

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: June 15, 2010

TO: **BOARD OF EDUCATION**

FROM: Dr. Joe A. Hairston, Superintendent

SUBJECT: **VOLUNTARY ELECTIVE 403(B) PROGRAM UPDATE**

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**RESOURCE
PERSON(S):** Barbara Burnopp, Chief Financial Officer

INFORMATION

Attached is information on the current status of the voluntary elective 403(b) program.

Board of Education of Baltimore County

June 15, 2010

Voluntary Elective 403(b) Program Update



Voluntary Elective 403(b) Program

- Commonly referred to as “tax-sheltered annuity” or “403(b) plan”
 - Investment vehicles are limited to annuity contracts and mutual funds
 - Allows employees to defer (save) money for retirement on a pre-tax basis
- Prior to January 1, 2009, there were ten 403(b) vendors

Voluntary Elective 403(b) Program (Continued)

- Currently, based on the request for proposal process and in consultation with the unions and the Board of Education, employees can choose from five vendors. They are:
 - ING
 - Lincoln Financial Group
 - MetLife Resources
 - IFS/Security Benefits (formerly NEA Valuebuilder)
 - VALIC
- There are no employer contributions or matches

New IRS Requirements Effective January 1, 2009

- Required written plan document
- Increased employer responsibility for monitoring contribution limits, distributions, loans, hardship withdrawals, and transfers
- 403(b) plan moving closer to traditional 401(k) plan in terms of employer responsibility

Current BCPS 403(b) Program

- Adopted BCPS plan document
- Signed new contract with the five vendors related to new regulations
- Contract with VALIC Retirement Services Company (VARSCO) to serve as a third party administrator to ensure continued compliance with new regulations
- Hired CBIZ, a 403(b) Plan Investment Advisor to assist with plan investment monitoring and education
- Formed the 403(b) Plan Investment Committee
- Conducted employee participant survey
 - 75.2% of respondents rated the 403(b) plan as good or excellent

Future Plans

- Conduct annual vendor performance reviews with the 403(b) Plan Investment Committee
- Complete the implementation of the VARSCO - third party administrator responsibilities (e.g., online applications, single remittance)
- Increase universal availability notifications

Elective 403(b) Contributions

- As of April 2008, the total 403(b) annual cash flow from participants was **\$28,755,119.**
- As of December 31, 2009, the total 403(b) annual cash flow from participants was **\$21,858,498.**

Elective 403(b) Participation as of May 14, 2010

Union	ING	IFS/Sec Benefits	Lincoln	Met Life	VALIC	Total	%
AFSCME	6	9	24	33	126	198	4%
BACE	7	21	75	118	170	391	8%
CASE	17	21	108	112	163	421	9%
TABCO	199	439	845	1,127	1,034	3,644	77%
Other	1	22	11	12	19	65	1%
TOTAL	230	512	1,063	1,402	1,512	4,719	100%
%	5%	11%	23%	30%	32%	100%	