

How to Sign Up With Vanguard

This is intended for any employee of the Wayne Board of Education, Wayne NJ.

The process of signing up with Vanguard for your 403(b)(7) is pretty straightforward, unless you haven't done much financial stuff in your life, then it may be a little confusing, but I will take you through the steps here and I think I can make it relatively painless. It will certainly less painful than paying high fees to an insurance company!

There are three main parts to the process of switching to Vanguard. **Make sure you do all three!**

1. Send a note to Kathy Diglio in the payroll department at the Board office requesting that the Board stop any contributions you are making to a 403(b) with another company. If you don't do this, then when your contributions to Vanguard start, you will still be contributing to your old company as well.
2. Fill out the enrollment form as described below and send it to Vanguard. The enrollment form will establish your account with Vanguard.
3. Fill out the Salary Reduction Agreement as described below and forward it to Kathy Diglio at the Board Office.

So you understand the way it works, you will have a 403(b) account with Vanguard, not with the Board of Education. In fact, the Board has nothing to do with you account, except they have agreed to deduct the money you requested from your paycheck and send that money to your account at Vanguard. The only thing the Board ever needs to know is how much you want deducted each pay check and sent to Vanguard. In the future if you should want to change the amount of your contribution, you would fill out a new "Salary Reduction Agreement" form and send it to the Board or just e-mail Kathy and ask her to change your contribution.

What follows first are the directions for starting an account with Vanguard.

Step 1: Get yourself a file folder, label it Vanguard, and make copies of anything you send to anyone with the date it was sent and who it was sent to. Remember, you are now fully responsible for your 403(b), not an insurance rep so keep careful records.

Step 2: There are three ways to sign up. Choose the way that works best for you.

Choice 1

Call Vanguard Business Solutions at 1-800-662-2003 and ask them to send you the forms you need for setting up a 403(b) account. Tell them that your school district already has a 403(b) account established at Vanguard.

Choice 2

Download the forms you need from the Vanguard website. You can download the forms by going to www.vanguard.com and go to the forms section of their site and search for "403(b)(7)" forms or just click on the link below. After you download the forms skip to step 3 of these directions.

The name of the form you need is
"403(b)(7) Custodial Account Kit (for employees)"

http://flagship3.vanguard.com/VGApp/hnw/LiteratureRequest?FW_Activity=FindLiteratureActivity&FW_Event=subcategory&cat_cd=OPEN&sub_cat_cd=NPRP&entryPoint=ELF&usage_cat=OPENPRP&active_menu_item=CBD_NON_PROFIT_RETIREMENT_PLANS

Choice 3

You may also choose to sign up online. To do this you must first call Vanguard Business Solutions at 1-800-662-2003 and tell them you would like to open a 403(b) account online. Tell them you are from the Wayne Board of Ed and our plan number is **RFFM5**. Vanguard will then e-mail you a link that you will use to sign up. The directions below will help you fill out the online forms.

Step 3 : Read the Document

In the document you will find some important information. Page 2 (the page numbers refer to the page numbers on the bottom of each actual page, not the downloaded Adobe page numbers) is titled "Managing your Vanguard 403(b)(7) account. This page explains how you can move money between funds among other stuff.

Page 3 and 4 list all the funds you can choose from. Notice that a couple of the funds have minimum contributions of \$10,000 or more so you may not want to start with these funds.

Step 4: The next pages in the document are the New Account Application. You need to fill this out and I will take you through how.

Section 1: Fill this out.

Section 2: Check the box that says "This is an existing 403(b)(7) plan at Vanguard and our plan number is **RFFM5**

Section 3: Fill this out. Your employer is Wayne Board of Education, 50 Nellis Drive, Wayne NJ 07470. The phone number is 973-633-3000 and the contact name is Gary Ottmann

Section 4: You must tell Vanguard where you want your money to be invested. This is called your asset allocation. Read the directions carefully here before you begin. Fill in the fund number(s) from the earlier list of funds; write the name of the fund, and what percentage of the money you contribute to go in to each fund.

Some advice and my thoughts.

Unless you know exactly how you want to allocate your investments, you may want to use a popular set of mutual funds called [Target Retirement Funds](#) or [Life Strategy Funds](#). (Click on either one to learn more.) What these funds seek to do is automatically select an appropriate asset allocation based on your age and risk tolerance and the Target Retirement funds will automatically adjust your allocation as you get older. **My strong advice is still to go see a certified financial planner to assist you with your investment decisions if you do not feel confident in making these decisions yourself. Try the website www.napfa.org/ to assist you in finding a fee only planner.**

Section 5 : Vanguard charges \$15 per fund yearly, if you leave this box unchecked they will just take the money out of your first contribution or you can include a check with your application.

Section 6 : Designate a beneficiary. If you die, who do you want the money to go to?

Designate a second beneficiary. If none of your primary beneficiaries are alive at the time of your death, the money will go to this person/people.

Section 7: Sign and date the form. On the form there is a place for the "Plan Administrator's Signature." You do not need to get this filled out.

This form is now completed and needs to be mailed to Vanguard at the address on the application.

You should now fill out the form titled Salary Reduction Agreement

Section 1 : Fill this out

Section 2 : Fill this out

Section 3 : Select your contribution amount. Most likely this will be a given amount for each paycheck. Remember, we get paid 20 times, so what ever you put down here will be multiplied by 20 to calculate your total investment for the year. The max allowed for 2006 is \$15,000 for those under 50 years old, so be sure not to go over this number for your total. If you are over 50 your allowable total contribution may be greater than \$15,000. Go to [Max Allowed Contribution](#) or call Vanguard if you are not sure what your Maximum Allowed Contribution is. Put today's date as the start date.

Section 4: Sign

This form gets sent to the Board Office.

If you ever want to change you contributions in the future you would fill out this form and forward it to the Business Office at the Board of Education. **YOU WOULD NEVER SEND THIS FORM IN TO VANGUARD, ONLY TO THE BOARD OFFICE. THE BOARD CONTROLS HOW MUCH YOU PUT IN EACH PAYCHECK.**

The rest of the document is basically the prospectus for a 403(b)(7) at Vanguard.

If you ever have any questions call me at the Hills at 973-317-2676 or e-mail me at bmcnut@wayneschools.com.

Good Luck,

Bruce