

**PREPARED BY: KIMBERLY MORGAN, DIRECTOR**

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**SUBJECT: 403(b) VOLUNTARY RETIREMENT PLAN**

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**RECOMMENDED ACTION:** It is recommended that the Governing Board accept staff's recommendation to add a 403(b) Voluntary Retirement Plan to its employee benefit program.

**BACKGROUND:** A 403(b) plan is an employer sponsored employee benefit available to public schools and tax-exempt organizations. This plan, will allow employees to contribute voluntarily into a personal retirement account with either pre-tax or after tax (ROTH) salary withdrawals.

Employees may elect to contribute a portion of their monthly salary into an annuity or custodial account. The maximum contribution amount is \$22,500 for 2023. The contribution amount may be adjusted annually per Section 403 of the Internal Revenue Service provisions for deferred compensation plans. The benefit to employees is that these contributions are not taxable until the money is received by the employee or is tax free depending on the type of account used.

This plan also allows Employer contributions to be made to an employee's account, either by discretionary or matching contribution. No Employer contributions have been budgeted or approved by the Board at this time.

This plan has no impact on an employee's eligibility nor contribution rate to existing retirement plans: State Teachers' Retirement System (STRS). Participation in the pre-tax option of the plan reduces the amount of federal and state taxable gross income, as the amount contributed is tax-exempt; thus, the employee is not only saving for retirement, but also realizing a reduction in taxable gross earnings. The after tax ROTH option will be available.

Plan adoption, administration assistance and 403b education is being provided by Glen Guglielmina of 403b For Charters, in conjunction with National Benefit Services, "NBS". Copies of the Adoption Agreement, IRS compliant Plan Document, Provisions, Vendor agreements and administrative documents are attached for your review. Mr. Guglielmina will provide administrative assistance to TRCS and will conduct the required educational meetings and training. In addition, he will provide complimentary retirement planning to all staff.

Offering the 403b Plan to employees will allow Three Rivers Charter School to be in compliance with state requirements to offer a retirement plan to all employees and be exempt from enrolling in the state's Cal Savers program.

**FISCAL IMPACT:** This program costs to sponsor the 403b Plan are Service Fees paid to NBS:

- \$450 Plan Document (renewed approximately every 5 years as IRS regulations change)
- \$150 Annual Document Maintenance Fee
- Attached Quote list additional other possible fees that currently do not apply.

This plan will be offered and managed within our own administration resources, which requirements are minimal. The handling of payroll contributions and contribution audits will be handed by Charter School Management Corporation (CSMC) under the existing terms of that agreement.

Mr. Guglielmina will be compensated through the individual accounts opened, under disclosed fees, which are customary with 403b accounts opened with the vendor(s) selected. Employees will have the option to invest with a mutual fund company that does not charge sales or advisor fees.

This will be a multi-vendor plan. Participation is voluntary. The Board makes no investment recommendations and bears no responsibilities for the employees' selection of any product or custodial account, and makes no representations to employees about the advisability, appropriateness or tax consequences of any 403(b) account to which contributions are made