



Getting Public Schools Ready for the Final IRS 403(b) Rules

The final IRS 403(b) regulations go into effect on January 1, 2009, and ING is here to help you get ready!

You need to take action and review the implications of the IRS rules on your plan. As your trusted expert in retirement plan rules, ING can help you ease the burden of considering these changes. We have created this easy-to-use roadmap to assist you in charting actions you need to take – and ING will be there every step of the way.

Plan Sponsor Action Steps	ING By Your Side
<ul style="list-style-type: none"> ❑ If your plan will permit exchanges among the approved provider(s) in your 403(b) plan, you must document your agreement to share information with providers by January 1, 2009. 	<ul style="list-style-type: none"> ❑ ING has a number of items to help you, including a specimen information sharing agreement, board resolution and sample correspondence.
<ul style="list-style-type: none"> ❑ Establish a written plan that covers both required elements and any optional features (such as loans, transfers, or hardships) that your school wants to offer. 	<ul style="list-style-type: none"> ❑ ING's flexible specimen 403(b) plan documents are designed especially for public schools, and adopters will automatically receive updated documents as legislative changes arise. The specimen documents available are the <i>ING Specimen Plan Document for Public Schools – Employee Deferrals Only</i> and the <i>ING Specimen Plan Document for Public Schools – Enhanced for Roth 403(b) and Employer Contributions</i>.
<ul style="list-style-type: none"> ❑ Provide annual notice of the opportunity to participate in the 403(b) program to all eligible employees and the rules for doing so. 	<ul style="list-style-type: none"> ❑ ING's specimen notice to employees, whether they are currently participating in your plan or not, can easily be adapted to give to your school employees.
<ul style="list-style-type: none"> ❑ Review the hours worked by your current part-time employees and substitute teachers. If they have worked at least 1,000 hours in the past year, remind them that they too can participate in the 403(b) program now. 	<ul style="list-style-type: none"> ❑ ING's local representatives are available to meet with you at your convenience to discuss how the IRS' participation rules may affect your 403(b) program.
<ul style="list-style-type: none"> ❑ Review your 403(b) program's administrative procedures. Identify those areas (such as eligibility, hardships, transfers, loans, and qualified domestic relations orders) which may need to be adapted to the new IRS rules. 	<ul style="list-style-type: none"> ❑ ING's <i>403(b) Programs Guide for Public School Systems</i> walks you through the ins and outs of keeping your school's 403(b) program compliant with the IRS rules. We also offer plan administration services through planwithease.com®. Contact your ING Representative to find out how planwithease.com may be able to help you manage your plan.

While these new rules may likely change the way your school currently runs its 403(b) program, ING is committed to helping your school prepare its 403(b) programs quickly and painlessly. Your local ING representative, backed by ING's years of experience as a leading 403(b) provider to public schools nationwide, is here to help you.

This piece highlights key issues of the final IRS regulations. This information is provided as guidance. It is not intended to be tax or legal advice.

The Internal Revenue Code generally prohibits withdrawals of 403(b) salary reduction contributions and earnings on such contributions prior to death, disability, age 59½, severance of employment, or financial hardship (The amount available for hardship is limited to the lesser of the amount necessary to relieve the hardship, or the account value as of 12/31/1988 plus the amount of any salary reduction contributions made after 12/31/1988 (exclusive of any earnings)). Amounts held as of 12/31/1988 are "grandfathered" and are not subject to these withdrawal restrictions.

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