Local Schools: [www.tsacg.com/employee\\_site/vendors/Transition/OH\\_Elgin\\_vendors.pdf](http://www.tsacg.com/employee_site/vendors/Transition/OH_Elgin_vendors.pdf)

157 HB 487 (2012): [http://www.legislature.state.oh.us/BillText129/129\\_HB\\_487\\_PH\\_N.html](http://www.legislature.state.oh.us/BillText129/129_HB_487_PH_N.html)

158 Testimony to Senate Finance Committee regarding Substitute HB 487 from the Buckeye Association of School Administrators, Ohio Association of School Business Officials, and Ohio School Boards Association: <http://ealerts.osba-ohio.org/files/file/HB487TestimonySenateFin5-2-12.pdf>

159 Ohio Deferred Compensation Program website: <https://www.nrsservicecenter.com/iApp/ret/showPage.do?page=Oversight%20SumPlanDesc&subPagesPath=/Oversight>

160 [https://www.nrsservicecenter.com/content/media/retail/pdfs/Ohio457/SMarT\\_Enrollment.pdf](https://www.nrsservicecenter.com/content/media/retail/pdfs/Ohio457/SMarT_Enrollment.pdf)

161 List of Ohio School Districts in the OASBO 457 Plan <http://www6.ingretirementplans.com/SponsorExtranet/OASBO/OASBOschoolistrictlist.pdf>

162 Ohio Association of School Business Officials Deferred Compensation Retirement Plan: <http://www.oasbo-ohio.org/Services/457b-Deferred-Comp-Retirement-Plan.aspx>

163 Plan summary brochure: <https://www.strsoh.org/pdfs/brochures/20-101.pdf>

**Final Average Salary:** 3 high years

**Vesting:** 5 years

**Employee Contribution:** 10.0% of salary

**Social Security Coverage:** No

Choice of Defined Benefit, Defined Contribution, or Combination

#### **RETIREE HEALTH BENEFITS**

Ohio teachers have access to group health insurance through the State Teachers Retirement System. The retirement system subsidizes premiums for retirees with at least 15 years of service credit. The subsidy rate for 2012 is 2.4% per year of service credit.

<https://www.strsoh.org/pdfs/12-229-2012.pdf>

**OKLAHOMA****403(b) PLAN**

Oklahoma Statute §70-6-101.1 authorizes local school districts to accept salary deferrals for investment in 403(b) accounts. The Oklahoma Teachers' Retirement Tax-Sheltered Annuity Plan (TSA Plan) was created by law in 1964.<sup>164</sup> Until 2009, the plan was managed internally and offered only one investment option, the general Oklahoma Teachers' Retirement System (OTRS) portfolio.<sup>165</sup> In 2009, the Retirement System issued a RFP for third party services.<sup>166</sup> ING was selected over the other finalist, Great American, as the sole provider.<sup>167</sup> ING currently offers 16 investment options, including six target date funds.<sup>168</sup>

One of the goals stated in the RFP was increasing the active participation rate, but the number of participants has decreased since ING was hired as the TPA. As of June 30, 2009, before ING was hired, there were 5,076 participants out of approximately 147,000 eligible clients. Those participants were employed by 225 different school districts out of 537 total school districts.<sup>169</sup> As of June 30, 2011, there were 4,408 participants and assets totaled over \$223 million.<sup>170</sup> Local school districts may establish automatic enrollment. Provided the funds are available, OTRS matches \$25.00 per month.<sup>171</sup>

Some districts offer the Oklahoma TSA plan as one of many authorized vendors. Norman Public Schools contracts with AFPlanServ for third party administrative services and allows participants to choose between 19 authorized vendors, including the Teachers Retirement System of Oklahoma.<sup>172</sup> Many Oklahoma school districts do not participate in the Oklahoma TSA plan. For example, Tulsa School District offers a 403(b) plan through National Benefit Services with 22 authorized vendors<sup>173</sup> and Claremore School District offers a 403(b) plan with three authorized vendors.<sup>174</sup>

**OTHER SUPPLEMENTAL PLANS**

Oklahoma's Deferred Compensation 457 plan is not available to public school employees. Some local districts offer 457 plans. For example, Tulsa School District offers a 457(b) plan through Fidelity Investments<sup>175</sup> and Claremore School District offers a 457(b) plan through The Legend Group.<sup>176</sup>

**PRIMARY RETIREMENT PLAN**

Oklahoma Teachers Retirement System<sup>177</sup>

<http://www.ok.gov/TRS/>

**Type of Plan:** Defined benefit

<sup>164</sup> Administrative Rules of the Teachers' Retirement System of Oklahoma 715:10-19-1.

<sup>165</sup> For more information, please contact: Oklahoma Teachers Retirement System at 877-738-6365, [mail@trs.ok.gov](mailto:mail@trs.ok.gov), or visit the ING plan website at [www.otrs403b.com/](http://www.otrs403b.com/)

<sup>166</sup> 2009 RFP: [http://www.ok.gov/TRS/documents/403\(b\)\\_RFP.pdf](http://www.ok.gov/TRS/documents/403(b)_RFP.pdf) 2009 RFP: [http://www.ok.gov/TRS/documents/403\(b\)\\_RFP.pdf](http://www.ok.gov/TRS/documents/403(b)_RFP.pdf)

<sup>167</sup> Minutes of the Teachers' Retirement System of Oklahoma Special Meeting, May 13, 2009: [http://www.ok.gov/TRS/documents/Minutes SP 05-09.pdf](http://www.ok.gov/TRS/documents/Minutes%20SP%2005-09.pdf)

<sup>168</sup> List of investment options, average annual total returns as of 12/31/2012, and expenses: [https://ingcustom.ingplans.com/einfo/ing\\_ct\\_fundperformance.aspx?cl=INGWIN&pi=666277&startdate=12/31/2012&s=l14ppzxx3mycuadymnubel5g](https://ingcustom.ingplans.com/einfo/ing_ct_fundperformance.aspx?cl=INGWIN&pi=666277&startdate=12/31/2012&s=l14ppzxx3mycuadymnubel5g)

<sup>169</sup> Oklahoma Teachers Retirement System Comprehensive Annual Financial Statement 2010 [http://www.ok.gov/TRS/documents/CAFR\\_2010.pdf](http://www.ok.gov/TRS/documents/CAFR_2010.pdf)

<sup>170</sup> Oklahoma Teachers Retirement System Comprehensive Annual Financial Statement 2011 [http://www.ok.gov/TRS/documents/CAFR 2011 Final.pdf](http://www.ok.gov/TRS/documents/CAFR%202011%20Final.pdf)

<sup>171</sup> Administrative Rules of the Teachers' Retirement System of Oklahoma 715:10-19-12

<sup>172</sup> Norman Public School Employee 403(b) Plan Eligibility Notice: [http://www.norman.k12.ok.us/assets/files/ISD 29 of Clvd Cty OK dba Norman Public Schools Eligibility Notice FY13%5b1%5d.pdf](http://www.norman.k12.ok.us/assets/files/ISD%2029%20of%20Clvd%20Cty%20OK%20dba%20Norman%20Public%20Schools%20Eligibility%20Notice%20FY13%5b1%5d.pdf)

<sup>173</sup> Tulsa Public Schools page on the National Benefits Services website: [http://www.nbsbenefits.com/403b/new403b/Districts.php?employer\\_id=45039](http://www.nbsbenefits.com/403b/new403b/Districts.php?employer_id=45039)

<sup>174</sup> Claremont Public Schools, Section 9: [http://www.claremore.k12.ok.us/vimages/shared/vnews/stories/4f07245ae89d7/SECTION 9 - 403 & 457 Retirement Plans.pdf](http://www.claremore.k12.ok.us/vimages/shared/vnews/stories/4f07245ae89d7/SECTION%209%20-%20403%20&%20457%20Retirement%20Plans.pdf)

<sup>175</sup> Tulsa Public Schools Benefits Summary-Teacher: [http://www.nctq.org/docs/Tulsa\\_BenefitsTeacher\\_2011\\_Summary.pdf](http://www.nctq.org/docs/Tulsa_BenefitsTeacher_2011_Summary.pdf)

<sup>176</sup> Claremont Public Schools, Section 9: [http://www.claremore.k12.ok.us/vimages/shared/vnews/stories/4f07245ae89d7/SECTION 9 - 403 & 457 Retirement Plans.pdf](http://www.claremore.k12.ok.us/vimages/shared/vnews/stories/4f07245ae89d7/SECTION%209%20-%20403%20&%20457%20Retirement%20Plans.pdf)

<sup>177</sup> Client Handbook Describing Plan Provisions as of July 1, 2012: [http://www.ok.gov/TRS/documents/Client Handbook V 1.0.pdf](http://www.ok.gov/TRS/documents/Client%20Handbook%20V%201.0.pdf)

**Coverage:** Teachers

**Normal Retirement Age:** age 65 with 5 years of service; age 60 with 30 years of service<sup>178</sup>

**Benefit Formula:** 2.0% per year of service times final average salary

**Final Average Salary:** 5 high years

**Vesting:** 5 years

**Employee Contribution:** 7.0% of salary

**Social Security Coverage:** Yes

#### **RETIREE HEALTH BENEFITS**

Oklahoma teachers are included in the same retiree health plan as general state employees.

2009-2010 Audit of Group Insurance Board: <http://www.ok.gov/sib/documents/FinalAuditReport.pdf>

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<sup>178</sup> Normal retirement age was increased from age 62 or rule of 90 for teachers hired on or after November 1, 2011.

**OREGON****403(b) PLAN**

In Oregon, LEAs manage their own 403(b) plans. Oregon Revised Statute § 243.820 authorizes employers to contribute a monthly amount of an employees' salary to a 403(b) plan. Carruth Compliance Consulting provides TPA services for more than 75 LEAs in Oregon including the largest district, Portland Public Schools.<sup>179</sup> The Portland Public Schools Tax-Sheltered Annuity Plan is offered to more than 5000 district employees. Employees may choose to contribute to a traditional or Roth 403(b) plan from one of 16 approved vendors.<sup>180</sup>

Colton School District is a very small district with less than 100 employees. The 403(b) plan is administered within the district. Employees can choose from seven approved vendors. A new vendor may be added to the approved list if five or more employees demonstrate a desire to participate with the vendor.<sup>181</sup> Effective September 1, 2011, all Oregon employees may use funds in their 403(b) or 457 account to purchase forfeited creditable service or credit for a probationary period of employment in the Oregon Public Employees' Retirement System.<sup>182</sup>

**OTHER SUPPLEMENTAL PLANS**

Oregon teachers are eligible to participate in the Oregon Savings Growth Plan, a 457 deferred compensation plan. ING provides record-keeping services.<sup>183</sup>

**PRIMARY RETIREMENT PLAN**

Oregon Public Employees Retirement System<sup>184</sup>  
<http://www.oregon.gov/pers/Pages/index.aspx>

**Defined Benefit Component:** Oregon Public Service Retirement Program

Defined Contribution Component: Individual Account Program

**Type of Plan:** Defined Benefit with a defined contribution component

**Coverage:** Teachers, State and Local Employees

**Normal Retirement Age:** age 65; age 58 with 30 years of service

**Benefit Formula:** 1.5% per year of service times final average salary, plus account balance of individual account program

**Final Average Salary:** 3 high years

**Vesting:** 5 years

**Employee Contribution:** 6.0% of salary (placed in employees' individual account)

**Social Security Coverage:** Yes

<sup>179</sup> Carruth Compliance Consulting Website: <http://www.ncompliance.com/>

<sup>180</sup> Portland Public Schools 403(b) Webpage: <http://www.pps.k12.or.us/departments/hr/6538.htm>  
<http://www.pps.k12.or.us/departments/hr/6538.htm>

<sup>181</sup> Colton School District Benefits Page: <http://www.colton.k12.or.us/services/benefits.html>

<sup>182</sup> Trustee-to-Trustee Process for Purchases: [http://www.oregon.gov/PERS/Pages/section/general\\_information/trustee\\_to\\_trustee\\_transfer\\_process.aspx](http://www.oregon.gov/PERS/Pages/section/general_information/trustee_to_trustee_transfer_process.aspx)

<sup>183</sup> Oregon Savings Growth Plan: [http://www.oregon.gov/PERS/OSGP/Pages/section/osgp\\_plan\\_highlights.aspx](http://www.oregon.gov/PERS/OSGP/Pages/section/osgp_plan_highlights.aspx)

<sup>184</sup> Oregon Public Employees Retirement System Benefit Calculation: [http://www.oregon.gov/pers/mem/Pages/section/general\\_information/opsrp\\_overview.aspx](http://www.oregon.gov/pers/mem/Pages/section/general_information/opsrp_overview.aspx)

**RETIREE HEALTH BENEFITS**

Oregon teachers are included in the same retiree health plan as general state employees.

[http://www.oregon.gov/pers/ret/docs/health\\_insurance\\_program/retiree\\_health\\_insurance.pdf](http://www.oregon.gov/pers/ret/docs/health_insurance_program/retiree_health_insurance.pdf)

<http://www.pershealth.com>



**PENNSYLVANIA****403(b) PLAN**

In Pennsylvania, 403(b) plans are managed by the local school districts. After new 403(b) regulations were imposed, the majority of Pennsylvania school employers selected the TPA endorsed by the Pennsylvania State Education Association, Employer Admin Services, Inc. to administer their 403(b) plans. Employer Admin Services provides plan documents, amendments, plan summaries, forms, and provider lists on their website. The largest Pennsylvania school district that receives TPA services from Employer Admin Services is the Reading School District. The Reading School District employs more than 2100 individuals and allows employees to choose between eleven approved providers. The smallest district, Hampton Township School District, employs less than 400 individuals and allows employees to choose between 13 approved providers.<sup>185</sup>

The School District of Philadelphia, which employs more than 22,000 individuals, maintains a 403(b) plan without a TPA. Employees may contribute to a traditional 403(b) or a Roth 403(b) offered by one of five authorized providers.<sup>186</sup>

**OTHER SUPPLEMENTAL PLANS**

Pennsylvania offers a deferred compensation program for state employees, but public school teachers are not eligible to participate<sup>187</sup>. Some school districts offer 457 options. The School District of Philadelphia provides a 457(b) alongside its 403(b) options.

**PRIMARY RETIREMENT PLAN**

Public Schools Employees' Retirement System<sup>188</sup>

<http://www.psers.state.pa.us/>

**Type of Plan:** Defined benefit

**Coverage:** Teachers

**Normal Retirement Age:** age 62; age 60 with 30 years of service; any age with 35 years; Rule of 92

**Benefit Formula:** 2.0 to 2.5% per year of service times final average salary

**Final Average Salary:** 3 high years

**Vesting:** 10 years<sup>189</sup>

**Employee Contribution:** 7.37% of salary

**Social Security Coverage:** Yes

**RETIREE HEALTH BENEFITS**

The Public Schools Employees' Retirement System sponsored a group health insurance program for retirees. Premium assistance is available for some retirees with at least 15 years of credited service.

<http://www.hopbenefits.com/eligibility/?fa=eligibility>

<sup>185</sup> Employer Admin Services <http://www.employeradmin.com/Employee.aspx>

<sup>186</sup> The School District of Philadelphia 403(b) Plan

<http://webgui.phila.k12.pa.us/offices/b/benefits/programs-services/tax-sheltered-annuity/general-information>

<sup>187</sup> State Employees' Deferred Compensation Plan [https://www.fascore.com/PDF/penn/plan\\_highlights.pdf](https://www.fascore.com/PDF/penn/plan_highlights.pdf)

<sup>188</sup> Active Member Handbook: <http://www.psers.state.pa.us/publications/active/activehandbook.htm>

<sup>189</sup> Teachers hired prior to July 1, 2011 vest at 5 years.

**RHODE ISLAND****403(b) PLAN**

In Rhode Island, 403(b) plans are managed by the local school districts. Providence Schools is the largest LEA with enrollment of approximately 23,000 students, more than double the enrollment at the second largest district, Warwick Public Schools. The Providence Schools website does not include any information about whether the district offers a 403(b) plan. Warwick Public Schools allows employees to sign SRAs with an approved provider.<sup>190</sup> The list of approved providers is not available on the district website.

Bristol Warren is a mid-sized district serving approximately 3500 students. CPI Qualified Plan Consultants, Inc. provides TPA services for the Bristol Warren Regional School 403(b) Retirement Plan. The district currently allows employees to choose from a list of seven approved vendors.<sup>191</sup> Scituate School Department is a small system that includes three elementary schools, one middle school, and one high school. Scituate offers a 403(b) plan with 14 authorized investment providers through TSA Consulting Group.<sup>192</sup>

**OTHER SUPPLEMENTAL PLANS**

Rhode Island offers a Deferred Compensation Plan from three providers: ING Retirement Services, Fidelity Investments, and AIG/VALIC.<sup>193</sup>

**PRIMARY RETIREMENT PLAN**

Employees Retirement System  
<https://www.ersri.org/home.jsp>

**Type of Plan:** Defined benefit<sup>194</sup>

**Coverage:** Teachers, State Employees

**Normal Retirement Age:** age 65 with 10 years of service; any age with 29 years

**Benefit Formula:** 1.6% per year of service for first 10 years times final average salary plus 1.8% per year times years between 11 and 20 plus 2.0% per year for years between 21 and 25 plus 2.25% per year for years 26 to 30 plus 2.5% per year for years 31 to 37 plus 2.25% for all additional years

**Final Average Salary:** 5 high consecutive years

**Vesting:** 10 years

**Employee Contribution:** 9.5% of salary

**Social Security Coverage:** Some districts in Rhode Island participate

<sup>190</sup> Warwick Public Schools 403(b) Annuity Program Guidelines

[http://www.warwickschools.org/depts/busiaffairs/PDF\\_Files/403%28b%29\\_Annuity\\_Program\\_Guidelines.pdf](http://www.warwickschools.org/depts/busiaffairs/PDF_Files/403%28b%29_Annuity_Program_Guidelines.pdf)

<sup>191</sup> Bristol Warren Regional School District 403(b) Retirement Plan

<http://www2.bw.k12.ri.us/education/components/docmgr/default.php?sectiondetailid=21685&fileitem=12179&catfilter=ALL&PHPSESSID=86f1a87cd3089de9e08355f5d3e8a1d9>

<sup>192</sup> TSA Consulting Group page for Scituate School Department [https://www.tsacg.com/employee\\_site/districts/rhode\\_island/scituate.htm](https://www.tsacg.com/employee_site/districts/rhode_island/scituate.htm)

<sup>193</sup> <http://www.employeebenefits.ri.gov/Deferred%20Comp.php>

<sup>194</sup> The Retirement Security Act of 2011 institutes a defined benefit and defined contribution combination plan. The employee contribution rate for the defined benefit component of the plan is 3.75%. The employee contribution rate for the defined contribution component is 1% for teachers with Social Security and 3% for those without. The normal retirement age is set based on an individual's Social Security retirement age with a proportional downward adjustment for years of service earned prior to July 1, 2012. Vesting for the defined benefit portion of the plan was reduced to 5 years, and set at 3 years for the employer contribution portion of the defined contribution component. Source: <http://www.treasury.ri.gov/secure-path-ri/faq/teachers.php>

## **RETIREE HEALTH BENEFITS**

Rhode Island teachers are included in the same retiree health plan as general state employees. The State does not provide a retiree health care subsidy to public school teachers.

<http://www.employeebenefits.ri.gov/Retiree%20Health.php>

**SOUTH CAROLINA****403(b) PLAN**

South Carolina Code of Laws § 9-15-10 authorizes school districts to purchase contracts that meet the requirements of Internal Revenue Code Section 403(b). There is no central authority on plan administration. Counties with larger populations often have more than one school district. For example, Spartanburg County, with a population of 284,307 in 2010 has seven school districts. Each school district makes its own decision on the management of the 403(b) plan and plans can vary across the school districts within a county. The following discussion is based on a review of the five South Carolina counties with the largest population: Greenville, Richland, Charleston, Spartanburg and Horry Counties. Information about 403(b) plans available in smaller counties is not widely available online.<sup>195</sup>

MidAmerica Administrative & Retirement Solutions, Inc. serves as the TPA for Greenville County 403(b) plan. All employees of schools operated by the county are eligible to participate in the plan. Ten providers are allowed to offer services to employees through MidAmerica: Ameriprise Financial, GALIC, ING, Life Insurance of the Southwest, Security Benefit Life Insurance, AXA Equitable, Horace Mann, Jefferson National, Metropolitan Life and VALIC<sup>196</sup>. The Charleston County School District allows employees to enroll in 403(b) plans with one of six authorized vendors. PenServ provides recordkeeping services for the Charleston County School District.<sup>197</sup>

Plans vary from district to district in Spartanburg and Richland Counties. Richland District 2 sponsors and administers a 403(b) Plan without utilizing a TPA. Employees may set-up an account with one of ten approved vendors.<sup>198</sup> In Spartanburg District 5, CPI Common Remitter and Compliance Services of Kansas serves as the 403(b) plan TPA. There are three approved providers available through CPI: Ameriprise Financial, Horace Mann and VALIC.<sup>199</sup> Spartanburg District 7 offers their 403(b) through TSA Consulting Group. District 7 also offers three authorized investment providers: AXA Equitable Life Insurance Company, Lincoln Investment Planning, and Vanguard Investments.<sup>200</sup> CPI Common Remitter and Compliance Services also serve as the TPA for Horry County Schools' 403(b) plan. There are 12 approved providers, including Ameriprise Financial, ING and AXA Equitable.<sup>201</sup>

**OTHER SUPPLEMENTAL PLANS**

The South Carolina Deferred Compensation Program is available to many public employees in the state, including all school district employees. The program offers 401(k) and 457 savings plans, both of which have a Roth option. Great West Retirement Services provides record-keeping and administrative services for the plan.<sup>202</sup>

**PRIMARY RETIREMENT PLAN**

South Carolina Retirement System<sup>203</sup>  
<http://www.retirement.sc.gov/>

**Type of Plan:** Defined benefit

**Coverage:** Teachers, State and Local Employees

**Normal Retirement Age:** age 65 with 5 years of service; any age with 28 years

195 Some information gathered by John Wall as part of an EC 490 class project.

196 <http://www.greenville.k12.sc.us/Employees/main.asp?titleid=benefits>

197 <https://myccsd.charleston.k12.sc.us/hr/benefits/TSAinfo20100519.pdf>

198 Richland School District Two 403(b) Retirement Plan [https://www.richland2.org/Departments/humanresources/Documents/403\(b\)%20Universal%20Availability%20Notice%202012.pdf](https://www.richland2.org/Departments/humanresources/Documents/403(b)%20Universal%20Availability%20Notice%202012.pdf)

199 <http://www.spart5.net/1647103274230100/lib/1647103274230100/403b.pdf>

200 [https://www.tsacg.com/employee\\_site/districts/south\\_carolina/spartanburg\\_sd7.htm](https://www.tsacg.com/employee_site/districts/south_carolina/spartanburg_sd7.htm)

201 [http://horrycountyschools.sharpschool.com/departments/payroll/403\\_b\\_/403\\_b\\_vendor\\_status/](http://horrycountyschools.sharpschool.com/departments/payroll/403_b_/403_b_vendor_status/)

202 More information about the South Carolina Deferred Compensation Program is available at <http://www.retirement.sc.gov/defcomp/default.htm>

203 South Carolina Retirement System Handbook <http://www.retirement.sc.gov/publications/scrshandbook.pdf>

**Benefit Formula:** 2.25% per year of service times final average salary

**Final Average Salary:** 3 high consecutive years

**Vesting:** 5 years

**Employee Contribution:** 6.5% of salary

Public school teachers may choose to participate in the State Optional Retirement Program, a defined contribution plan, instead of the defined benefit plan.

#### **RETIREE HEALTH BENEFITS**

South Carolina teachers are included in the same retiree health plans as general state employees.

2010-2011 CAFR: <http://www.cg.sc.gov/publications/Pages/CAFRFY20102011.aspx>

**SOUTH DAKOTA****403(b) PLAN**

South Dakota Codified Laws § 3-10-4 authorizes the state and its political subdivision and their employees to participate in tax-sheltered annuities. The state does not main a 403(b) plans, so any available plans are managed by the local school districts. Sioux Falls School District is the largest district with more than 2500 employees. Sioux Falls employs TSA Consulting Group as the TPA for its 403(b) program. There are 43 authorized investment providers.<sup>204</sup>

Mitchell School District is a midsized district with just over 350 employees. Mitchell allows full-time employees who have been employed by the district for at least one year to contribute up to a maximum of 6% of gross income to a tax sheltered annuity of choice. The district matches employee contributions up to 6%.<sup>205</sup>

**OTHER SUPPLEMENTAL PLANS**

South Dakota offers the Supplemental Retirement Plan 457 to all participants in the state retirement plan. It is voluntary and contains no employer contributions.<sup>206</sup>

**PRIMARY RETIREMENT PLAN**

South Dakota Retirement System, Class A<sup>207</sup>

<http://www.sdrs.sd.gov/>

**Type of Plan:** Defined benefit

**Coverage:** Teachers, State and Local Employees

**Normal Retirement Age:** age 65 with 3 years of service; Rule of 85 at age 55

**Benefit Formula:** 1.7% per year of service times final average salary

**Final Average Salary:** 3 high consecutive years

**Vesting:** 3 years<sup>208</sup>

**Employee Contribution:** 6.0% of salary

**Social Security Coverage:** Yes

**RETIREE HEALTH BENEFITS**

South Dakota teachers are covered by the same retiree health plan as general state employees.

2011 CAFR: [http://bfm.sd.gov/cafr/SD\\_CAFR\\_2011.PDF](http://bfm.sd.gov/cafr/SD_CAFR_2011.PDF)

204 TSA Consulting: Sioux Falls School District  
[https://www.tsacg.com/employee\\_site/districts/south\\_dakota/sioux\\_falls.htm](https://www.tsacg.com/employee_site/districts/south_dakota/sioux_falls.htm)

205 Agreement Between Mitchell School District and Mitchell Classified Association  
[http://www.mitchell.k12.sd.us/staffinfo/mcea\\_agreement\\_final.pdf](http://www.mitchell.k12.sd.us/staffinfo/mcea_agreement_final.pdf)

206 <http://www.sdrs.sd.gov/publications/docs/SupplementalRetirementPlan.pdf>

207 [http://www.sdrs.sd.gov/publications/documents/ClassA2010\\_000.pdf](http://www.sdrs.sd.gov/publications/documents/ClassA2010_000.pdf)

208 South Dakota allows teachers with less than three years of service to withdraw their own contributions plus interest and a 50% employer match.

**TENNESSEE****403(b) PLAN**

In Tennessee, 403(b) plans are managed by the local school districts. Tenn. Code Ann. § 49-2-208 (2012) authorizes local boards of education to establish and maintain 403(b) programs. If a local board of education elects to provide matching contributions, they must select providers through a competitive bidding process, subject to minimum requirements outlined in the statute.

In response to new IRS regulations, Memphis City Schools hired an independent consultant to assist with the process of securing investment providers. The district issued an RFP in October 2008.<sup>209</sup> At a December 2008 meeting, two vendors were recommended to the Board of Commissioners. The Memphis Education Association and some members expressed concerns with the lack of options afforded by approving only two vendors.<sup>210</sup> In January 2009, the Board approved five vendors.<sup>211</sup>

Metropolitan Nashville Public School District (MNPS) consists of 138 schools. The MNPS 403(b) plan has changed drastically since 2009. In 2009 the MNPS district was classified as “open access” multivendor plan, and any provider who could secure 15 or more employees within the district was allowed to offer plans to all employees. During the open access period there were 49 active vendors in the program with multiple options within the plan. The 403(b) plan products had no load restrictions implemented by the administrative committee and were costly for employees. In addition to high cost to employees the plans were difficult to administer and had high governance cost. The MNPS employee’s were confused about their plan options. Furthermore, corruption and the use of political favors with respect to selecting vendors in neighboring school districts helped back the restructuring process. In 2010 the MNPS converted the 403(b) to a “restricted access” format due to increased government regulation. The restricted access format requires vendors to submit a request for proposal (RFP) to the MNPS district, and then the MNPS district selects the vendors that will be permitted to submit a plan offering to district employees. The MNPS district elected to implement a single vendor format that is regulated by a committee that acts as a third party administrator and reviews the plan on quarterly basis.<sup>212</sup> MetLife was selected as the single vendor through the RFP process. Mr. Jenkins, the benefits coordinator for MNPS, says that the main reason that MetLife was chosen in the RFP process was because MetLife offered comparable products with substantially reduced fees (Jenkins). Due to economies of scale MetLife was able to offer a plan that included only asset management fees.

There are 22 product options offered through the MetLife 403(b) plan to MNPS teachers, which MetLife classifies as asset allocation funding options. These 22 product options provide employees with a wide range of investment options depending on the employees risk tolerance and retirement needs. The investment options consist of fixed annuities, bond funds, equity funds, international equity funds and combinations of the later three. These funds may include small cap, mid cap, large cap, value, or growth stocks. The fixed annuities have a guaranteed return backed by the financial security of MetLife.

In addition to standard 22 menu options employees are allowed to create a Self Directed Brokerage Account (SDBA) with TD Ameritrade through MetLife. The SDBA fall under separate guidelines than the standard 403(b) fund options, but are available to employees who “seek a broader range of investment options”. There are over 5000 mutual funds available through the SDBA. The brokerage SBDA allows employees allocate a portion of their pre-taxed withholdings to a brokerage account where the employee can manage the fund from a personalized online account or by telephone.

209 RFP available at <http://www.mcsk12.net/forms/RFP-Investment-Administration-Recordkeeping%202008.pdf>

210 Minutes of December 2008 Board of Commissioners Meeting  
<http://www.mcsk12.net/forms/12.18.08%20Special%20Called%20Board%20Minutes.pdf>

211 Minutes of January 2009 Board of Commissioners Meeting <http://www.mcsk12.net/eagenda/Regular%20Meeting-February%2016,%202009%20on%20Monday,%20February%2016,%202009/267CC001-5EFC-4B64-A367-AB7313D5BDB9.pdf>

212 Historical information about MNPS from interview of Milton Jenkins, benefits coordinator, conducted by Chad Thornton as part of an EC 490 class project.

Information regarding the MNPS 403(b) plan is provided on the MNPSA Human Resource site under the benefits tab. The online resource provides employees with all the information needed to set up their 403(b) voluntary supplemental retirement account. The web site provides links to informational videos that assist in guiding employees through the investment process. Online support reduces management cost to both MetLife and the MNPS by reducing the required staff. The site includes a link to MetLife website where employees can setup and monitor their account. In addition, to learning links the site provides a downloadable pamphlet that informs employees about how to invest along with a risk assessment. The MetLife account provides employees with user names and passwords to secure employee's information. Furthermore, MetLife's website provides employees educational content such as interactive calculators, and multimedia presentations that enables employee to make informed financial decisions about their retirement benefits and saving goals. In addition to the online services that are provided to employees a MetLife financial representative makes appointments at each school biannually to answers questions and make product presentations.<sup>213</sup>

The Alamo City School District (ACSD) has only one school in its district. According to Joy Cook, the ACSD Business Manager, a 403(b) plan is available to teachers through a voluntary non-automatic enrolment "Cafeteria Plan." The Cafeteria plan provides teachers with life, health, and 403(b) coverage (Cook). The ACSD uses US Able as their third party administrator. The 403(b) plan is a restricted access single vendor format. In 2004, Life Insurance Companies of the Southwest (LSW) was selected to provide the Cafeteria Plan to the Alamo City School District. LSW is a subsidiary of National Life Group. Ms. Cook reported that LSW was selected because many of their investment agents are former teachers. She believes that by selecting a single vendor format the ACSD reduced administrative cost and fees associated with the 403(b) employee accounts.

Information about LSW products are difficult if not impossible to obtain without direct contact with an agent or representative of the company. There is little to no information provided on the National Life Group website about the products offered by LSW. An agent from LSW was unavailable upon request, but the agents do provided an information presentation yearly to the ACSD employees free of charge (Cook). In addition, there is no ACSD website to provide teacher with information regarding their 403(b) supplemental retirement benefit accounts.<sup>214</sup>

Cumberland County School District has 12 schools in its district. The Cumberland County School District has elected to implement a "restricted access" multivendor format. The employer does not provide their employees with an employee match option on their 403(b) plan. The Cumberland County School District elected to use three vendors in their multi-vendor format. The plan providers for the Cumberland County School District are AIG Valic, Pacific Life, and Pebsco/Nationwide. The enrollment process for employees is voluntary. There is little available information concerning the 403(b) vendor information outside the Cumberland County School District office. Employees commence the enrollment process online through the vendor's web sites.<sup>215</sup>

## **OTHER SUPPLEMENTAL PLANS**

Public school teachers are not eligible to participate in the 401(k)/457 program offered by the Tennessee Department of State Treasurer.<sup>216</sup> Some local school districts offer 457 plans.

## **PRIMARY RETIREMENT PLAN**

Group I of the Tennessee Consolidated Retirement System<sup>217</sup>

<http://treasury.tn.gov/tcrs/index.html>

**Type of Plan:** Defined benefit

<sup>213</sup> MNPS 403(b) Tax Deferred Investment Program: <http://www.hr.mnps.org/Page48827.aspx>

<sup>214</sup> Information about the ACSD was obtained by Chad Thornton as part of EC 490 class project.

<sup>215</sup> Information about CCSD is from an interview of John Saylor, benefits coordinator, conducted by Chad Thornton as part of an EC 490 class project.

<sup>216</sup> Source: [http://treasury.tn.gov/dc/PDFs/Tenn\\_Plan\\_Comparison.pdf](http://treasury.tn.gov/dc/PDFs/Tenn_Plan_Comparison.pdf)

<sup>217</sup> Brochure about the Tennessee Consolidated Retirement Systems, Group I Teachers



**Coverage:** Teachers, State and Local Employees

**Normal Retirement Age:** age 60 with 5 years of service; any age with 30 years

**Benefit Formula:** 1.5% plus 1.75% for salary over SSIL per year of service times final average salary

**Final Average Salary:** 5 high consecutive years

**Vesting:** 5 years

**Employee Contribution:** no employee contribution

**Social Security Coverage:** Yes

#### **RETIREE HEALTH BENEFITS**

Tennessee teachers are not included in the same retiree health plan as general state employees.

**TEXAS****403(b) PLAN**

Texas state law is unusual because it gives employees, rather than school districts, the right to establish 403(b) plans.<sup>218</sup> Because employees have this right, Texas school districts must sponsor a 403(b) plan if even one employee elects to establish a 403(b) account. If a Texas district wishes to make contributions on behalf of its employees, the district must establish a “non-elective” 403(b) plan. A district with a non-elective plan has more decision-making authority and greater responsibility for the plan’s operation. If a district exercises any discretion with respect to the 403(b) plan, the district owes its employees a fiduciary duty.<sup>219</sup>

Texas state law also sets guidelines for certification by companies who offer 403(b) investment options. As of June 1, 2002, public school employees are only allowed to enter into investments using payroll reduction with companies that meet these guidelines. A school district may not refuse to enter into a salary reduction agreement with a certified company; however, the district may require that the vendor follow certain administrative procedures. The Texas Teacher Retirement System maintains a list of 403(b) Certified Companies on its website. As of October 2012, there were 70 Certified Companies.<sup>220</sup>

A 403(b) Certified Company is required to submit a form annually demonstrating that each of its representatives are properly licensed and qualified. Additionally, the following limits are imposed with respect to fees and charges:

A maximum combined charge of 6% for front-end load and/or back-end load

A maximum administrative fee of \$50

A maximum loan application or origination fee of \$50

All other charges for both variable annuity and non-annuity may not exceed 2.75%

Surrender charges for fixed and variable annuities may not exceed 10% and must decline annually and terminate within 12 years, with up to 1% fee allowed in each of the 11<sup>th</sup> and 12<sup>th</sup> year<sup>221</sup>

**OTHER SUPPLEMENTAL PLANS**

Texas offers the Texa\$aver 401(k)/457 program to state and higher education employees, however, public school teachers do not have access to a state managed supplemental plan.<sup>222</sup> Some local school districts offer 457 plans.

**PRIMARY RETIREMENT PLAN**

Teacher Retirement System of Texas<sup>223</sup>  
<http://www.trs.state.tx.us/>

**Type of Plan:** Defined benefit

Coverage: Teachers

**Normal Retirement Age:** age 65 with 5 years of service; age 60 with 20 years

**Benefit Formula:** 2.3% per year times final average salary

**Final Average Salary:** 5 high years

<sup>218</sup> Texas Rev. Civ. Stat. 6228-5, sec. 9(1)

<sup>219</sup> Source: Texas Associate of School Boards 403(b) Retirement Savings Plan FAQ [https://www.tasb.org/services/legal/documents/403\\_b\\_faq\\_jan10.pdf](https://www.tasb.org/services/legal/documents/403_b_faq_jan10.pdf)

<sup>220</sup> The list of 403(b) Certified Companies is available at [http://trs.state.tx.us/403b/documents/certified\\_companies\\_list.pdf](http://trs.state.tx.us/403b/documents/certified_companies_list.pdf)

<sup>221</sup> See Texas Administrative Code Sections 53.1-53.20 for more information regarding 403(b) certification.

<sup>222</sup> For more information, see <https://www.ers.state.tx.us/Employees/Programs/Texasaver/>

<sup>223</sup> More information about the Teacher Retirement of Texas is available at <http://www.trs.state.tx.us>

**Vesting:** 5 years

**Employee Contribution:** 6.5% of salary

**Social Security Coverage:** No

#### **RETIREE HEALTH BENEFITS**

Texas teachers receive retiree health insurance benefits through a plan administered by the Teachers' Retirement System. To be eligible for retiree health care coverage, a member must be receiving an annuity and the sum of the retiree's age and years of service must be at least 80 at the time of retirement or the retiree must have at least 30 years of service. Basic retiree-only coverage is provided without a premium.

[http://trs.state.tx.us/active.jsp?submenu=trs\\_care&page\\_id=/TRS\\_care/trs\\_care\\_health\\_insurance](http://trs.state.tx.us/active.jsp?submenu=trs_care&page_id=/TRS_care/trs_care_health_insurance)

**UTAH****403(b) PLAN**

In Utah, 403(b) plans are managed by the local school districts. While few Utah school districts provide information about their 403(b) plan on their district website, information about plans that utilize a third party administrator is sometimes available on the third party administrator's site. National Benefit Services serves as the TPA for 16 Utah School districts and TSA Consulting Group is the TPA for 12 other districts. Among the 28 districts served by National Benefit Services or TSA Consulting Group, the number of authorized investment providers range from three to fifteen.<sup>224</sup>

Salt Lake City Schools, one of Utah's larger districts, administers their own 403(b) plan. The plan was established in January 2009. The plan permits employers contributions, but there is no indication on the district website as to whether or not employer contributions are currently being made. There are ten approved vendors.<sup>225</sup> VALIC Retirement Services Company provides a web-based account management tool for the plan.<sup>226</sup>

**OTHER SUPPLEMENTAL PLANS**

The Utah Retirement Systems offers four supplemental retirement savings plans: a 401(k), a 457, a traditional IRA, and a Roth IRA.<sup>227</sup> Members have access to 12 investment options, consisting of eight core funds, three assets allocation funds, and a self-directed brokerage account.<sup>228</sup>

**PRIMARY RETIREMENT PLAN**

Utah Public Employees' Noncontributory Retirement System<sup>229</sup>  
<https://www.urs.org/>

**Type of Plan:** Defined Benefit for workers hired before 2012; Choice of Defined Contribution or Combination for newly hired workers

**Coverage:** Teachers, State and Local Employees

**Normal Retirement Age:** age 65 with 4 years of service; any age with 30 years

**Benefit Formula:** 2.0% per year of service times final average salary

**Final Average Salary:** 3 high years

**Vesting:** 4 years

**Employee Contribution:** no employee contribution

**Social Security Coverage:** Yes

224 An investment provider list is available for 16 Utah School Districts on the National Benefit Services website at <http://www.nbsbenefits.com/403b/new403b/403bindex.htm> and for 12 Utah School Districts on the TPA Consulting website at [https://www.tsacg.com/employee\\_site/employee\\_site\\_main.htm](https://www.tsacg.com/employee_site/employee_site_main.htm)

225 More information about the Salt Lake City 403(b) plan is available on the district website: <http://www.slcschools.org/departments/accounting/403b-Information.php>

226 Member directions on accessing VALIC Retirement Management <http://www.slcschools.org/departments/accounting/documents/Retirement-Manager-Guide.pdf>

227 The URS Savings Plan Comparison guide is available at <https://www.urs.org/pdf/Miscellaneous/savingsPlanComparison.pdf>

228 The URS Saving Plans section of the URS website includes more information about the plans and investment options, <https://www.urs.org/Savings/Members>

229 More information about the Utah Retirement System is available at <https://www.urs.org>

## **RETIREE HEALTH BENEFITS**

Utah teachers are included in the same retiree health plan as general state employees. Utah employers also contribute to a tax-advantaged health saving plan. Retirees may use the funds in this account to pay for qualified health care expenses.

2011 CAFR: <https://www.urs.org/pdf/AnnualReport/2011/annualReport.pdf>

**VERMONT****403(b) PLAN**

The Office of the State Treasurer began offering the Vermont State Teachers' Retirement Board 403(b) to local school districts in January 2009.<sup>230</sup> A RFP for a third party administrator was issued in June 2008.<sup>231</sup> Great West Retirement Services was chosen from the pool of proposals. Great West offers investment options from six different providers. The administrative fee is 15 basis points.<sup>232</sup>

As of September 30, 2010, there were 1,398 participants from 29 supervisory unions and assets totaled 15.24 million. As of June 30, 2012, one additional supervisory union had adopted the plan, the participant count had increased to 1,730 and assets had grown to \$32.48 million. The State of Vermont has more than 14,500 eligible teachers and support staff who are employed by 60 supervisory unions.<sup>233</sup> There is no automatic enrollment. The supervisory unions make decisions regarding employer match.

**OTHER SUPPLEMENTAL PLANS**

The Office of the State Treasurer also offers a deferred compensation 457 plan to state employees and employees of other public agencies if the agency has elected to offer. Great West Retirement Services also serves as the third party administrator for Vermont's 457 plan.<sup>234</sup>

**PRIMARY RETIREMENT PLAN**

Vermont State Teachers' Retirement System<sup>235</sup>  
<http://www.vermonttreasurer.gov/retirement/teachers-vstrs>

**Type of Plan:** Defined benefit

**Coverage:** Teachers

**Normal Retirement Age:** age 65 or Rule of 90 (combination of age and years of creditable service)<sup>236</sup>

**Benefit Formula:** 1.67% per year of service times final average salary, 2% per year for each year after reaching a total of 20 years of service)<sup>237</sup>

**Final Average Salary:** 3 high consecutive years

**Vesting:** 5 years

**Employee Contribution:** 5.0% of salary

230 For more information about the 403(b) plan, please contact:

Vermont State Treasurer, Retirement Division by phone at (802) 828-2305 or on the web at <http://www.vermonttreasurer.gov/retirement/deferred-compensation>

231 The RFP is available at [http://www.vermonttreasurer.gov/sites/treasurer/files/pdf/rfp/20080609\\_403blInvestmentRFP.pdf](http://www.vermonttreasurer.gov/sites/treasurer/files/pdf/rfp/20080609_403blInvestmentRFP.pdf)

232 Source: <http://www.vermonttreasurer.gov/sites/treasurer/files/pdf/retireTeacher/newsletters/teacherRetireV8N2.pdf>

233 Values are from the 2010 and 2012 annual reports, available at <http://www.vermonttreasurer.gov/about-us/treasurers-reports/annual-report>

234 For more information about the 457(b) plan, please contact:

Vermont State Treasurer, Retirement Division by phone at (802) 828-2305 or on the web at <http://www.vermonttreasurer.gov/retirement/deferred-compensation>

235 More information about the Vermont State Teachers' Retirement System is available on the system website:

<http://www.vermonttreasurer.gov/retirement/teachers-vstrs>

236 Normal retirement age was increased from age 62 or 30 years for teachers who were not within 5 years of normal retirement on June 30, 2010. Source: [http://www.vermonttreasurer.gov/sites/treasurer/files/pdf/retireTeacher/misc/010\\_-\\_Act\\_74\\_-\\_Informational\\_Mailing\\_-\\_final.pdf](http://www.vermonttreasurer.gov/sites/treasurer/files/pdf/retireTeacher/misc/010_-_Act_74_-_Informational_Mailing_-_final.pdf)

237 The multiplier for service accrued after reaching 20 years of service was also increased from 1.67% to 2.0% for teachers who were not within 5 years of normal retirement on June 30, 2010. Source: [http://www.vermonttreasurer.gov/sites/treasurer/files/pdf/retireTeacher/misc/010\\_-\\_Act\\_74\\_-\\_Informational\\_Mailing\\_-\\_final.pdf](http://www.vermonttreasurer.gov/sites/treasurer/files/pdf/retireTeacher/misc/010_-_Act_74_-_Informational_Mailing_-_final.pdf)

**Social Security Coverage:** Yes

**RETIREE HEALTH BENEFITS**

Vermont offers a subsidy to cover retiree health insurance for teachers retiring with more than 15 years of service. The amount of the subsidy varies based on total service at the time of retirement.

June 2011 Actuarial Valuation of Post Retirement Benefits: <http://www.vermonttreasurer.gov/sites/treasurer/files/pdf/retireTeacher/reports/2011TeachersmedicalreportFINAL.pdf>

**VIRGINIA****403(b) PLAN**

Virginia Code § 51.1-603 authorizes local units to establish deferred compensation plans and requires the designation of an appropriate board or individual to supervise, administer, and implement the plan. It is up to an individual school district to decide whether or not to restrict the number of investment providers offered. We examine several districts that utilize the third party administrative and compliance services provided by TSA Consulting Group.<sup>238</sup>

Fairfax County Public Schools is the 11<sup>th</sup> largest school system in the nation with over 180,000 students enrolled. The plan offers employees a choice between three providers: Great West, TIAA-CREF and VALIC. Great West currently offers twenty-two separate funds ranging from international funds, fixed and money market savings. Participants have access to educational material through the provider websites. Fairfax County doesn't offer any matching for its 403(b) plan; however, teachers are members of the Fairfax County Employees' Retirement System, a supplemental defined benefit plan. The defined benefit plan pays 0.8% of average final salary for every year of creditable service.<sup>239</sup>

Arlington County offers four separate providers for its 403(b) plan. These providers include AXA Life, ING, Lincoln Financial and MetLife Resources. Since January 1st, 2001 Arlington County has offered a matching contribution program. Eligible participants receive a match equal to the greater of 0.4% of base salary or \$10 per pay period into a 401(a) account with TIAA-CREF.<sup>240</sup>

Albemarle County Public Schools, a district with enrollment of over 13,000, offers twenty different providers for the 403(b). Charlottesville City Schools includes six authorized investment providers (Ameriprise, Horace Mann, Lincoln Financial, Lincoln Investment, VALIC & Virginia Retirement Specialists). Eleven different providers are offered under the Alexandria County School System. Companies such as VALIC, Lincoln, MetLife and ING are among the providers for public school employees. Alexandria City doesn't provide a match for its 403(b) but does provide additional retirement plans. The City Retirement Plan allows employees to receive contributions amounting to 2.25% of annual salary.

**OTHER SUPPLEMENTAL PLANS**

Virginia also offers employees a 457 plan.

**PRIMARY RETIREMENT PLAN**

Virginia Retirement System

<http://www.varetire.org/>

**Type of Plan:** Defined benefit

**Coverage:** Teachers, State and Local Employees

**Normal Retirement Age:** age 65 with 5 years of service, age 50 with 30 years of service

**Benefit Formula:** 1.7% per year of service times final average salary

**Final Average Salary:** 3 high consecutive years

**Vesting:** 5 years

238 More information about each of the plans discussed here can be found on the district's TSA Consulting Group webpage at [https://www.tsacg.com/employee\\_site/employee\\_site\\_virginia.htm](https://www.tsacg.com/employee_site/employee_site_virginia.htm)

239 For more information about the Educational Employees' Supplementary Retirement System of Fairfax County, visit the plan website: <http://www.fcps.edu/erfc/>

240 Arlington Public Schools Defined Contribution Program and School Board Match: <http://www.apsva.us/Page/1223>



**Employee Contribution:** 5.0% of salary

**Social Security Coverage:** Yes

**RETIREE HEALTH BENEFITS**

Virginia teachers are included in the same retiree health plan as general state employees. Retired teachers with at least 15 years of service receive a health insurance credit reimbursement that is determined by multiplying the retiree's years of service by a dollar amount that is set by the General Assembly.

Retiree Health Insurance Credit information: <http://www.varetire.org/retirees/faq/rethealthcred.asp#six>

Health Insurance Benefit for State Retirees: <http://www.varetire.org/Retirees/Insurance/HealthInsBen/Index.asp>

**WASHINGTON****403(b) PLAN**

In Washington, 403(b) plans are managed by the local school districts. There are 295 school districts in Washington. Each school district can individually determine the regulations that govern 403(b) plans offered to teachers in their district. To illustrate the pattern of 403(b) plans in Washington, we examine the two largest school districts in the state: Seattle and Tacoma.<sup>241</sup>

The Seattle Public Schools system is the largest K-12 school system in the state of Washington. Seattle Public Schools uses a third party administrator (TPA) to manage 403(b) Plan options and potential vendors for its employees; Carruth Compliance Consulting, Inc. (CCC). CCC was selected as a TPA in July of 2007 after the IRS published Final 403(b) Regulations that mandated structure and administrative changes for both school systems and vendors in order to comply with those alterations. There are currently thirty vendors that hold Active Payroll Slots. Additionally, there are several vendors that hold Inactive Payroll Slots, and employees of Seattle Public Schools may contribute to these accounts if they were contributing before 12/31/2008 when the current list of vendors was finalized and published, or if they fill out additional paperwork.<sup>242</sup>

The Tacoma Public Schools system is the third largest K-12 school system in the state of Washington, with 65 currently open schools serving approximately 29,000 students and employing approximately 3,600 staff members, about 2,000 of which are teachers. Tacoma Public Schools offers both a 403(b) Tax Sheltered Annuity Plan and a 457(b) Deferred Compensation Plan. Tacoma Public Schools offers two distinct 403(b) Plans: The CPI Common Remitted Plan, and the Selected Vendors Plan. The plans were selected based on referrals from other Washington school districts and “significant due diligence.” The Common Remitter Plan, administered by CPI, offers employees access to sixteen different vendors. In comparison, the Selected Vendors Plan, administered by CCC, has only three vendors. The Selected Vendors Plan was added specifically to allow employees access to low-cost mutual fund option.<sup>243</sup>

**OTHER SUPPLEMENTAL PLANS<sup>244</sup>**

The Washington State Deferred Compensation Program (WSDCP) is a 457(b) retirement savings program administered by the Department of Retirement Systems. The Washington State Investment Board (WSIB) selects and monitors the WSDCP's investment options. School district employees may participate if their employer has adopted the WSDCP.

**PRIMARY RETIREMENT PLAN<sup>245</sup>**

Washington Teachers Retirement System

<http://drs.wa.gov/member/systems/trs/>

**Type of Plan:** Defined benefit plan

**Coverage:** Teachers

**Benefit Formula:** 2.0% times final average salary per year of service

**Normal Retirement Age:** Age 65 with 5 years of service

**Final Average Salary:** 5 high consecutive years

241 Some information collected by Jillian Varner for an EC 490 class project.

242 Source: [http://www.ncompliance.com/guest\\_employervendors.aspx?EmployerID=64](http://www.ncompliance.com/guest_employervendors.aspx?EmployerID=64)

243 Information about Tacoma Public Schools Tax Sheltered Annuities and Deferred Compensation programs is available at <http://www.tacomaschools.org/information/departments/finance/Payroll/Pages/TaxShelteredAnnuitiesAndDeferredCompensationCompanyListing.aspx>

244 For more details about the Deferred Compensation Program, see the program website at [www.drs.wa.gov/dcp](http://www.drs.wa.gov/dcp)

245 Details are provided for Plan 2, which covers individuals hired on or after October 1, 1977 who have not transferred into Plan 3 and individuals hired on or after July 1, 2007 who chose to be in Plan 2. For more information about the Washington Teachers' Retirement System (TRS), see the system website at <http://drs.wa.gov/member/systems/trs/>

**Vesting:** 5 years

**Employee Contribution:** 50% of the annual cost of projected TRS 2 benefits as determined by valuation (4.69% as of September 1, 2011).<sup>246</sup>

**Social Security Coverage:** Yes

#### **RETIREE HEALTH BENEFITS**

Washington teachers are included in the same retiree health plan as general state employees.

February 2011 Audit of K-12 Employee Health Benefits

<http://www.sao.wa.gov/auditreports/auditreportfiles/ar1004979.pdf>

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<sup>246</sup> Contribution rates available from: <http://drs.wa.gov/publications/member/multisystem/contributionrates.htm>

**WEST VIRGINIA****403(b) PLAN**

West Virginia Code § 18A-4-12 authorizes a county board of education, the teachers retirement board, the West Virginia board of education and the board of regents of West Virginia to establish 403(b) programs. West Virginia does not have a statewide 403(b) plan, however, TSA Consulting Group provides third-party compliance and administrative services for the 403(b) plans offered in 35 out of 57 school districts in West Virginia. More than 3700 people work in the largest school district in West Virginia, Kanawha County Schools. The district offers a 403(b) program through TSA Consulting Group. School Board policy allows any investment provider that meets certain standards and maintains a minimum number of employee accounts to provide 403(b) accounts to employees. For 2012, there are 17 authorized investment providers.<sup>247</sup> TSA also administers the 403(b) plan for the smallest district in West Virginia, Gilmer County Schools. Gilmer County Schools offers participants a choice between four providers.<sup>248</sup> Jefferson County Schools is one of the districts that offer a 403(b) program without assistance from TSA. The district website includes a list of 11 vendors with contact information. There is no indication of any involvement from a third party administrator.<sup>249</sup>

**OTHER SUPPLEMENTAL PLANS**

The Office of the State Treasurer administers the West Virginia Retirement Plus Deferred Compensation Plan. State Employees are automatically enrolled in the 457 plan. The default contribution of \$10 semi-monthly is allocated into a stable value fund with total fees and expenses of 100 basis points. The Retirement Plus Plan's investment provider is ING Life Insurance and Annuity Company.<sup>250</sup>

**PRIMARY RETIREMENT PLAN**

Teachers' Retirement System<sup>251</sup>

<http://www.wvretirement.com/TRS.html>

**Type of Plan:** Defined benefit

**Coverage:** Teachers

**Normal Retirement Age:** age 60 with 5 years of service; age 55 with 30 years; any age with 35 years

**Benefit Formula:** 2.0% per year of service times final average salary

**Final Average Salary:** 5 high years

**Vesting:** 5 years

**Employee Contribution:** 6.0% of salary

**Social Security Coverage:** Yes

**RETIREE HEALTH BENEFITS**

West Virginia teachers are included in the same retiree health plan as general state employees. Information about eligibility is available at: [http://www.peia.wv.gov/customers/non\\_medicare\\_retirees/Pages/Eligibility.aspx](http://www.peia.wv.gov/customers/non_medicare_retirees/Pages/Eligibility.aspx)

247 The list of investment providers and other information about the plan are available on the TSA Consulting Group plan website at [https://www.tsacg.com/employee\\_site/districts/west\\_virginia/kanawha.htm](https://www.tsacg.com/employee_site/districts/west_virginia/kanawha.htm)

248 The list of investment providers and other information about the plan are available on the TSA Consulting Group plan website at [https://www.tsacg.com/employee\\_site/districts/west\\_virginia/gilmer.htm](https://www.tsacg.com/employee_site/districts/west_virginia/gilmer.htm)

249 The list of participating vendors is available on the Jefferson County Schools website at <http://boe.jeff.k12.wv.us/Page/1442>

250 More information about the WV Retirement Plus Plan is available on the plan website at <http://www.wv457.com>

251 More information about the WV Teachers' Retirement System is available on the system website at <http://www.wvretirement.com/TRS.html>

**WISCONSIN****403(b) PLAN**

In Wisconsin, 403(b) plans are managed by the local school districts. The State of Wisconsin has 426 public school districts each offering their own 403(b) retirement plans for public school employees. There is no state-level oversight of the individual plans. A review of 25 of the school districts found that the districts with the smallest number of vendors were the Janesville School District and the Green Bay Area School District with 2 vendors respectively.<sup>252</sup> The district with the largest number of vendors was the Madison Metropolitan School District with 16 vendors. Among the districts examined, the most common number of vendors was between 4-6 providers of 403(b) plans. Below, several of the individual school districts are examined in some detail.

The largest school district in Wisconsin is the District of Milwaukee Public Schools (MPS). Milwaukee maintains a separate primary retirement that is distinct from the Wisconsin Retirement System that covers most school teachers in the state. As of 2010, there are four authorized vendors for MPS. These are ING Financial Advisors, Metlife Resources, TIAA-CREF, and the non-profit Wisconsin Education Association Tax Sheltered Annuity Trust (WEA TSA). The third party administrator of the plan is Plan With Ease. As the third party administrator, Plan With Ease authorizes loan approvals, withdrawals, contract exchanges, and rollover transactions under the plan. These vendors were established with the district through a Request For Proposal.<sup>253</sup>

The next school district examined is the Madison Metropolitan School District (MMSD). As of January 1, 2012 there are 16 approved vendors in the district that were selected through a Request For Proposal. These include American Century Investments, American Funds, Ameriprise, AXA Equitable, Commonwealth, Fidelity, Franklin Templeton, Horace Mann, ING, Lincoln National Life, Massachusetts Mutual, MetLife, Security Benefit, Thrivent, Waddell and Reed, and WEA TSA. The district does not have a third party administrator. They have a Benefits Manager to monitor IRS compliance and the district does not track or monitor vendor fees.<sup>254</sup>

The Racine Public School District began offering a 403(b) plan in 2008. There are eight approved vendors including ASPIRE Financial Services, AXA Equitable, Fidelity Investments, Horace Mann Insurance, ING, MetLife, Thrivent Financial for Lutherans, and WEA TSA Trust. TSA Consulting Group is the third party administrator. TSA's website does not provide financial advice or investment calculators, other than a short video on their website.<sup>255</sup> For any financial education, participants are reliant on any material provided by the vendors, as the district does not conduct any seminars, classes, or consultations themselves. The vendors and administrator were established through RFPs. Racine Public Schools does not track or monitor fees assessed by vendors.<sup>256</sup>

252 School District of Janesville Teacher Benefits: <http://www.janesville.k12.wi.us/Departments/AdministrativeandHumanServices/BenefitsTeachers/tabid/1967/Default.aspx> & Agreement Between Board of Education of Green Bay Public School District and Green Bay Education Association. Pg 24: <http://www.publicschoolspending.com/wp-content/uploads/2010/12/Green-Bay-Area-Sch-Dist.pdf>. Information collected by Stuart Thomason for EC 490 class project.

253 Milwaukee Public Schools 403(b) Plan booklet and list of approved vendors available at [http://mpsportal.milwaukee.k12.wi.us/portal/server.pt/dir/tax\\_sheltered\\_403\(b\)](http://mpsportal.milwaukee.k12.wi.us/portal/server.pt/dir/tax_sheltered_403(b))

254 Information from email from Sharon Hennessy, Benefits Manager, Madison Metropolitan Public Schools. [shennessy@madison.k12.wi.us](mailto:shennessy@madison.k12.wi.us) to Stuart Thomason.

255 TSA Consulting Group. [https://www.tsacg.com/why\\_save.htm](https://www.tsacg.com/why_save.htm)

256 Email from Marjorie Larson, Human Resources, Racine Unified Public School District. [Marjorie.larson@rusd.org](mailto:Marjorie.larson@rusd.org) to Stuart Thomason.

**OTHER SUPPLEMENTAL PLANS**

The Wisconsin Deferred Compensation Program (WDC) is a supplemental retirement savings program that was established in 1982 for state employees; it has been available to local employers since 1985.<sup>257</sup> All state and university employees are eligible to participate in this benefit program along with the employees of the approximately 850 local government and school district employers that have adopted the WDC. The Deferred Compensation Board selects and monitors the investment options offered by the WDC. The Board annually reviews the performance of the investment options offered to determine if they continue to meet established benchmarks. Options that are determined to be no longer acceptable may be removed from the WDC and new options may be added. The WDC has both Roth and traditional saving options.

**PRIMARY RETIREMENT PLAN**

Wisconsin Retirement System

<http://www.wvretirement.com/TRS.html>

**Type of Plan:** Defined benefit

**Coverage:** Teachers, State and Local Employees

**Normal Retirement Age:** age 65; age 55 with 30 years of service

**Benefit Formula:** 1.6% per year of service times final average salary

**Final Average Salary:** 3 high years

**Vesting:** immediate

**Employee Contribution:** 5.0% of salary

**Social Security Coverage:** Yes

**RETIREE HEALTH BENEFITS**

Wisconsin teachers are included in the same retiree health plan as general state employees. Detailed information about eligibility requirements and coverage types is available at:

<http://etf.wi.gov/publications/et4112.pdf>

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<sup>257</sup> A fact sheet about the Wisconsin Deferred Compensation Program is available at [https://www.fascore.com/PDF/wisconsin/WDC\\_fact\\_sheet.pdf](https://www.fascore.com/PDF/wisconsin/WDC_fact_sheet.pdf). For more information, visit the Great West Retirement website at <https://wisconsin.gwrs.com/>.

**WYOMING****403(b) PLAN**

In Wyoming, 403(b) plans are managed by the local school districts. Policies governing being listed as a provider of tax shelter annuities differ across the school districts. In Laramie County, which includes Cheyenne, the policy statement for retirement saving accounts “authorizes the superintendent or designee to establish procedures for the approval of companies and agents to offer 403(b) and 403(b)(7) accounts (TSA’s) to school board employees based on generally accepted qualitative and quantitative standards and based upon guidelines established by Federal and/or State Authority.”<sup>258</sup> The District’s Human Resources Department is responsible for administering the 403(b) program by:

Processing vendor applications and authorizing them to establish employee accounts.

Determining the maximum number of vendors authorized to establish employee accounts with respect to payroll capabilities and maintenance of adequate product array.

Processing employee requests concerning contributions to the TSA Program.

Monitoring of employee contributions to ensure compliance with Internal Revenue Service guidelines.

Developing, maintaining and revising administrative rules, procedures, forms and agreements as necessary for compliance with Internal Revenue Service guidelines

A review of the Laramie County School District’s website revealed no information concerning the number of providers, investment options, or fees associated with the retirement plans. A similar search of the website of Teton County School District’s website found only a mention that 403(b) plans were available. Washakie County School District No. 1, a small district with enrollment of less than 1500 students, matches 50% of an employee’s contribution to a 403(b) account up to a maximum of 2% of the employee’s base wage.<sup>259</sup> The district website does not include any other information about 403(b) plans.

**OTHER SUPPLEMENTAL PLANS<sup>260</sup>**

All employees of the state of Wyoming are eligible to participate a 457 retirement saving plan. The plan offers options for pre-tax contributions and since January 2012, a Roth option that is based on post tax contributions. Participation in the 457 plan is voluntary and the employee must enroll in the plan to make contributions. The state plan has an annual administrative fee of 0.45 percent of the account balance and each investment option also has an investment management fee. Employees in the executive, legislative and judicial branch receive a \$20 monthly match to their contributions to the 457 plan. Local employers may provide matches to their employees.

**PRIMARY RETIREMENT PLAN<sup>261</sup>**

Wyoming Retirement System

<http://retirement.state.wy.us/>

**Type of Plan:** Defined benefit

**Coverage:** Teachers, State and Local Employees

**Normal Retirement Age:** age 60 with 4 years of service; Rule of 85

258 This policy statement is available on the district website at <http://www.laramie1.org/modules/cms/pages.phtml?&pageid=18885&sessionid=8ccbf56cf9fb91463a3d50c7a9f76ada#tsa>

259 Source: [http://www.wsh1.k12.wy.us/documents/district\\_benefitsFY12.pdf](http://www.wsh1.k12.wy.us/documents/district_benefitsFY12.pdf)

260 For more information on the Wyoming 457 plan, see the Retirement Guide: Pension System and Deferred Compensation Plan at <http://retirement.state.wy.us/>.

261 Handbook of the *Wyoming Retirement System*, <http://retirement.state.wy.us/>.

**Benefit Formula:** 2.125% per year of service times final average salary for first 15 years of service plus 2.25% per year for years over 15

**Final Average Salary:** 3 high years

**Vesting:** 4 years

**Employee Contribution:** 7.0% of salary<sup>262</sup>

**Social Security Coverage:** Yes

#### **RETIREE HEALTH BENEFITS**

Wyoming teachers are covered by the same retiree health plan as general state employees. Premiums for retirees that are not eligible for Medicare start at around \$700.

[http://wyoming.gov/loc/06012011\\_1/egi/Pages/Retirees.aspx](http://wyoming.gov/loc/06012011_1/egi/Pages/Retirees.aspx)

Premium Rates: [http://wyoming.gov/loc/06012011\\_1/DOCS%20%20EGI/2013%20Retiree%20Rates.pdf](http://wyoming.gov/loc/06012011_1/DOCS%20%20EGI/2013%20Retiree%20Rates.pdf)

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<sup>262</sup> The employer may pay for some or all of the employee contribution, for example in Laramie County which includes Cheyenne, the school district pays 12.69 percent of pay making the employee contribution 1.43 percent.