



FOOTHILL-DE ANZA  
Community College District

Payroll Services  
12345 El Monte Road  
Los Altos Hills, Ca 94022

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January 18, 2007

To: Contract Employees

Fr: Hector Quinonez, Controller

Re: New ROTH 403(b) Plan

Beginning in January 2007, contract employees have an opportunity to enroll in the District's new Roth 403(b) Plan. Currently, the District has three approved vendors who offer this plan; they are AIG-Valic, ING-Reliastar Insurance Co., and Fidelity Investments.

A Roth tax sheltered annuity offers unique benefits. Unlike traditional 403(b) plans, Roth 403(b) plans are funded by after-tax contributions and account earnings are tax-free if the distribution is in accordance with IRS regulations.

Employees who wish to accumulate pre-tax savings, expect to retire in a higher tax bracket, or are highly compensated and would like to pass on tax-free money to heirs may find a Roth 403(b) plan attractive.

In 2007, the combined annual contribution limit for employees under the age of 50 to traditional 403(b) (pre-tax) **and** Roth 403(b) (after-tax) accounts is \$15,500. The ceiling rises to \$20,500 for employees age 50 and older.

If you would like to enroll in a Roth 403(b) plan, please contact one of the three approved vendors to set up an account and submit the Tax Shelter Annuity form to Payroll, which is available on the Payroll Website at <http://business.fhda.edu/payroll/forms>.

Please note that Payroll staff cannot provide advice to employees about choosing vendors or how to proceed with financial planning. Please contact your tax consultant or financial planner. If you have any other questions, please contact Rhoda Wang at (650) 949-6262 or Esme Shih at (650) 949-6264.

Thank you & Happy New Year!