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To: All Employees

From: Brent Zimmerman

Subject: Employee Savings Plan (403b plan) & the Wisconsin Deferred Compensation Program

Date: November 19, 2010

Attached you will find the brochure for our Employee Savings Plans (403b Plan). You will also find a new salary reduction agreement that you will need to complete in order to participate in our Employee Savings Plan. Everyone that wishes to make a contribution in 2011 to the Employee Savings Plan needs to complete this form. **The deadline for submission of a new salary reduction agreement is December 13, 2010.** Deductions will begin on your January 7, 2011 paycheck and will continue for the balance of the 2011 calendar year.

You will also find a listing of the approved vendors for your Employee Savings Plan Contributions. If you wish to start an Employee Savings Plan, please contact one of the listed vendors to establish an account before completing the salary reduction agreement.

The District also offers the Wisconsin Deferred Compensation Program (457 plan). Attached you will find a salary reduction agreement for this program. Those wishing to contribute to the Deferred Compensation Program in 2011 need to complete this form. **The deadline for submission of a new salary reduction agreement is December 13, 2010.** Deductions will begin on your January 7, 2011 paycheck and will continue for the balance of the 2011 calendar year. If you wish to start an Employee Savings Plan with the Wisconsin Deferred Compensation Program, please contact them to establish an account before completing the salary reduction agreement.

If you have any questions feel free to contact me.

2. Special Catch-up Contribution

If you have worked for the District for at least 15 years and have not contributed all of the excess contributions available under this, you can elect to make "catch-up" contributions, in addition to the salary deferrals you may otherwise be eligible for. The following box summarizes the rules that apply to "catch-up" contributions:

Catch-up Limitations (As of January 1, 2011)

Increase above the \$16,500 limit is the lesser of:

- (a) \$3,000; or
- (b) \$15,000 minus your prior "catch up" contributions; or
- (c) \$5,000 times your years of service with the District minus prior years elective deferrals of the employee.

Distributions

The law restricts the times when distributions are permitted from your accounts under the Plan. You may receive a distribution upon retirement from the District. The IRS requires complete severance from the District upon retirement, which means that if you are retired by the District after you have retired, you must stop receiving distributions from your account during the time you are employed by the District after retirement.

You or your beneficiary may receive a distribution upon your death or disability.

Distributions are also permitted from the Plan upon: severance from employment with the District or attainment of age 59 ½. The Plan does not permit you to take a hardship withdrawal from your account.

Loans

The Plan does not permit you to take loans from your account.

For More Information and Forms:
Call 715-693-2530

Mosinee School
District

Employee Savings Plan
403(b) Plan

Investing in Your Future

Mosinee School District
591 West Hwy 153
Mosinee, WI 54455
Phone: 715-693-2530
Fax: 715-693-7272
www.mosineeschools.org

CAUTION

The information in this leaflet summarizes the terms of the District's 403(b) Plan and the Internal Revenue Code as of January 1, 2011, and is not to be construed as legal, tax or investment advice. This leaflet cannot, and does not, alter the terms of the Plan or the law. Changes in the Plan or the law hereafter may change this summary. Please consult with your accountant for additional information.

Your Plan

The Mosinee School District (the "District") offers this 403(b) Plan to help you and other employees save money for your retirement. The 403(b) Plan is a type of tax-deferred retirement savings program. Future benefits from the 403(b) Plan will reflect the amount of a participant's voluntary salary deferral contributions plus earnings. Vesting is immediate. Whether you choose to participate in the Plan is entirely up to you.

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

Tax Treatment

The District intends to ensure that the Plan is qualified for preferential tax treatment under Internal Revenue Code ("IRC") §403(b). Because you do not have to pay taxes on the amount of your contribution to a 403(b) plan for the year in which you contribute to the plan, investing in a 403(b) plan can lower your overall federal and state income tax burden—at least in the present. You can defer the income tax on your contributions until you begin making withdrawals from your account—typically when you retire. The earnings on your account also grow tax-free until withdrawal.

Contributions to the 403(b) Plan are reported annually on your W-2 forms, but are not included in income subject to taxation. Your 403(b) contributions are deducted from your gross salary and

income taxes are calculated on your remaining pay.

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

Participation

Every District employee is eligible to participate in the Plan, with the exception of (a) non-resident aliens or (b) those who do not have sufficient income to be eligible to contribute at least \$200 per year. To participate, you need only: (1) fill out a Salary Reduction Agreement and (2) select the investment desired from a variety of mutual funds, from the list of District approved vendors. Employees are limited to changing their salary reduction amount twice per calendar year—in August and in December. However, you may cease contributions at any time.

Salary Reduction Agreements

To participate in the Plan (or to change an existing contribution election), you must provide the District with a signed Salary Reduction Agreement. You must choose the whole dollar amount that you wish to contribute each payroll period. The Agreement must be signed by you and returned to the District before the start of the payroll period when your election or change will become effective.

Vendors

You can invest your deferral monies in a variety of different investment options. The Vendors through which the investment vehicles are available are approved by the District. Beginning January 1, 2008, you may only invest new deferral monies in those Vendors who have agreed by contract to conduct business with the District and the Plan. These Vendors are listed on the Approved Vendor List available from the District Office. After September 24, 2007, you will no longer be permitted to transfer assets to accounts of Vendors outside of the Plan; only those transfers received by District-Approved Vendors will be permitted.

Contributions and Limitations

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

1. Annual Deferral Limitation

The first limitation applies to all of your elective deferrals from your salary to this Plan. Elective deferrals are contributions that you make instead of receiving all of your pay at that time. The elective deferrals under this Plan are not considered in conjunction with deferrals you make under the 457 Plan of the District.

For the 2011 tax year, all of your elective deferrals to this and all other plans (including SIMPLE plans, 401k plans and other 403b plans) cannot exceed \$16,500 per calendar year (unless you qualify for one of the catch-up contributions described below). This limit will be adjusted annually thereafter by the IRS.

Mosinee School District

Approved Vendors for 2010-2011

Ameriprise
1-800-862-7919

Equitable
1-800-628-6673

Fidelity
1-800-343-0860

Wisconsin Deferred Compensation Program
(457 plan)
1-877-457-9327

Wisconsin Educator's Association
1-800-279-4030

Thrivent
1-800-847-4836

Great American Financial Resources
1-800-789-6771

**MOSINEE SCHOOL DISTRICT
SALARY REDUCTION AGREEMENT**

Dated: _____

Read this before completing this form: This salary reduction agreement does not establish a tax deferred annuity with a specific vendor but only authorizes the withholding of funds from your paycheck. For new enrollments, separate 403(b) enrollment applications must be requested from the vendor(s) you have chosen from the list of District-approved vendors (this list is available at the District office). Please return these separate enrollment application(s) to the District office along with this salary reduction agreement form.

Employee: _____ SSN: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone Number: _____ Date of Birth: _____

I. Employee Deferrals – Section 403(b) Pre-tax Deferral Election.

I hereby authorize the Mosinee School District ("District") to withhold \$ _____ OR _____ % (whole dollar amount or whole percentage of total pay period compensation) from my compensation per pay period.

This Agreement shall be effective as of the first pay date which is not less than ten (10) business days following the date of execution of this Agreement. The District shall remit the withheld funds to the following Vendor(s) that I have selected:

<u>Amount</u> (whole dollar/percentage)	<u>District-Approved Vendor Name</u>
\$ _____ OR _____ %	_____

<u>Amount</u> (whole dollar/percentage)	<u>District-Approved Vendor Name</u>
\$ _____ OR _____ %	_____

Please use back of this form, continuing in the same fashion above if you wish to select additional vendors.

II. Terms/Conditions. This Agreement is legally binding upon me and may be terminated by me only by giving notice of termination in the payroll period preceding the payroll period in which the terminations is to be effective.

I understand and agree that there are limitations on my deferrals under the Mosinee School District Employees Savings Plan (403(b) Plan) and that my contributions under this election do not exceed those limits. Further, I confirm that any deferrals in excess of the general limitations are due to my eligibility for either "catch-up" election which allows for a deferral in excess of the \$16,500 limit (for 2011, adjusted annually) for the 403(b) plan and \$16,500 limit (for 2011, adjusted annually) for the WDCP Section 457(b) Plan.

By the execution of this Agreement, I represent that:

- 1) This Agreement shall terminate any prior Salary Reduction Agreement executed between myself and the District under the Mosinee School District Employees Savings Plan (403(b) Plan).
- 2) I have not executed more than the number of Salary Reduction Agreements permitted during the same plan year under the Plan.
- 3) I have made an independent determination as to my desire to make these salary deferrals.
- 4) I have assessed the risk associated with such investment(s) and have determined, with such professional advise as I deemed necessary, that the product offered by the Vendor is suitable to me.
- 5) The District has no responsibility to evaluate or apprise me, now or in the future, as to the performance, status or otherwise as to the operation or viability of any product offered by the Vendor or alternative investments.
- 6) I have made an independent determination as to my deferral level after consideration of the requirements of law and affirm that my contributions are within the limits of the law.
- 7) I understand that I am responsible for determining that the amount of my deferral contributions elected above in this Salary Reduction Agreement, plus any amount deferred under a SIMPLE plan, a 401(k) plan or other 403(b) plan not sponsored by the District, does not exceed the maximum limit specified under Internal Revenue Code section 402(g) for any given plan year.

By executing this Agreement, I hereby elect, where the general limitations of Code sections 403(b), 415(c) and 457(b) are not satisfied, such alternative limitations as are available and necessary for me to comply with the annual addition limitations, as determined under Code sections 415(c)(4) and 457(e).

I release the District from any and all claims that I may assert in the event that the product which I have chosen under this Agreement shall fail to qualify for preferential tax treatment under Code section 403(b). I understand that the District assumes no responsibility, actual or implied, with respect to the calculation of the contribution or the limits on such contributions.

Dated this _____ day of _____, 20____.

Signature of Employee

TAX—SHELTERED ANNUITY
Salary Reduction Agreement
(Wisconsin Deferred Compensation Program – 457 Plan)

Agreement made this _____ day of _____, 20____, by and between the Mosinee School District (the “Employer”) and _____ (the “Employee”), whereby the Employer and Employee agree as follows:

1. Effective with the pay period beginning _____, 20____ and thereafter, the gross salary of the Employee will be reduced by \$ _____ (amount of total annual reduction in compensation). The reduction shall be \$ _____, per pay period.
2. The amount of such reduction shall be paid and remitted by the Employer to the Wisconsin Deferred Compensation Program as selected by Employee, for the purchase of a non-forfeitable annuity contract or the establishment of a custodial account described in Section 457 of the Internal Revenue Code.
3. The Employee is responsible for determining that the amount of salary reduction specified in paragraph 1 (when combined with all other salary reduction agreements in force, whether or not with the Employer) does not exceed the amount permitted under Sections 457, of the Internal Revenue Code. The Employee is solely responsible for any and all taxes, interest, penalties, fines or forfeitures which may be imposed on the Employee in the event that the salary reduction contribution exceeds the maximum allowable contributions.
4. The Employee acknowledges that the Employer has made no representation to the Employee regarding the advisability, appropriateness or tax consequences of the Salary Reduction Agreement, participation in a tax-sheltered annuity, or the company which issues the annuity contract or which invests the Employee’s salary reduction funds. The Employee agrees that the Employer shall have no liability whatsoever for any and all losses suffered by the Employee with regard to his or her selection of the company which issues the annuity contract or which invests the Employee’s salary reduction funds or the solvency of, operation of, or benefits provided by said company.
5. The Salary Reduction Agreement is legally binding and irrevocable with respect to all amounts earned by the Employee while this Agreement is in effect. The Employee may terminate this Agreement at any time with respect to amounts earned after the effective date of termination. The termination shall be effective as of the first day of the pay period immediately following the date the Employer receives the notice of termination.

6. The Employee agrees to indemnify the Employer for any taxes, interest, penalties, fines or forfeitures, imposed upon the Employer resulting from the Employee's violation of the limitations and provisions contained in the Internal Revenue Code or this Salary Reduction Agreement. Furthermore, the Employee agrees to indemnify the Employer for all reasonable costs, including attorney's fees, incurred by the Employer which may result from the Employee's contributions to the Section 457 plan and the Employer's reporting of these contributions.

7. The Employee agrees that the Employer shall have the authority to discontinue the salary reduction amounts if the Employer determines that the Employee's salary reduction amounts will exceed the maximum allowable contributions as discussed in paragraph 3 above. Such discontinuance would only be made after the Employee is notified of the pending action.

Executed as of the date set forth above,

School District of Mosinee
Employer

Employee (Print)

By: _____
Signature

Employee's Signature

Business Manager
Title

Social Security Number