

MetLife Services for K-12 School District

An Easy Way To Manage Your Employee Benefits Program



MetLife®

MetLife ComplyNow

Flexible 403(b) Administrative and Compliance Support

MetLife understands that employers must find a sensible way to comply with the new regulations based on their own unique circumstances. Some employers may opt to handle their administrative responsibilities internally with existing staff or minimal additional resources. Other employers may look to obtain support from a third party.

The MetLife ComplyNow program, coupled with the services provided by an independent third party administrator, offers employers administrative and compliance support to fit your particular needs:

- **ComplyNow** is designed for employers taking a "do it yourself" approach and choosing to handle the new administrative responsibilities with existing resources. This option addresses key requirements of the new regulations, including an employee communication plan, a sample plan document, an information-sharing agreement, a provider agreement, and contribution limit monitoring software. An employer may also choose to utilize the services of a third party administrator.
- The **TPA Resource Guide** assists employers that have the resources and desire to hire an independent third-party firm to coordinate the administration of their 403(b) plan. MetLife Resources has surveyed the marketplace and compiled a list of independent third-party administrators - identifying their compliance services, document support, website access, experience in the 403(b) marketplace, and fee structure. Employers can use this resource to help guide their selection process.

Final Pay Plan

A Smart Way To Lower Taxes

As a public school employer, you may be compensating retirees for some of the vacation, personal leave and 'sick days that they had earned but did not use. Or, you might provide severance pay to an employee who loses his or .her employment because of a reduction-in-force or other circumstance beyond the employee's control.

We'll call the payment of those funds "final pay." School districts can use retirement contributions as a way to help lower both the employer's and the employee's FICA taxes on final pay.

If an employer pays final pay as a non-elective contribution to a tax sheltered annuity (403(b)) contract or other qualified retirement program instead of "cash" wages, the contribution is not considered wages for FICA and Federal income tax purposes. In most states, it also is generally not considered wages for state income tax purposes.

What's the benefit to the employer? Because an employer pays half of FICA taxes, the tax savings in changing final pay from "cash" wages to a "retirement program contribution" can be up to 7.65% of the final pay involved. For example, if an employer that would have paid \$1 million directly to retirees instead paid the same \$1 million as retirement contributions, it would save \$76,500 (at the maximum 7.65% rate) just in the employer's portion of FICA tax withholdings.¹

These FICA tax savings are permanent because the non-elective retirement contribution is not, and does not, become FICA wages.

457(b) Plan

An Additional Retirement Savings Opportunity For Employees

K-12 school districts can provide their eligible employees with an additional retirement savings opportunity by implementing a 457(b) deferred compensation plan. Offering such a plan might be particularly beneficial to those individuals nearing retirement. It allows them to contribute the maximum allowable amount to both the 403(b) program and 457(b) plan since 403(b) contributions do not count against a 457(b) plan's deferral limit. Although not all employees can afford to save this much, a higher-paid employee or an employee who has paid off his or her mortgage, for example, might welcome an opportunity to save more.

In addition, an employee who is thinking about retiring before age 59½ might want to consider another plan that allows him or her to elect a distribution on retirement or severance without a 10% penalty tax against "early" payments.²

Sponsoring a 457(b) plan can also be a great way to attract and retain talented educators and administrators. It provides an additional benefit for school district employees, and with MetLife's help, your effort can be minimal.

¹A full FICA rate of 7.65% applies on the first \$106,800 (effective January 1, 2009) of wages subject to FICA paid to each employee. A rate of 1.45% (Medicare) applies for wages in excess of \$106,800.

²Permissible distributions from a governmental 457(b) are not subject to the 10% penalty tax unless attributable to rollovers from other types of plans (e.g., 403(b), 401(a) or IRA).

Workplace Benefits

Solutions That Help Control Costs

More than ever before, employers are discovering the value of enhancing employee relations through the addition of Workplace Benefits. As healthcare costs continue to rise and the competition for high-quality skilled employees increases, so too does the demand for competitive benefits offerings. MetLife can be your long-term strategic partner by showing you how employee benefits can:

- Improve employee retention and increase morale
- Be affordable and comprehensive
- Be added with no additional administrative burden to you

MetLife's Workplace Benefits are built around a comprehensive communication and education strategy with product and service offers that include:

- Trustmark³ LifeEvents Universal Life Insurance (not available in New York)
- Trustmark³ Critical Illness/Cancer Insurance (Specified Disease Coverage in New York)
- Trustmark³ Accident Insurance
- Trustmark³ Disability Income Insurance
- Texas Life³ VPL-Plus (Voluntary Permanent Life) Insurance
- Texas Life³ PureLife Flexible Premium Life Insurance (not available in New York)
- MetLife Group Dental Insurance
- MetLife Group Life Insurance
- MetLife Group Disability Insurance
- MetLife Auto and Home[®] Insurance
- Hyatt Legal Plans⁴

³Trustmark and Texas Life are unaffiliated with MetLife. Through agreements with Trustmark and Texas Life, MetLife Resources is able to offer these policies. MetLife is not responsible for the financial obligations under any Trustmark or Texas Life policy.

⁴Hyatt Legal Plans is a MetLife company.

Let MetLife Guide You Into The Future... Today!

Call **877-638-7526** or visit **www.metlife.com/mlr**

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