**403B RETIREMENT VESTING**

**American Indian Model Schools will implement a “optional” retirement plan for our Certificated Teaching employees with the agreement to match the employee’s contribution at 3% beginning the 2019-2020 fiscal year.**

**It has been proposed that FULL vestment will be in year 3 year. Prior to full implementation, AIMS must decide what type of vesting will be intergraded into the plan.**

**There are two options:**

**Graded Vesting**

Graded vesting is a type of vesting in which employees receive a certain percentage of vesting after each year of service. The percentage increases a certain amount each year. For example, many companies use a five-year schedule in which the employee receives 20 percent each year. For example, after one year, they get 20 percent, after two years, they get 40 percent, and so on. Then after five years in the company, they are fully vested.

**Cliff Vesting**

Cliff vesting is another type of vesting in which employees do not receive any partial benefits. They either receive nothing when they quit or everything the employer contributed. The company will set a time limit that must be reached by the employee before becoming fully vested. For example, after five years, the individual will be 100 percent vested in the company. However, if they quit after four years of service, they will receive nothing.