

THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

FINANCIAL SERVICES DEPARTMENT

M_E_M_O_R_A_N_D_U_M

TO: Mitsi Corcoran, Chief Financial Officer

FROM: Lynn Peterson, Supervisor of Risk Management

DATE: September 2, 2015

SUBJECT: 457(b) Plan and Security Benefits Group Added to Retirement Savings Program

BACKGROUND

The current Retirement Savings Program includes options for employees to participate in a 401k through Prudential and/or a 403(b) Plan through various providers. The District's 403(b) Plan providers include the five (5) providers in the Independent Benefits Council (IBC) Model Plan (adopted by the District in 2008). Recently, the IBC added a sixth (6) provider to their list, Security Benefits Group Inc. The District would like to update the approved 403(b) providers within the Program to include Security Benefits Group.

In addition, the District would like to add another option for employees to save for retirement, a 457(b) Plan. This type of plan is very similar to the 403(b) with a few differences. Some of the differences are as follows:

- The 457(b) does not have a 10% federal tax penalty on withdrawals upon termination or retirement regardless of age. The 403(b) does have a 10% penalty if there is a withdrawal before age 59 ½ (with a few exceptions).
- The 457(b) has a more liberal "catch-up" contribution option than the 403(b).
- In a 457(b) money cannot be transferred to any accepting vendor during employment via a "90-24" transfer like the 403(b) plan.
- 457(b) plans typically have stricter hardship withdrawal rules.

RECOMMENDATION

The Board adopts the 457(b) Plan and adds Security Benefits Group as an approved 403(b) provider for the Retirement Savings Program.

Attachments