Retirement Plan Solutions

for

Governmental and Nonprofit Organizations

Primerica offers supplemental retirement plans to the public sector and 501(c)(3) nonprofit organizations. These retirement plans provide a tax-deferred way to help employees build retirement assets in addition to any pension plan currently offered by an organization.

A supplemental retirement plan allows an eligible organization to set aside a portion of an employee's salary and invest it in the investment options selected by the employee. Because the contributions are made with before-tax dollars, less federal income tax is owed. No taxes are due on contributions or the earnings until they are taken as income, normally during retirement.

Supplemental retirement plans are available to employees at participating organizations offering the plans. Examples of these governmental and nonprofit organizations include:

- Public/Private School Districts (K-12)
- Higher Education (universities and colleges)
- Hospitals/Medical Services
- Endowments/Foundations
- Religious Facilities/Churches
- Charitable Organizations
- Alumni Associations
- Research Organizations
- Cultural Affairs/Museums
- Governmental Municipalities (county, city, state, or federal agencies)
- Municipal Public Service Departments (e.g., fire, police, utilities)
- Nonprofit Organizations (meeting IRS Code 501(c)(3) or not-for-profit laws of any state)

Types of Public Sector Retirement Plans

Public sector and nonprofit organizations commonly offer traditional defined benefit (DB) pension plans. However, there is a large need for employees of these organizations to build additional retirement assets through a defined contribution (DC) plan.

The primary goal for both DB and DC plans is to provide retirement income security for employees. Because the vast majority of public employees are required to contribute toward the cost of their pension benefit, most state and local government retirement plans are mandatory savings programs.

Today, the role of DC plans for state and local government employees is evolving. Traditional DB public sector retirement plans have historically offered a reliable level of retirement income. However, this level of income may not be adequate to provide the necessary income retirees need. A defined contribution plan plays a useful role as a supplemental savings vehicle.

A defined benefit plan, most commonly referred to as a "pension plan" promises a specific monthly benefit at retirement. The plan may state this promised benefit as an exact dollar amount, or more commonly, it may be calculated using a plan formula that considers such factors as salary and years of service.

A defined contribution plan does not promise a specific monthly benefit at retirement. In these plans, the employee or the employer (or both) contribute to the employee's individual account under the plan. These contributions are invested on the employee's behalf, and the employee will ultimately receive the balance in his or her account. The future account balance is based on contributions plus or minus investment gains or losses.

403(b) and 457(b) Retirement Plan Overview

What is a 403(b) Plan?

Named for the section of the Internal Revenue Code that created it, 403(b) plans enable an employer to offer an annuity contract or mutual fund custodial account to employees. Employees can make pre-tax contributions and if the plan permits, Roth after-tax contributions. Generally, 403(b) arrangements utilize a contract through an insurance company.

A 403(b)(7) plan, also known as a Tax-Sheltered Annuity (TSA), is a retirement plan for certain (eligible) employees of public schools and other tax-exempt organizations. Generally, 403(b)(7) arrangements utilize mutual funds as the investment vehicle. Employee contributions are deducted directly from his or her paycheck, and are invested in the investment funding options available in the plan. Pre-tax contributions and earnings grow tax-deferred and are taxed when an employee takes a distribution from his or her account, usually at retirement.

If the plan allows for Roth 403(b) contributions, those contributions are made with after-tax dollars. When distributed, Roth 403(b) earnings are not subject to federal income tax (and possibly state income taxes) provided they have been held for at least five years prior to distribution and meet other qualifying events.

A 403(b) account is a prudent way for employees to save for retirement, and supplement any pension or Social Security payments.

Some employers "match" their employees' contributions to the plan. This means that the employer contributes a percentage of the amount an employee contributes to his or her retirement account. Employees who chose not to participate in the plan give up this valuable benefit.

What is a 457(b) Plan?

Section 457 of the Internal Revenue Code (IRC) allows state, county, local governments, and non-governmental entities exempt under IRC 501 to establish employee deferred compensation (EDC) plans for their employees. Known as 457(b) plans, they enable eligible employees to save additional money for retirement.

457(b) plans are deferred compensation plans that allow eligible employees to set aside a portion of their salary on a before-tax basis, for the purpose of saving for retirement and providing an essential supplement to pension plans and Social Security. The plans can also accept employer contributions.

In addition, 457(b) plans are not subject to nondiscrimination rules, which are designed to ensure that highly compensated employees do not receive a disproportionate share of the benefits under qualified plans maintained by the employer.

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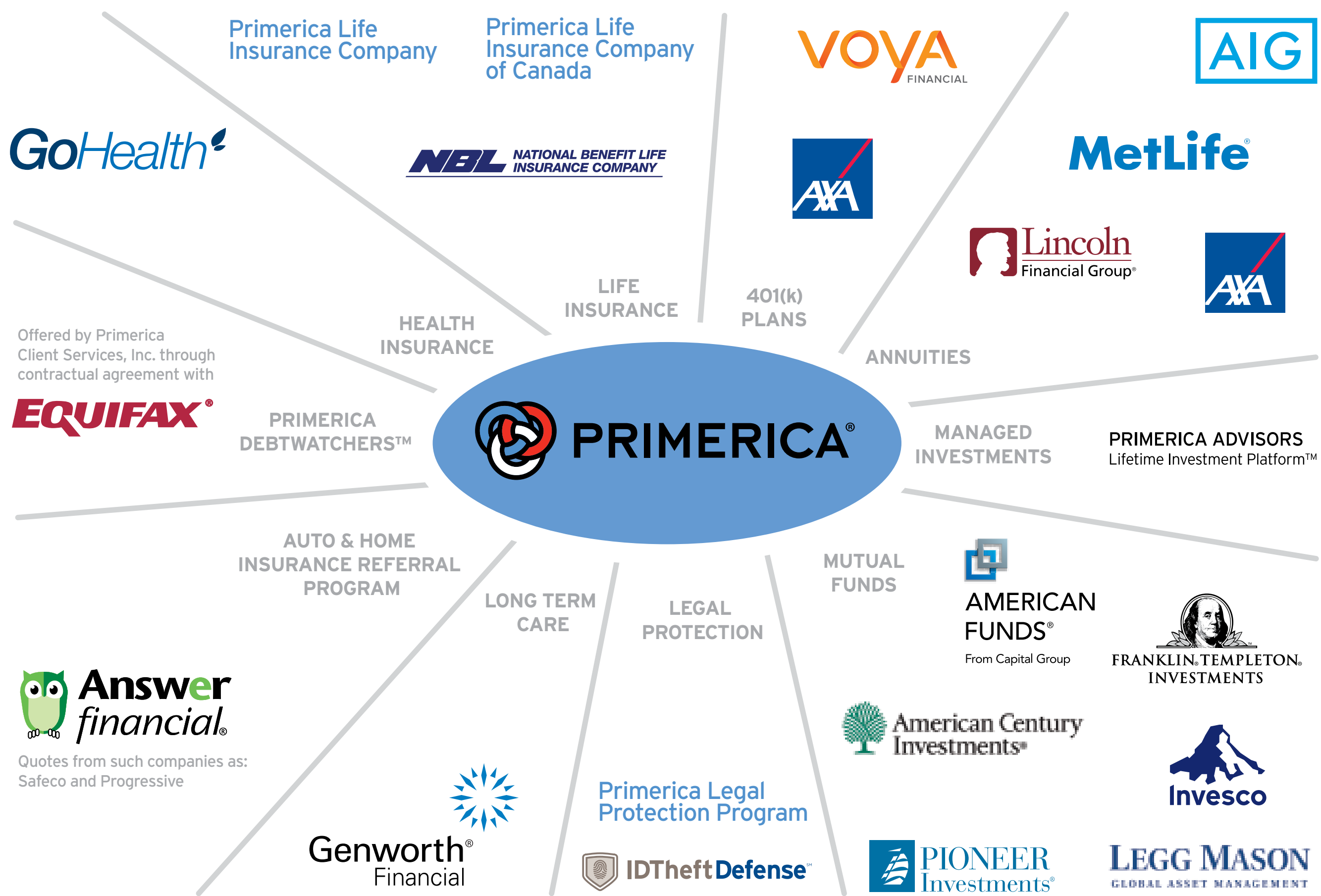

Please refer to the Important End Notes for additional details about the contractual arrangements and company affiliations detailed above.

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- **Fixed and Variable Annuities**
- **Managed Investments**
- **IRAs**
- **Education Savings**
- **Term Life Insurance**
- **Primerica Legal Protection Program (PLPP)**
- **Long Term Care Insurance**
- **Financial Needs Analysis (FNA)**
- **Financial Wellness Workshops**
- **Debt Solutions**

Primerica's mission is to help families earn more income and become properly protected, debt free and financially independent. We:

- Teach people how money works so they can make informed decisions about how to take control of their finances.
- Provide a Financial Needs Analysis to give clients a snapshot of their financial situation.
- Offer a variety of products and services designed to help people get properly protected, debt free and financially independent.

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- **More than 2 million client investment accounts**
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