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| **Important Benefit Information Regarding Your 403(b) Plan** |

**What is a 403(b) retirement plan?**

A 403(b) is a tax-deferred retirement plan for employees of public educational institutions and certain other non-profit organizations. A 403(b) plan allows you to contribute a portion of your compensation on a pre-tax basis in order to save for your retirement. Contributions are made to the plan by payroll deduction.

**Can I make contributions to the 403(b) plan?**

You have the right to make contributions/elective deferrals to the 403(b) plan. If you wish to start contributing to the plan, refer to the question titled “What do I need to do in order to start making elective deferrals?” for information on how to get started.

**What are the benefits of contributing to a 403(b) plan?**

* Contributing to a 403(b) plan helps to ensure that you will have funds to provide yourself with an income during retirement.
* The pre-tax elective deferrals that you make to the plan now are not taxed until you withdraw them. This means you are lowering your taxable income now, and will potentially lower the amount of income tax you will pay on those funds at the time of withdrawal when you may be in a lower tax bracket.
* Both your pre-tax elective deferrals and earnings grow tax free until they are withdrawn.

**What do I need to do in order to start making elective deferrals?**

You will need to make an election regarding how much of your compensation you wish to defer to the 403(b) plan.

You can locate a list of vendor(s) approved within the plan to receive contributions under this 403(b) plan and their contact information on the Approved 403(b) Vendor list enclosed. The financial advisor representing the vendor(s) will provide you with their form that will set up the contract or account with the vendor. Once you have completed paperwork provided by the selected financial advisor please enroll using the enclosed enrollment form, once you have completed this form please return it to Jill Cox in the Finance Office so that the correct amount is deducted from your pay.

If you need additional information, please contact Jill Cox at 447-4842.

**How much can I contribute to a 403(b) plan?**

In 2017 you can make elective deferrals up to $18,000. As this amount is subject to cost of living increases as set by the government, this amount may increase over time. In addition, if you have met certain conditions, you may have the opportunity to contribute above this limit; these contributions are known as “catch-up contributions.” The catch-up contribution is the “Age-50 Catch-up Contribution”. If you are at least age 50 by the end of a calendar year, you have the ability to contribute an additional $6,000 a year. This amount is also subject to cost of living increases as set by the government, so it may increase over time.

**When can funds be withdrawn from a 403(b) plan?**

A 403(b) retirement plan is intended as a way to save over the long-term for your retirement. Therefore, distribution of the funds are only allowed when you separate from service, are disabled, die or are at least age 59 ½.

Taking a non-taxable loan or a hardship withdrawal are options available to you should it be necessary for you to withdraw funds from your 403(b) plan prematurely. Taking a hardship withdrawal must meet the requirements that be an immediate and heavy financial need. However, certain income taxes and tax penalties may apply depending on the situation.

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