

BP 6327 DEFERRED COMPENSATION [403(B) AND 457(B)] PLANS

Reference:

No reference

The Riverside Community College District will make available to its employees a tax sheltered annuity program that is an eligible deferred compensation plan within the meaning of Internal Revenue Code Sections 403(b) and 457(b), Public Law 87-370, the California Revenue and Taxation Code, Section 17512, and Board of Trustees Resolutions No. 1-07/08 for 403(b) plans dated August 21, 2007, and No. 36-07/08 for 457(b) plans dated March 18, 2008. Use of the deferred compensation plan by an individual employee shall be left to his/her own discretion. The Chancellor of the District or Vice Chancellor, Diversity and Human Resources, is authorized to act on behalf of the District in the purchase and administration of these annuity contracts, including the hiring of a third party administrator to manage the plans, subject to ratification by the Governing Board.

Date Adopted: May 20, 2008
(Replaces Policy 7005)

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PURPOSE

The Riverside Community College District (RCCD) offers employees investment options to help plan for their retirement. The purpose of the plan offerings is to provide deferred compensation opportunities for eligible employees that elect to participate in the plans. The plans provide tax deferral options on a voluntary participation basis. Through participation in tax sheltered annuity programs employees can manage their future financial security.

PLAN DEFINITION

The Plans are “eligible deferred compensation plans” within the meaning of section 403(b) and 457(b) of the Internal Revenue Code. A 403(b) and 457(b) plan is a tax-deferred (pre-taxed) retirement savings plan made available to employees of educational institutions and certain non-profit organizations as determined by section 501(c)(3) of the Internal Revenue Code. The 403(b) was established in 1958 by the federal government to encourage employees to establish retirement savings programs. Contributions and investment earnings grow tax deferred until withdrawal (assumed to be retirement), at which time they are taxed as ordinary income. Created in 1978, the 457(b) plan allows similar tax deferral options as the 403(b) plan but has additional benefits when making qualified distributions from the plan. The 457(b) contributions grow tax free until withdrawal at retirement or termination of employment. The plan offerings are provided via a Third Party Administrator that the District has contracted with to serve our employees as well as support the required administrative and tax compliance obligation for the RCCD.

EMPLOYEE PARTICIPATION

Eligibility: All permanent full-time or part-time (50% or more) employees of the District shall be eligible to participate in the plans.

Enrollment: To obtain more information or to sign up for the plans, employees may do so on-line by going to the Third Party Administrator’s website, www.calstrs403bcomply.com for 403(b) or www.Pension2.com for 457(b). The

websites provide information about the investment companies who participate in the plans, as well as other pertinent information employees need in order to make informed decisions about investments.

Employees select the vendor of their choice from the list of available participating vendors. Employees contact the vendor directly and open an account. Once the account is established, the employee logs onto the Third Party Administrator's website and sets up the electronic payroll deduction request for 403(b). 457(b) requests require an Activity Request Form that can be provided by the District Benefits Specialist in Diversity & Human Resources. Subsequent changes to enrollment are made on the website for 403(b) or by submitting a new Activity Request Form for 457(b). Employees may contact the Department of Diversity and Human Resources at (951) 328-3873, for information on enrolling in the plans. This information is also found on the Diversity and Human Resources page on the District's Intranet site, <http://intranet.rccd.net>.

The Third Party Administrator's website includes information related to the enrollment process, deferral limitations, participant accounts, distribution protocols, representative contact information and transfer and rollover information.

Effective Date of Enrollment: Employees may enroll in the plans at any time. Enrollments done by the 15th of the month will take effect that month. Enrollments done between the 16th and 31st of the month will take effect the following month.

FUND UTILIZATION

Annual contribution limits are defined by the Internal Revenue Code and are monitored by the District's Third Party Administrator. Maximum allowable contribution amounts can be found on the IRS website at www.irs.gov. All contributions made by the participating employee are processed through payroll deductions. Payroll deductions are established from information reported to the District by the plan Third Party Administrator for 403(b) or from the Activity Request Form for 457(b). All payroll deductions are processed by Riverside County Office of Education and are sent to the Third Party Administrator for distribution.

Although the intent of this program is to provide a vehicle for retirement savings, access to deposited funds prior to retirement or termination of employment may be allowed. Per IRS regulations all requests for fund distributions, loans, exchanges, transfers, financial hardship withdrawals and rollovers must be processed and approved by the plans Third Party Administrator. Employees must contact the Third Party Administrator to obtain the required forms, instruction, guidance and authorization for these types of requests.

Notwithstanding the above, under normal circumstances, participants are eligible to receive distributions from their accounts upon their separation from employment with the District, or attainment of age fifty-nine and one-half (59 ½). The Participant may

elect to receive a lump-sum distribution, which shall be distributed as soon as administratively feasible, or the Participant may elect a deferred commencement date. Third party administrator investment counselors are available to discuss these options in more detail.

The plans investment counselors are available to meet with employees, one-on-one to answer questions, provide financial counseling, and assist in completing the necessary transactions. Plan investment counselors typically visit each of our three colleges to provide information to participants and potential investors. Announcements are distributed via the District's e-mail system.

NOTE: Unless otherwise noted, all information above applies to both the 403(b) and 457(b) Plans.

Office of Primary Responsibility: Vice Chancellor, Diversity and Human Resources

Administrative Approval: June 30, 2008

Replaces Regulation 7005

Revised: September 26, 2011