

January 9, 2009

TO: All School District 403(b) Annuity Participants  
FROM: First Financial Administrators, Inc.  
RE: 403(b) Final Regulations and Important Changes

The Internal Revenue Service issued new Section 403(b) regulations for annuity plans in public school districts effective January 1, 2009. These regulations add cumbersome compliance responsibilities to employers and annuity vendors. As a result, many vendors currently offering 403(b) annuity plans are leaving the market and have notified clients. Examples include AIM, Merrill Lynch, Nationwide, and Van Kampen. Participants may be allowed to maintain balances with those carriers, but future contributions must stop before the January 1, 2009, deadline.

The IRS also stipulates that employers are responsible for tracking loans, transfers and exchanges, hardship withdrawals, etc. and must obtain an information sharing agreement from each vendor. As your school district third party administrator, it is our responsibility to contact each vendor on payroll and ensure that our Contract Provider Agreement is signed and in place before January 1, 2009. Vendors refusing to sign the agreement will not be allowed to receive contributions after that date.

Included in the new regulations is the requirement that a Plan Document be in place by the deadline. The Document must include options available (i.e. loans, hardship withdrawals, etc.) and must list vendors eligible to receive contributions from school district employees.

Please be aware that your current 403(b) annuity carrier may not sign our agreement, and contributions will cease effective January payroll. Please contact your financial advisor for direction. We continue to work with vendors to secure signed agreements, and new ones are added weekly.

**The following vendors have signed our Contract Provider Agreement and are eligible to receive contributions after January 1, 2009, from all Texas school districts and – if approved for payroll – in Louisiana, New Mexico, North Carolina, Virginia, and Arizona.**

AIG VALIC ANNUITY INSURANCE CO.  
AMERICAN CENTURY  
AMERICAN FUNDS (only if currently on payroll and ISA in place)  
AMERICAN UNITED LIFE / ONE AMERICA

AMERICO FINANCIAL LIFE & ANNUITY INS. CO.  
ANNUITY INVESTORS LIFE INS. CO.  
AVIVA LIFE INSURANCE CO.  
AXA EQUITABLE LIFE INS. CO.  
C.M. LIFE  
COMMONWEALTH ANNUITY  
FEDERATED SECURITIES  
FIDELITY SECURITY LIFE INS. CO.  
FIRST INVESTORS CORP.  
GREAT AMERICAN FINANCIAL RESOURCES  
HORACE MANN  
INDUSTRIAL ALLIANCE PACIFIC LIFE INS. & FINANCIAL SERVICES  
ING LIFE INSURANCE AND ANNUITY INSURANCE COMPANY  
ING RETIREMENT PLANS ( RELIASTAR)  
JEFFERSON NATIONAL LIFE  
KANSAS CITY LIFE INSURANCE COMPANY  
KEMPER INVESTORS LIFE  
LIFE INS. CO. OF THE SOUTHWEST (LSW)  
LINCOLN FINANCIAL GROUP  
MASS-MUTUAL LIFE  
METROPOLITAN LIFE INS CO OF CONNECTICUT  
METROPOLITAN LIFE INSURANCE COMPANY  
MIDLAND NATIONAL LIFE INS. CO.  
MODERN WOODMAN OF AMERICA  
NEW YORK LIFE INS & ANNUITY CORP.  
NORTH AMERICAN CO. FOR LIFE & HEALTH INS.  
OPPENHEIMER  
PACIFIC LIFE INS. CO.  
PROTECTIVE LIFE INS. CO.  
RIVERSOURCE INVESTMENTS LLC  
RIVERSOURCE LIFE INS. CO.  
SECURITY BENEFIT  
SENTINEL GROUP FUNDS INC.  
SYMETRA LIFE INS. CO.  
THRIVENT INVESTMENT MANAGEMENT INC.  
THRIVENT FINANCIAL FOR LUTHERANS  
TRANSAMERICA / AMERICAN UNITED LIFE  
UNITED TEACHER ASSOCIATES  
USAA INVESTMENT MANAGEMENT COMPANY  
USAA LIFE INSURANCE COMPANY  
WADDELL & REED INC.

**Grandfather accounts:**

American Fidelity Assurance Annuities  
FTJ Fund Choice  
General American Life Ins. Co.  
Great Southern Life  
GWN Securities  
Jackson National Life Ins. Co.