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October 6, 2008

Re: Changes in Cypress-Fairbanks ISD 403(b) Plan **Effective November 1, 2008**

Dear Participant:

You are receiving this letter because you are a current participant in your employer's 403(b) retirement plan. The 403(b) plan (often called a "tax sheltered annuity" or "TSA") is a voluntary plan that allows you to defer a portion of your paycheck to a retirement plan. This is called a salary reduction and is processed by a deduction on your paycheck. Under federal tax law, you do not have to pay income taxes on your contributions or account earnings until you take the money out of the plan.

Due to significant changes in 403(b) plans made by the Internal Revenue Service (IRS), your employer has chosen to have their plan administered through the Region 10 Retirement Asset Management Services (RAMS)\* program. The Region 10 RAMS 403(b) Administration Services are offered to public school districts and other education agencies in Texas. Our company, JEM Resource Partners (JEM), will be the third party administrator contracted through Region 10 to provide this service.

**This letter is to inform you about changes that you will see beginning on the date listed above in the administration of your employer's plan. *Here are the important things you need to know about this change:***

1. *From October 15 to your plan's effective date, you will not be able to make any changes to your 403(b) plan payroll deduction. This suspension of changes in salary reduction elections will be between October 15, 2008 and November 1, 2008.*
2. All 403(b) salary reduction agreements will now be processed online through an Internet website. If you want to make changes to your existing deductions in the plan after the effective date, you will do this online through the Region 10 RAMS website at [www.region10rams.org](http://www.region10rams.org).\*\*
3. Only the vendors listed on the website will be allowed to offer annuities or other investments in the 403(b) plan. You will choose both a vendor and a product when you set up a payroll deduction or change a vendor. All vendors who (a) are on the approved list of 403(b) vendors and products published by the Texas Teacher Retirement System (TRS) and (b) agree to follow your employer's 403(b) plan rules and meet the administrative requirements necessary for your employer (and JEM) to keep the plan in compliance with federal and state laws will be available in the plan. As of the effective date, this will include all TRS approved vendors.
4. Later this year you will be able to use the website to see your account balance with many of the vendors in the plan. At that time, you will also be able to request distributions and loans through the website. Information about when these services will be available in your plan will be posted on the website.
5. As your employer changes over to the new administration, we will be asking for any information on other 403(b) accounts that you may have, even if you are not currently contributing to them. Under the new IRS regulations, *effective January 1, 2009 you will no longer be able to obtain loans or distributions from these accounts unless we are notified about the account and it becomes a part of your employer's plan.* We will place information about this on the website in the future.
6. As of January 1, 2009, your employer's plan will be required to operate under a Written Plan that complies

with IRS rules. As soon as your employer's Written Plan is approved you will be able to see a summary of the plan rules by going to the Region 10 RAMS website [www.region10rams.org](http://www.region10rams.org), selecting "403(b)" and selecting your employer's name.

In addition to these changes, please note that when you sign up online for a salary reduction contribution to the 403(b) plan you will no longer indicate a monthly deduction amount. *Rather you will input the amount you wish to have deducted from each paycheck.* The following schedule indicates the number of deductions per year based on how you are paid:

- Semi-Monthly Paychecks – 24 times per year
- Bi-Weekly Paychecks – 26 times per year
- Monthly Paychecks (substitutes only) – 12 times per year

Finally, all employees, except substitutes, will be able to elect either a percentage-of-pay deduction or a fixed dollar deduction. Substitutes may only elect a percentage-of-pay deduction. These options will be on the website.

***If your current 403(b) deduction is going to a company that is on the list of TRS certified vendors, you do not need to do anything. Your existing deduction will not be effected for now. Any vendor changes will be effective January 1, 2009 and you will receive notification of these changes in the next few weeks.***

JEM is completely independent of the investments and vendors offered in the plan and JEM will not sell 403(b) products to employees.

JEM looks forward to serving you as the Plan Administrator. If you have any questions, please contact us by email at [403b@jemtpa.com](mailto:403b@jemtpa.com) or by calling (800) 943-9179.

Sincerely,

*The Region 10 Retirement Asset Management Services (RAMS) Team*

\*For more information on your Plan please go to the website [www.region10rams.org](http://www.region10rams.org)

\*\*If you do not have Internet access or need assistance, please call us at (800) 943-9179 and we can assist you with these services by phone. *To make a 403(b) salary reduction election or change online please follow the instructions below.*

1. If you are currently a participant in the 403(b) Plan:
  - a. Click on "Login"
  - b. Enter your Social Security Number as the User ID and the last four numbers of your Social Security Number for the Password, then click on "Participant"
2. If you are *not* currently a participant in the 403(b) Plan:
  - a. Click on "Login"
  - b. Choose "New to the System, Enroll Now"
  - c. Enter Your Social Security Number as the User ID
    - i. If you are *not* a substitute, enter "cyfai403" as the Password, then click on "Participant"
    - ii. If you *are a substitute*, enter "cysub403" as the Password, then click on "Participant"
3. If you have any problems, please call JEM Customer Service at (800) 943-9179