Important Benefit Information for Southern State Community College

Southern State Community College currently sponsors a 403(b) Plan to help you save for retirement.

What is the Southern State Community College 403(b) Plan?

The Southern State Community College 403(b) Plan (the “403(b) Plan”) is a tax-deferred retirement plan. This 403(b) Plan allows you to elect to make pre-tax contributions (a “deferral”) by convenient payroll deduction and save that money for your retirement. These deferrals are then deposited into a 403(b) account that you set up with a 403(b) vendor. Pre-tax amounts deferred into a 403(b) account, and any earnings on those deferrals, are generally not taxed until you make a withdrawal from your 403(b) account following a distributable event as described below.

The 403(b) Plan was created to encourage long-term savings, so distributions generally are available only when you reach age 59-1/2 or leave your job. However distributions may also be available in the event of financial hardship, death or disability. Bear in mind that distributions before age 59-1/2 might be subject to federal restrictions and a 10% federal tax penalty.

Hardship distributions may only be requested for the following items under the 403(b) Plan:
- Medical expenses for the Participant, his/her spouse, or dependent.
- Expenses directly related to the purchase of the Participant’s principal resident, excluding mortgage payments.
- Tuition-related educational fees, room and board, for post-secondary education for the next 12 months for the Participant, his/her spouse, children, or dependents.
- Amounts required to prevent eviction from, or foreclosure on, the Participant’s residence.
- Funeral expenses for the Participant’s deceased parent, spouse, child or dependent.
- Repairs for uninsured or underinsured damage to the Participant’s home due to theft, storm or other casualty.

(If you receive a hardship distribution, this is notice to you that your elective deferral contributions to any of the Southern State Community College retirement plans will be suspended for a period of 6 months. If you desire to restart your elective deferrals after this 6 month period, you must contact the Plan Administrator to reinitiate deferrals.)

Short-term needs may sometimes be met by taking a loan from the 403(b) Plan. A loan makes it possible for you to access your account without permanently reducing your account balance. However, you should remember that any defaulted loan amounts will be taxed as ordinary income and might be subject to a 10% tax penalty if you are under the age of 59-1/2.
Why contribute to the 403(b) Plan?

Participating in your 403(b) Plan can provide a number of benefits, including the following:

* **Lower taxes today**
  You contribute before incomes taxes are withheld – which means you are currently taxed on a smaller amount. This can reduce your current income tax bill. For example, if your federal marginal income tax rate is 25% and you contribute $100 a month to a 403(b) plan, you have reduced your federal income taxes by roughly $25. In effect, your $100 contribution costs you only $75. The tax savings grow with the size of your 403(b) contributions.

* **Tax-deferred growth and compounding interest**
  In the 403(b) Plan, your interest and earnings accrue tax deferred. That means interest on your interest also grows tax deferred. The compounding interest allows your account to grow more quickly than saving in a taxable account where interest and earnings are generally taxed each year.

* **You take the initiative**
  Contribution to your 403(b) Plan can help you take control of your future. Other sources of retirement income, including state pension plans, and, if applicable, Social Security, rarely replace a person’s final salary upon retirement. That is why it is up to you to make sure you will have enough money for retirement.

What do I have to do to contribute to the 403(b) Plan?

To start your contributions, or make a change to the amount you already contribute, you must complete a salary reduction agreement and return it to Mindy Markey, Director of Human Resources [403(b) Plan] Human Resources 100 Hobart Drive, Hillsboro, Ohio 45133.

If this is the first year you are contributing to the 403(b) Plan, please note that there are 4 things that you need to do:

- **First**, contact Mindy Markey, Director of Human Resources [403(b) Plan] Human Resources 100 Hobart Drive, Hillsboro, Ohio 45133 and request a salary reduction agreement;

- **Second**, complete the salary reduction agreement; including the election of the amount you wish to contribute to Mindy Markey, Director of Human Resources [403(b) Plan] Human Resources 100 Hobart Drive, Hillsboro, Ohio and the selection of an investment provider (also known as a vendor);

- **Third**, keep a copy of the salary reduction for your records, then return the completed original salary reduction agreement to Mindy Markey, Director of Human Resources [403(b) Plan] Human Resources 100 Hobart Drive, Hillsboro, Ohio 45133; and

- **Last**, once you complete the salary reduction agreement, **sign** the agreement, and return it to Mindy Markey, Director of Human Resources [403(b) Plan] Human Resources 100 Hobart Drive, Hillsboro, Ohio 45133, you need to contact the vendor(s) at the telephone number provided on the salary reduction agreement to establish an account with such vendor(s).
How much may I contribute to the 403(b) Plan?

In general, you may elect to contribute up to $16,500 in 2009. This amount is the general limit on what you can elect to defer under the 403(b) Plan and such amount may be adjusted annually. Additional catch-up contributions may be permitted if certain criteria are met. Specifically, if you have at least 15 years of service with Southern State Community College and/or you are at least 50 years old by year’s end, you may also be able to make additional catch-up contributions. Each catch-up has its own limits.

For additional information about participation, investment options and more, contact the Mindy Markey, Director of Human Resources at (937) 393-3431.

This Notice is not intended as tax or legal advice. Neither your employer nor the investment providers offering retirement savings products under the 403(b) Plan can provide you with tax or legal advice. Employees are encouraged to contact their financial representative or tax professional with any questions.