



Retirement Savings Options

Introduction

Fox Valley Technical College offers a broad range of retirement investment options to participants and beneficiaries through a 403(b) and 457 plans. Contributions may be held and invested under individual annuity contracts and/or custodial accounts. The College's objective in offering a wide range of investment alternatives under the Plans is to let each participant and beneficiary make investment decisions with respect to these alternatives based on his or her own risk tolerance and retirement objectives.

The College intends to periodically review the investment alternatives available under the Plan to ensure that the choices are reasonable. However, the College does not continuously monitor the choices, so Plan participants and beneficiaries should diligently review their investment choices.

Under the Plans, each participant and beneficiary is responsible for his or her own investment decisions—including both earnings and losses attributable to the participant's investment decisions.

Each participant and beneficiary must determine whether his or her investments are appropriate. Each investment provider generally provides you with certain information about your investments. If you need additional information you should contact the investment provider. The College urges each participant to review all information on a regular basis.

The College, its employees and agents are not liable for any losses or poor investments which result from investment instructions (or lack of instructions) given by participants and beneficiaries. The participant or beneficiary is responsible for monitoring the activity in his or her annuity contract and/or custodial accounts and determining if his or her investment instructions have been followed. If a participant or beneficiary finds his or her instructions have not been followed, he or she should immediately notify the appropriate vendor to correct the error or oversight.

403(b) and 457 Plan Highlights

Contributions to a 403(b) or 457 plan are made on a pre-tax basis. In other words, the contribution comes off the top of your paycheck and is not subject to federal or state income tax withholding, until you withdraw funds from these accounts. Contributions are subject to FICA/Medicare tax right away.

The Internal Revenue Service (IRS) has specific rules for contribution limits and early withdrawals. It is your responsibility not to exceed the contribution limits of the plans, and be aware of the withdrawal rules.

	403(b)	457
	Effective 1/1/2012	Effective 1/1/2012
Maximum Contribution Under Age 50	\$18,000	\$18,000
Maximum Contribution (Age 50 or older)	\$24,000	\$24,000
Before 59 ½ Early Withdrawal Penalty	Yes	No

It is important to note you can contribute to either or both a 403(b) plan and a 457 plan.

You are not required to choose one or the other.

403(b) Retirement Savings Investment Options

The 403(b) companies that Fox Valley Technical College is set up to direct salary deferrals to are listed below.

Before making a decision on the company, you owe it to yourself to learn as much as possible about your investment options when deciding where to allocate your retirement money. The following information is intended to provide you with general information regarding 403(b) plans and help you in formulating questions to ask 403(b) vendors during your decision making process.

403(b) investments are either a mutual fund or a tax-sheltered annuity or tax-deferred annuity. Be sure you understand the differences in your selection process.

Description of the Investment

Mutual Fund Company	Insurance/Annuity Company
Mutual Funds are a type of investment that bring together money from many people and invest in stocks, bonds and other securities. Each investor owns shares which represent participation in all those stocks and bonds. A 403(b) plan at a mutual fund company is held in a custodial account.	Insurance companies offer annuity contracts that invest money over a period of years to build a pool of income for retirement. Insurance companies administer the contract, make the investments and pay out the benefit.

Investment Options

Mutual Fund Company	Insurance/Annuity Company
Mutual Funds are managed according to set objectives that range from conservative to aggressive. Money Market Funds – low risk funds that invest in short term, high quality debt securities. The yield fluctuates daily. Bond Funds – invest in debt securities that seek to pay a higher yield than a money market but carry a higher risk. Stock/Equity Funds – invest in stocks ranging from small to large companies, foreign and domestic. Riskier than money market and bond funds.	Annuities are designed to be long term investments to meet retirement goals. Contributions are invested at a guaranteed interest rate or a variable rate. Fixed Annuities – guaranteed principal and a fixed rate of return (usually no more than 3-4%). Generally considered conservative and stable. Variable Annuities – no guarantee of principal but has the potential for higher returns than a fixed annuity. Investment options are typically mutual funds that invest in stocks, bonds and money market instruments.

Fees and Charges

Fees and charges will reduce the value of your account and the return on your investment.

Note: Fees vary from product to product and company to company. A company may charge any or all of the fees discussed.

Mutual Fund Company	Insurance/Annuity Company
<p>Sales Loads – Mutual funds may charge a sales load to pay commission to brokers for their service and advice.</p> <ul style="list-style-type: none">• Front-end Load – sales charge paid when shares are purchased. Load cannot exceed 8.5%.• Back-end Load – sales charge paid when shares are sold. Load is usually 5-6% the first year and decreases each year until zero.• No-load – mutual fund that does not charge any sales load. <p>12b-1 Fee – on-going fee taken out of fund assets to pay commissions and advertising costs. Fee is usually between 0.25-1.00% of assets.</p> <p>Annual Operating Expense/Management Fee – on-going fee taken out of fund assets to cover the cost of managing the money in the fund. Fee is usually between 0.20-3.00%.</p> <p>Custodial Fee – annual charge paid to the custodian for holding the securities in the fund.</p> <p>Additional Fees & Charges – some funds may carry additional fees. Charges may include a fee for transferring shares to another account or for withdrawing shares during the first few year.</p>	<p>Variable annuities have more features and generally carry higher fees than fixed annuities.</p> <p>Mortality & Expense Fee (M&E) – on-going charge based on account value to compensate the insurance company for risks it assumes under the contract. Fee is usually 1.25%.</p> <p>Surrender Fee – sales charge assessed if you withdraw money within a certain period of time. The charge is a percentage of the amount withdrawn, typically 7% the first year, and declines 1% annually until zero. Some contracts allow a withdrawal of 10-15% of the account value each year without paying the surrender fee.</p> <p>Management Fee – on-going fee the variable annuity indirectly pays to the mutual fund. The fee varies depending on the annuity, but typically will be less than what is charged directly by the mutual fund.</p> <p>Administrative Fee – annual charge to cover record-keeping and administrative expenses. The charge may be flat (typically \$25-\$30) or as a percentage of the account (typically 0.15%).</p> <p>Additional Fees & Charges – some variable annuities may carry additional fees. Charges may include an initial sales load or a transfer fee for transferring shares to another investment option.</p>

Company Ratings

Mutual Fund Company	Insurance/Annuity Company
Mutual Fund companies are not rated for their creditworthiness. However, independent financial research firms, such as Morningstar and Lipper, provide fund ratings based on their own criteria. These ratings are widely accepted throughout the industry.	Insurance/Annuity companies are rated by nationally known rating services such as A.M. Best, Moody's and Duff & Phelps to determine how financially sound they are.

Opening an Account

There are several ways to make an investment in a 403(b) account at a mutual fund company or to invest in a TSA at an insurance/annuity company.

- Contact the company directly via the 800 number listed or website.
- Contact a licensed insurance agent or call the local Insurance/Annuity Company office.
- Contact a third party such as a licensed broker, banker, financial planner or investment professional. Typically you will pay an extra sales charge for the advice and assistance received from a third party.

403(b) Companies

Company	Phone Number	Web Address
American Century	1-800-345-2021	www.americancentury.com
Ameriprise Financial		www.ameriprise.com
Fidelity	1-800-343-0860	www.fidelity.com
Putnam	1-800-662-0019	www.putnaminv.com
TD Ameritrade		www.tdameritrade.com
Templeton Funds	1-800-237-0738	www.franklintempleton.com
Vanguard	1-800-662-2003	www.vanguard.com
Wisconsin Education Association TSA Trust	1-800-279-4030	www.weatrust.com

457 Companies

Company	Phone Number	Web Address
Associated Trust, Neenah	920-727-8403	
Wisconsin Deferred Compensation	877-457-9327	www.wdc457.org

For information on the 457 plans, please contact Human Resources or the above institutions.

Suggested questions to ask your existing or prospective 403(b) or 457 vendor:

- Is your product a mutual fund or an annuity?
- What are my investment choices?
- Outline all of the fees and charges I will incur as a result of investing with you.
- How is your company rated by Morningstar (if a mutual fund) or by A.M. Best, Moody's and Duff & Phelps (if an insurance company)?

Enrolling

- Fill out the application materials, salary reduction form, and beneficiary form with the chosen 457 or 403(b) vendor.
- Be sure that you are not exceeding the contribution limits.
- If you are enrolling in the Wisconsin Deferred Compensation Program, you do not need to contact the Payroll Office. Wisconsin Deferred Compensation will notify Payroll of your election.
- For all other vendors, after you have set up your plan with your chosen vendor:
 - Forward a copy of your paperwork to FVTC payroll office for processing along with an FVTC Payroll Deduction Authorization form found in the forms section of the FVTC payroll web page.

Once You Are Enrolled

- Check your pay stub to make sure the correct amount is being deducted for the company(ies) you have enrolled with.
- Check your statement from your plan provider(s) on a regular basis. **Report any payroll related problems to payroll immediately.**

Changes

- To request a change, a new salary reduction form needs to be completed and submitted to the payroll office three weeks prior to the pay date you want the change to take effect. A generic salary reduction form is available on the FVTC payroll website or from the FVTC payroll staff. If you are enrolled in the WI Deferred Compensation Plan, you will need to go to their website to make your changes.