

Other Programs for District Employees

UPDATED 2006

In addition to health and welfare benefits, Tacoma School District employees may choose from a potpourri of other benefit programs.

These programs can help you save for retirement...give you a tax-break on dependent and health care expenses...provide you with paid and unpaid leaves...and more!

Some of these programs are available to all District employees, while others are available only to certain bargaining units. To find out whether you are eligible to participate in the various programs, be sure to check your collective bargaining agreement—or call The Sound Partnership at **(253) 571-1103**.



This is intended only as a highlights of the plan—it is not a summary plan description. If there is a conflict between these highlights and the official plan documents, the official plan documents will prevail. The Sound Partnership reserves the right to amend or terminate the plan or any plan provision at any time. This is not an employment contract or a guarantee to continue employment for any length of time.

This brochure briefly describes the other programs available to most Tacoma School District employees. Following is a list of these programs and where you can get more details and information about how to participate.

Offered by The Sound Partnership

- Cash Management Account
- Long Term Care Insurance

For more information, contact...

Gary Robb
Assistant First Vice President
Investments, Merrill Lynch:
(253) 943-5013 (Tacoma)
1-800-443-5584 (toll-free)

The Sound Partnership

Offered by the District

- Direct deposit of paychecks
- Credit Union deductions
- Purchase of U.S. Savings Bonds
- Retirement Savings Plans:
 - Deferred Compensation Plan
 - Salary Reduction Plan
- Premium Conversion Plan
- Dependent Care and Health Care Flexible Spending Accounts
- College Savings Plan
- Continuation of coverage in case of retirement, disability or resignation
- Optional Cancer/Intensive Care/ or the Accidental Injury insurance/ Hospital Confinement

Payroll Office

Payroll Office

The Sound Partnership

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Payroll Office or Educators' Financial Partners at
(253) 566-0566

The Sound Partnership

The Sound Partnership or the American Family Life Assurance Company (AFLAC) at **(253) 471-1050**

Offered by the Washington Education Association

- Optional Short Term Disability
- Optional Accidental Death and Dismemberment

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Cash Management Account (CMA)

If you are looking for a way to combine all of your financial services, you may be interested in a Merrill Lynch Cash Management Account (CMA). This valuable service is sponsored by The Sound Partnership. The CMA account is a personal asset management account for investing and saving. This account features unlimited check writing, VISA card with cash machine access, no minimum balances and daily money market interest rates. At your request, your paycheck can be deposited directly into an individual account set up in your name.

This service also provides the professional services of a Merrill Lynch Financial Consultant and the comprehensive reporting of your financial activity.

Long Term Care Insurance

This plan is designed to help pay covered expenses if you need extended nursing home care or professional home health care due to a major disabling condition.

Long Term Care Insurance is available to employees who are members of The Sound Partnership, as well as to their spouses, parents, parents-in-law, grandparents and grandparents-in-law. If you are eligible, you may purchase coverage on an individual basis from the Unum insurance company.

Direct Deposit of Paychecks

The District will automatically deposit your paycheck into your checking or savings account at the bank or credit union of your choice upon completion of a District Direct Deposit form. With direct deposit, you receive a statement of earnings each payday. The statement will itemize your current and year-to-date deductions, as well as the amount deposited. You may have up to five direct deposits.

As an alternative, you can have your paycheck deposited to a special investment account, as described above in the section *Cash Management Account*.

U.S. Savings Bonds

District employees may buy Series EE, United States Savings Bonds through convenient payroll deductions. U.S. Savings Bonds are a secure way to save for the future. And, if you cash in the bonds to pay for your child's college tuition, you may qualify for special tax treatment.

403(b)—Salary Reduction Plan

As an employee of a school district you are eligible for a retirement savings plan which lets you save and invest for tomorrow—while you get a tax break today.

Your contributions to the plan comes out of your paycheck before federal income tax is withheld. As a result, you will pay less tax on your current income. Here is another bonus: you will not pay tax on your savings or any investment earnings until you make a withdrawal.

This type of plan is called 403(b) plan or Salary Reduction Plan. With this plan, you may generally:

- Contribute up to 20% of your annual salary (maximum: \$15,000 in 2006, adjusted annually).
- Invest in your choice of approximately 35 different insurance and mutual fund companies; and
- Starting at retirement, receive your account as an annuity, that is in equal monthly amounts for the rest of your life, in a lump sum or through various other payout options.

If you work for another employer during the calendar year and contribute to another qualified plan such as 403(b) or 401(k) plan, that amount will count against the calendar year maximum.

Also, please remember that these are retirement savings plans. They are designed to help you save for the long run—your retirement. The federal tax code imposed strict limitations on withdrawals. Please consult your financial or tax advisor before deciding if you want to contribute to a 403(b) plan.

The Premium Conversion Plan

If you have payroll deductions for medical plan coverage or Cancer/Intensive Care/Accidental Injury coverage, you can cut your costs by participating in the Premium Conversion Plan.

This plan allows you to pay your share of the costs with before-tax money—your costs come out of your paycheck before federal income or Social Security and Medicare taxes are withheld. Since that reduces your taxable income, you will pay less tax.

Your tax savings will depend on your federal income tax bracket. For example, most employees are in the 15%, 25%, or 28% tax bracket and pay Social Security and Medicare (FICA) taxes equal to 7.65% of earnings. Consequently:

If you are in this federal income tax bracket...	Your tax savings will generally equal this percent of the amount you pay for coverage...
15%	22.65% (15% federal income plus 7.65% FICA)
25%	32.65% (25% federal income plus 7.65% FICA)
28%	35.65% (28% federal income plus 7.65% FICA)

Participation in the Premium Conversion Plan is voluntary. Keep in mind that restrictions apply if you want to make changes during the plan year. You must sign a waiver if you do not want this benefit.

Dependent Care and Health Care Flexible Spending Accounts (FSAs)

Like the Premium Conversion Plan, these two voluntary accounts help you save money by giving you a significant tax-break on your eligible expenses.

If you choose to participate, you can pay eligible costs with before-tax money—that is, money not subject to federal income tax or Social Security withholding. You reduce your taxable income and, as a result, pay less tax. That can mean more take-home pay for you.

Depending on your needs, you may choose to participate in either or both:

- **Dependent Care FSA.** You can use this account to pay someone to take care of your children or other dependents while you are at work.
- **Health Care FSA.** You can use this account to pay health care costs not covered by insurance—including copayments and deductibles as well as such expenses as orthodontia that you usually have to pay out of your own pocket.

Cancer/Intensive Care/Accidental Injury/Hospital Confinement

You may purchase extra protection against the high medical and personal costs associated with cancer diagnosis and treatment, hospital intensive care, or accidental injury, or hospital confinement.

These insurance policies are available from the American Family Life Assurance Company. If you participate, you will pay the cost through convenient payroll deduction. You may pay for cancer, hospital confinement, intensive care, and accident insurance on a before-tax basis, as described in *The Premium Conversion Plan* on page 6.

Short Term Disability (STD) and Accidental Death and Dismemberment (AD&D)

The Washington Education Association offers the STD and AD&D plans to eligible employees. Employees who enroll will pay the monthly cost of their coverage through payroll deductions.

Participation is optional. If you are eligible, you may enroll in either or both of the following:

- **Short Term Disability.** This plan is designed to replace part of your income if you are unable to work for a period of time due to illness or injury. Benefits begin the first day you are gone from work due to disability and on the fourth day due to illness, and may continue for up to 90 days.
- **Accidental Death and Dismemberment.** This plan pays benefits for death or certain serious physical losses resulting from a covered accident on or off the job. AD&D death benefits are in addition to any benefits paid by your Sound Partnership life insurance plan.