

PASADENA ISD 457 Plan

The district approved provider for 457 (deferred compensation) payroll deductions is the Schamerhorn Financial Group (SFG). SFG handles both Part-Time/Temporary (mandatory) and Full-Time (voluntary) payroll deductions.

Schamerhorn Financial Group contact information:

Schamerhorn Financial Group
1331 Gemini, Suite 210
Houston, TX 77058
281-486-9700
281-486-7440 (fax)
www.schamerhorn.com

PISD has contracted with Mid America Administrative and Retirement Solutions, Inc. (MidAmerica) who shall act as the third party administrator between PISD and the investment provider (ING).

MidAmerica Contact Information: 1-800-430-7999

Part-Time/Temporary (Mandatory 457 Plan)

All temporary employees are required to participate in the 457 plan, unless:

- ❖ The part-time/temporary employee is a student worker and/or under the age of 18.
- ❖ The part-time/temporary employee is a TRS retiree receiving monthly benefits from TRS. The TRS retiree is eligible to have a 457 deduction, but it is not mandatory.

For each payroll period, the deduction is 7.5% of the Social Security Taxable Wage Base.

There are no loan or hardship provisions for the mandatory 457 deduction plan. Upon termination of employment, and after a minimum 12-month period, the part-time/temporary employee has three options regarding the funds accumulated in their 457 plan:

- ❖ They can leave the money in the account.
- ❖ They may choose to withdraw (cash-out) their contribution amount. These funds are taxable.
- ❖ They may choose to roll-over the funds into a different retirement fund. These roll-over funds are non-taxable.

The temporary employee would need to contact SFG to arrange the distribution of their contribution. Remember, for any of these options, the employee must have terminated employment for a minimum period of 12 months.

If a temporary employee is hired as a permanent employee, they may receive a full distribution of their 457 plan contributions after a minimum of 24 months as a permanent employee.

Voluntary 457 Plan (Deferred Compensation)

Pasadena Independent School District offers employees a payroll reduction plan for the purpose of providing retirement and other benefits for eligible employees as authorized by Section 3121 of the Internal Revenue Code of 1986.

Permanent employees for the district can choose to open a voluntary 457 plan. The employee would contact SFG to complete all necessary forms for this payroll deduction. There are annual limits for the deduction. This deduction is a pre-tax deduction.

There is a loan / hardship provision for the voluntary 457 deduction. The employee must meet the "Unforeseeable Emergency Policy" requirements to qualify for a distribution from the 457 plan.