The Bank Street
College of Education

Division of Finance
and Administration

Graduate School
of Education

School for Children
and Family Center

Division of
Continuing Education

610 West 112th St
New York NY
10025▪1898

December 20, 2007

Dear Staff:

Your base retirement plan and Social Security may not provide you with enough money to retire comfortably. However, you do have the opportunity to enhance your retirement savings through the College's Supplemental Retirement Annuity Plan.

By starting now, or by increasing your contributions, you may reduce your annual income taxes.

- Your pre-tax contributions may help you to reduce your current federal income taxes.*
- Example: A pre-tax contribution of $100 dollars a month could actually cost you only $72.00 (if you are in the 28% federal income tax bracket).

In 2008, the tax law allows you to save up to $15,500 or 100% of your compensation, whichever is less. This amount is in addition to your 5% mandatory contribution. If you are age 50 or over, you can contribute an addition $5000.

Why it makes good sense to begin saving, or saving more, for retirement now:

- You may need around 75% or more of your final base pay to retire comfortably.
- People are living longer, and
- Retirement and healthcare costs are rising.

The sooner you enroll or increase your contributions, the sooner any earnings on your money can potentially grow on a tax-deferred basis. While annuities may provide payout options for retirement income, they do not provide any additional tax deferral advantage over other types of investment within a qualified plan.

To enroll: *<u>Complete</u> steps 1 -3 below*

1. To *enroll,* ask the Human Resources Office for an enrollment kit and complete the forms provided.
2. *Complete the enclosed Salary Reduction Agreement,* stating the dollar amount or percentage of your salary that you want to contribute to the plan every pay period.
3. *Return your completed form(s) to the Human Resources Office* by **January 10, 2008**.

Sincerely,

Director, Human Resources and Administration

* State and local taxes may apply.

Please keep in mind that the College's Supplemental Retirement Annuity Plan is designed for retirement and other long-term goals. As long as you keep your money in the plan until age 59½, you pay no current federal income taxes on your contributions and any earnings you may accumulate. (If you make a withdrawal before then, the money will be taxed as ordinary income and you may be subject to an additional 10% early withdrawal penalty.) Furthermore, if you choose to invest in the variable annuity products, you money will be subject to the risks inherent in investing in securities.