



School District U-46

403(b) and 457(b) Retirement Plans

Frequently Asked Questions

The following questions and answers are offered to help you understand the upcoming changes to the 403(b) and 457(b) Retirement Plans.

What is changing?

Effective **November 1st, 2019**, the School District U-46 403(b) and 457(b) Retirement Plans (the “Plans”) will be administered by AIG Retirement Services.

Why is this change being made?

Over the past 18 months, the District has been evaluating the Plans in an effort to provide you with retirement solutions that are easy-to-use, cost-efficient, and satisfying. As a part of this review, the District has established a Retirement Committee to oversee the Retirement Plans, engaged an independent investment consultant to provide expertise and guidance to the Committee (RVK, Inc.), and conducted a review of the Retirement Plans’ service providers.

The goal of the District was to identify a provider that has the ability to offer the best set of services to meet the needs of District employees at the most competitive price. Following the completion of an extensive competitive evaluation process, AIG/VALIC Retirement Services was identified as the provider who will provide a comprehensive and cost-efficient retirement offerings to the District.

What is the Retirement Committee?

The School District U-46 Retirement Committee (the “Committee”) was established to oversee the Plans for the benefit of the District and its employees who elect to participate in the Plans. The Committee consists of District employees responsible for human resources and operations, and members of the ETA and Region 63 unions.

Who is AIG Retirement Services?

AIG Retirement Services is a well-established leader in the financial services industry with more than 60 years’ experience helping people prepare for a secure retirement. Through our new partnership with AIG Retirement Services, you will have access to a wide range of educational and employee services, including:

- Lower administrative fees, so more of the money you contribute goes towards generating returns
- Easy access to one-on-one personal counseling with a dedicated local advisor team
- Online retirement planning experience tailored to you and your goals
- Robust education programs to help you become retirement ready
- Access to a broad array of mutual funds, along with continued access to a fixed account
- 24/7 access to account information and transactions by phone, online, and via mobile devices

Did the School District U-46, members of the Committee, or the investment consultant receive compensation for selecting AIG Retirement Services?

No.

What are my options?

1. If you are participating in the Plans today, you do not have to do anything. You can continue saving for your retirement, or you can choose to stop saving for retirement through the Plans. There are additional details on the upcoming changes provided below.
2. If you are not participating in the Plans today, you can decide to join the Plans and start saving for retirement, or you can continue not participating. There are additional details and considerations provided below.

Employees Currently Participating in the Plans

What will happen on November 1st, 2019?

Effective November 1st, 2019, all current contributions will be re-directed to the Plans administered by AIG Retirement Services.

Do I need to re-enroll with AIG Retirement Services?

No. If you are currently making contributions with any of the service providers today, you will not be required to re-enroll. Your future contributions will automatically be sent to AIG Retirement Services and invested in an age-appropriate Vanguard Target Retirement Date Fund until you change your investment fund allocation.

If you do not want to be invested in a Vanguard Target Retirement Date Fund, you will need to make those changes online after November 1st at aig.com/RetirementServices, or by calling 1-800-448-2542, or by contacting a local AIG Retirement Services financial advisor.

What happens to my accounts with my current provider?

If you have a balance in the Plans at any of the current providers, those balances **will not** transfer to AIG Retirement Services. As long as you maintain a balance with a previous provider, you will be able to access that account as you do today.

If you would like to transfer your balances to the new AIG Retirement Services platform after November 1st, 2019, you will need to reach out to AIG Retirement Services. A local AIG Retirement Services advisor can assist you with a Rollover Transfer Analysis process to help determine if moving your current balance is in your best interest.

A series of group meetings and educational sessions will be scheduled throughout the transition period. AIG Retirement Services advisors will be available to help you review your current plan balances, including any investment restrictions, surrender fees, etc., in order to determine appropriate next steps based on your specific individual circumstances.

Are there any fees to transfer my current account to AIG Retirement Services?

There are no fees charged by AIG Retirement Services or the District for transferring your account balance. However, there could be investment restrictions or surrender fees associated with your current legacy provider. It will be important to complete a Rollover Transfer Analysis to determine what if any fees or costs are associated with transferring your account.

What will happen between now and November 1st, 2019?

Your contributions will continue to be sent to your current provider. Your final contribution to your current provider will be the last pay period in October 2019.

What is the quiet period?

ONLY APPLICABLE IF YOU ARE CURRENTLY CONTRIBUTING TO AIG RETIREMENT SERVICES TODAY:

The quiet period is a time during which you will be unable to access your AIG/VALIC account. This is the time when your existing accounts will become temporarily unavailable while AIG Retirement Services reconcile your accounts onto the new platform. You cannot make any transactions, such as requesting a hardship withdrawal, loan, or distribution, or changing your investment elections, during this time. You will be able to make transactions after the quiet period ends.

- The quiet period begins on **October 25, 2019**. Transactions will be accepted and processed until this time.
- The quiet period ends no later than **October 31, 2019**.

Following the quiet period, please be sure to update your beneficiary information by logging on to aig.com/RetirementServices or by contacting your local AIG Retirement Services financial advisor.

Can I stop contributing?

Yes. While the District is making these changes to help you become more prepared for retirement, you can decide to opt-out of the Plans at any time. Please contact Lori Nommensen at extension 5544 or via email at LoriNommensen@u-46.org.

By opting out, this means you will not be saving for retirement through a workplace retirement plan. We highly encourage you to think about what this means for your future retirement. There are other options outside of a workplace plan that allows you to save for retirement, such as an IRA or Roth-IRA; however, there are meaningful differences you should be aware of.

Can I roll-over my current 403(b) or 457(b) account balance to an IRA?

You may request a rollover to an IRA or other distribution if you meet the criteria for a distribution outlined in the Plan Document.

Generally, a distribution can't be made from a 403(b) account until the employee:

- Reaches age 59½;
- Has a severance from employment;
- Dies;
- Becomes disabled;
- In the case of elective deferrals, encounters financial hardship.

Generally, a distribution can't be made from a 457(b) account until the employee:

- Has a severance from employment;
- Dies;
- Becomes disabled;
- In the case of elective deferrals, encounters financial hardship.

What happens to my account if I currently have a loan outstanding?

Outstanding loans with AIG Retirement Services or another existing provider will not be transferred to the AIG Retirement Services platform. Your loan repayments will continue to be paid under the terms that were agreed upon. Once a loan has been paid in full, you will be able to transfer the account balance to the new District 403(b)/457(b) Plan if you choose.

Employees Not Currently Participating

If I'm not participating now, how do I enroll in the Plan?

If you are not currently participating in the Plans and would like to do so prior to October 24, please contact Lori Nommensen at extension 5544 or via e-mail at LoriNommensen@u-46.org to complete a Salary Reduction Form and enroll in the existing AIG Retirement Services annuity platform or contact a local AIG Retirement Services advisor to assist you with the process.

Please note, new enrollments will not be accepted during the dates of October 25th – October 31st.

Beginning November 1st 2019, if you are not currently participating in the Plans, you can enroll online, by phone, or by contacting a financial advisor.

To enroll online:

- Visit aig.com/RetirementServices
- Enter your access code: 01480001
- Click "Continue" to get started
- Follow the prompts

To enroll by phone:

- Call 1-888-569-7055 to reach an Enrollment Specialist
- Provide your access code: 01480001

To enroll in person, reach out to:

- Sandi Arko
Financial Advisor – (815) 355-2756
- Jimmy Valle
Financial Advisor – (312) 877-2232
- Dylan Hernandez
Financial Advisor – (312)350-4506
- Erik Lindgren
Financial Advisor – (224) 343-3422

Information about the Plans

What are the differences between 403(b) and 457(b) Plans?

457(b) Plan Features:	403(b) Plan Features:
<ul style="list-style-type: none"> No 10% IRS penalty following separation of service Loans available Age-based catch-up contribution In-service distributions from your contributions are not permitted until age 70 ½ 	<ul style="list-style-type: none"> 10% IRS penalty may apply to withdrawals prior to age 59 ½ Loans available If you meet certain requirements, you may make age based catch-up contributions In-service distributions from your contributions may be distributed for certain events: <ul style="list-style-type: none"> Age 59 ½ Death or disability Financial Hardship

How much can I contribute to the 403(b) and 457(b) Plans?

The limits for each of the Plans in 2019 is as follows:

457(b) Plan:	403(b) Plan Features:
<ul style="list-style-type: none"> The maximum limit on elective contributions is \$19,000 in 2019. If you are age 50 or older by December 31, 2019, you may contribute an additional \$6,000 to the plan. Special 457(b) catch-up contributions allow a participant for 3 years prior to the normal retirement age (as specified in the plan) to contribute the lesser of: <ol style="list-style-type: none"> Twice the annual limit (\$38,000 in 2019), or The basic annual limit plus the amount of the basic limit not used in prior years (only allowed if not using age 50 or over catch-up contributions) <p>Note: Additional rules apply for participants eligible for both catch-up provisions</p> <ul style="list-style-type: none"> You may also make additional rollover contributions into the plan from other eligible retirement plans. 	<ul style="list-style-type: none"> The basic limit on elective contributions is \$19,000 in 2019. If you are age 50 or older by December 31, 2019, you may contribute an additional \$6,000 to the plan. An employee who has at least 15 years of service has a 403(b) elective deferral limit that is increased by the lesser of: <ol style="list-style-type: none"> \$3,000, \$15,000, reduced by the amount of additional elective deferrals made in prior years because of this rule, or \$5,000 times the number of the employee's years of service for the organization, minus the total elective deferrals made for earlier years. <p>Note: Additional rules apply for participants eligible for both catch-up provisions</p> <ul style="list-style-type: none"> You may also make additional rollover contributions into the plan from other eligible retirement plans.

These limits may change in future years as prescribed by the IRS.

Are loans or unforeseeable emergency withdrawals available under the Plans?

Yes. Loans and unforeseeable emergency withdrawals are currently allowed by the Plans. A one-time fee will be charged as an initial setup cost with an annual fee assessed for administration of the loan.

Will pre-tax and Roth contributions continue to be available?

Yes.

Can I roll over funds from another qualified savings plan to this account?

Yes, you may roll over funds from other similar qualified plans.

What investment options will be available in the Plans?

The Plans will offer an array of mutual funds representing broad asset classes and categories, as well as a fixed account option. Remember that investing involves risk, including possible loss of principal. Beginning November 1st, you will be able to review the new funds by logging in to your account online at aig.com/RetirementServices. You will also be able to access additional information, including quarterly fund performance, about each available investment option online.

Please see below for a list of the investment options that will be made available to participants in the Plans:

Mixed-Asset Funds	Fund Name	Ticker	Fund Expense Ratio	Annual Fee on \$1,000
Target Date Funds	Vanguard Target Retirement Income Inv	VTINX	0.12%	\$ 1.20
Target Date Funds	Vanguard Target Retirement 2020 Inv	VTWNX	0.13%	\$ 1.30
Target Date Funds	Vanguard Target Retirement 2025 Inv	VTTVX	0.13%	\$ 1.30
Target Date Funds	Vanguard Target Retirement 2030 Inv	VTHRX	0.14%	\$ 1.40
Target Date Funds	Vanguard Target Retirement 2035 Inv	VTTHX	0.14%	\$ 1.40
Target Date Funds	Vanguard Target Retirement 2040 Inv	VFORX	0.14%	\$ 1.40
Target Date Funds	Vanguard Target Retirement 2045 Inv	VTIVX	0.15%	\$ 1.50
Target Date Funds	Vanguard Target Retirement 2050 Inv	VFIFX	0.15%	\$ 1.50
Target Date Funds	Vanguard Target Retirement 2055 Inv	VFFVX	0.15%	\$ 1.50
Target Date Funds	Vanguard Target Retirement 2060 Inv	VTTSX	0.15%	\$ 1.50
Target Date Funds	Vanguard Target Retirement 2065 Inv	VLXVX	0.15%	\$ 1.50

Passive Asset Class Funds

Core Fixed Income	Fidelity: U.S. Bond Index (FXNAX)	FXNAX	0.025%	\$ 0.25
US All Cap Stocks	Fidelity: Total Market Index (FSKAX)	FSKAX	0.015%	\$ 0.15
US Large Cap Stocks	Fidelity: 500 Index (FXAIX)	FXAIX	0.015%	\$ 0.15
US Small/Mid Cap Stocks	Fidelity: Extended Market Index (FSMAX)	FSMAX	0.04%	\$ 0.40
Non-US Stocks	Fidelity: Total International Index (FTIHX)	FTIHX	0.06%	\$ 0.60

Active Asset Class Funds

Fixed Account	VALIC Fixed Interest Option	N/A	N/A (See Below)	
Core Fixed Income	Baird Aggregate Bond Fund Class Institutional	BAGIX	0.30%	\$ 3.00
Core Plus Fixed Income	PGIM Total Return Bond Fund -Class R6	PTRQX	0.39%	\$ 3.90
US Large Cap Stocks	AQR Large Cap Defensive Style Fund Class R6	QUERX	0.30%	\$ 3.00
US Small Cap Stocks	BlackRock Advantage Small Cap Core Fund Class K	BDSKX	0.45%	\$ 4.50
Non-US Stocks	American Funds EuroPacific Growth Fund Class R-6	REGRX	0.45%	\$ 4.50

Self-Directed Brokerage

Schwab Personal Choice Retirement Account

What is a self-directed brokerage account?

A self-directed brokerage account (SDBA) allows participants access to a broad array of investment funds outside of a core investment menu for those who wish to take a more active approach to managing their investments.

AIG Retirement Services offers an SDBA through Charles Schwab & Co., Inc., the Schwab (Personal Choice Retirement Account ®, or PCRA). The PCRA account features access to more than 8,400 publicly traded mutual funds from more than 640 well-known fund families. Schwab's Mutual Fund One Source ® service features over 4,000 no-load, no transaction fee funds. A participant must maintain an account balance of \$5,000 in the plan's core investment options on the AIG platform and can allocate up to 90% of their remaining assets to the PCRA account.

Funds available through the PCRA may be subject to higher expense ratios, sales loads, transaction costs, and other miscellaneous fees. An annual \$50 account maintenance fee is charged to use the SDBA. If you are working with an external advisor, you should also review what, if any, conflicts of interest they might have or restrictions in the investment products that they are able to recommend to you.

Why should I care about fees in my retirement account?

Investing in a workplace retirement plan, such as a 401(k), 403(b), or 457(b) is not free, nor is investing through an IRA. Participants in such plans typically pay two basic costs: investment management costs and administrative costs.

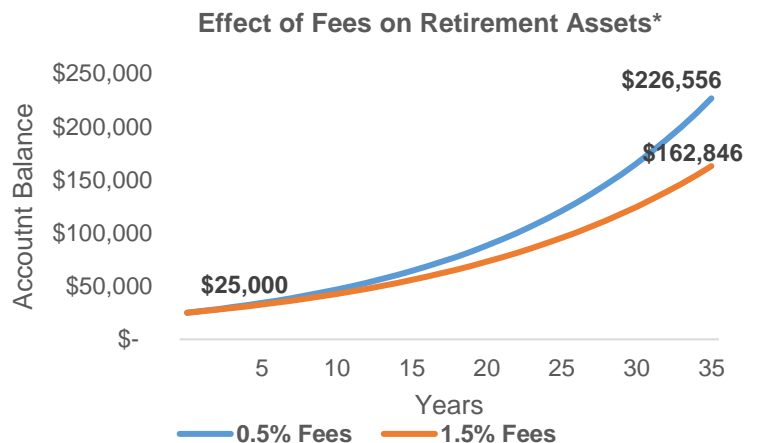
- Investment management fees, which are a percentage of your invested assets, are disclosed in the fund's prospectus and on the AIG Retirement Services website. The fees reduce your daily investment returns.

Participants in the Plans benefit from the size and scale of all District employees contributing through the same platform, which allows the Plans to offer the institutional share class of many mutual funds. This means that, because of the size of the Plan, you will have access to lower-costing investments than those available to individual investors.

- Administrative fees are paid to the administrator (in this case, AIG Retirement Services) for the costs of administering the Plans, including processing and investing your contributions, providing a website, call center, and field representatives, and ensuring that the Plans are operated in compliance with IRS rules and regulations.

Fund managers sometimes pay a portion of their investment management fees to the administrator for performing functions that the investment manager otherwise would have to perform themselves. These administrative fee payments are known through a variety of names, including "revenue sharing," "12b-1 fees," and "sub-transfer agency fees". The funds selected by the Retirement Committee do not have any of these fees included in their expense ratios. Some of the existing providers have such fees in their expense ratios, which are likely used to offset the provider's administrative expenses rather than charging you for administration directly.

- Fees, whether investment or administrative, can have a significant impact on the amount that you receive from your retirement plan investing. The following chart, which is based on information provided by the US Department of Labor, demonstrates how a 1% difference in fees can affect the amount you receive in retirement. *The chart assumes no additional contributions and an average annual return of 7%.



What are the costs to participate in the Plans?

The investment management cost charged by the mutual fund companies is stated as the expense ratio. The average investment expense ratio of the Plans is 0.17% with a range of fees from 0.02% to 0.45%.

AIG Retirement Services will receive a fee for providing recordkeeping and administrative services to the Plans. The Retirement Committee is currently evaluating the most appropriate way to assess these fees to participants. This information will be available prior to November 1st, 2019.

Depending on your unique situation, it is possible that you could save significantly by participating in the Plans. We encourage you to compare the fees between the Plans and your current accounts and discuss your specific situation with an AIG Retirement Services advisor to determine if you could realize savings from transferring assets.

Are there any surrender charges or other investment fees?

No. There will be no surrender charges or additional hidden investment fees associated with the investment options available within the 403(b)/457(b) Plans administered by AIG Retirement Services starting November 1st, 2019.

It is possible that your existing accounts may be subject to surrender fees or investment restrictions. We encourage you to discuss your individual situation with an AIG Retirement Services financial advisor before requesting an asset transfer.

How do I find out what I am paying for investments and administrative services with my current provider?

All accounts have investment management and administrative costs associated with them. **If other retirement savings plan providers tell you that there are no investment and/or administrative fees associated with your account, you should be immediately concerned since they incur investment and administrative costs.**

You can start by asking the provider of your current account about their fees. If you do not get a clear answer from a representative, who may be earning a sales commission, you can do your own investigation. Some of the items you can review and consider are:

- The expenses listed in the fund prospectus. It is required that these expenses be disclosed to you.
- Look for other asset-based investment fees or administrative fees charged as a flat dollar amount or a percentage of your account.
- Review to see if there are transaction fees for specific services such as exchanges, loans, investment changes, withdrawals, etc.
- Be on the lookout for loads, sales charges, and/or surrender charges. Such fees may penalize you for taking money out of the account or charge you a significant upfront fee to invest.

How can I access my account with AIG Retirement Services?

If you are an existing AIG Retirement Services participant, you will be able to access both of your accounts (annuity and new) through your current web access credentials.

For those who are new to AIG Retirement Services you will need to register for online access after the first payroll on November 1 has been received. You will simply log on to aig.com/RetirementServices and will be guided through the account registration process.

You will have access your account 24 hours a day, seven days a week by simply logging on to aig.com/RetirementServices or calling 1-800-448-2542 for your account details. This toll-free number can also connect you with a Customer Service Representative available Monday through Friday from 7 a.m. to 8 p.m. (CT). You can also contact your dedicated AIG Retirement Services financial advisor. Finally, you can use AIG Retirement Services Mobile Access at my.valic.com/mobility or download the AIG Retirement Services Smartphone App for account access at your fingertips.

Do I need to complete a new Beneficiary Designation?

Yes. In order for beneficiary information to be effective for the new plan, you must complete an electronic Beneficiary Designation election online at aig.com/RetirementServices or print and complete the Beneficiary Designation Form. The Beneficiary Designation Form can be returned to your financial advisor or sent directly to AIG Retirement Services at the address or fax number listed on the form.

How often can I make changes to my new AIG Retirement Service account?

You may change your contribution percentage and your investment options as often as you like following the end of the quiet period. To make these changes, you can log in to your account online at aig.com/RetirementServices, by phone at 1-800-448-2542, or with a local AIG Retirement Services financial advisor.

How often will I receive an account statement?

AIG Retirement Services mails account statements to your address on record no later than 10 business days after the end of each calendar quarter. These account statements include helpful information about your account balance, your investment elections and transaction history for all of your accounts with AIG Retirement Services. Account statements can also be accessed online at aig.com/RetirementServices.

Whom can I contact if I have questions?

If you have questions, please contact your local AIG Retirement Services financial advisors:

- Sandi Arko
Financial Advisor – (815) 355-2756
- Jimmy Valle
Financial Advisor – (312) 877-2232
- Dylan Hernandez
Financial Advisor – (312)350-4506
- Erik Lindgren
Financial Advisor – (224) 343-3422

You may also contact Lori Nommensen at extension 5544 or via email at LoriNommensen@u-46.org.

Financial advisors will be available to meet with you during group meetings scheduled throughout the transition. Please see the Meeting Schedule below.

MEETING DATE	MEETING TIME(S)	MEETING LOCATION
September 9, 2019	3:15 P.M. in the auditorium	Bartlett High School
September 9, 2019	3:45 P.M. in the library	Kimball Middle School
September 9, 2019	3:45 P.M. in the library	Abbott Middle School
September 10, 2019	3:15 P.M. in the auditorium	Larkin High School
September 10, 2019	3:45 P.M. in the cafeteria	Eastview Middle School
September 10, 2019	3:45 P.M. in the cafeteria	Canton Middle School
September 11, 2019	3:15 P.M. in room B-100	South Elgin High School
September 11, 2019	3:45 P.M. in the auditorium	Tefft Middle School
September 11, 2019	3:45 P.M. in the auditorium	Ellis Middle School
September 12, 2019	3:15 P.M. in the auditorium	Streamwood High School
September 12, 2019	3:45 P.M. in the auditorium	Larsen Middle School
September 12, 2019	3:45 P.M. in the library	Kenyon Woods Middle School
September 13, 2019	3:15 P.M. in the auditorium	Elgin High School
September 13, 2019	3:30 P.M. in room 240	Educational Services Center
September 18, 2019	TRS will present first and then AIG will present at 5:30 p.m.	Larkin High School
September 19, 2019	IMRF will present first and then AIG will present at 5:30 p.m.	Larkin High School

These Questions & Answers are intended to provide you with general information on the benefits offered by The District. Every effort has been made to provide an accurate summary of such benefits. However, if there is a conflict between the material in this document and the actual Plan documents, the terms of the Plan document will control. Notwithstanding anything to the contrary contained in this document, the District reserves the right to amend, modify, or terminate any benefit at any time.