

403(b) Terms and Definitions

SRA- Salary Reduction Agreement authorizes the District to withhold a portion of your salary from each paycheck

TSA- Tax Sheltered Annuity contribution is pre-tax and reduces your taxable income in the current year. The Service Provider invests your money according to your instructions on your account application.

Service Provider An issuer of annuity contracts, or a custodian of a custodial account

Custodial Account –is maintained by a Service Provider

403(b) The 403b is a tax deferred retirement plan available to employees of educational institutions and certain non-profit organizations. Participants contribute to either annuity contracts with insurance companies, or to mutual funds with mutual fund companies. Contributions and investment earnings grow tax deferred until withdrawal (assumed to be retirement), at which time they are taxed as ordinary income. Withdrawals before age 59 1/2 are subject to a 10% federal income tax penalty.

457 is a non-qualified deferred-compensation plan. Participation is only available to District employees who have reached 401(k) and 403(b) deduction limits

Roth 403(b) Similar to the Roth IRA, the Roth 403(b) allows individuals to contribute after-tax dollars to an account that will grow tax-deferred. Withdrawal of contributions will not be taxed. Employees have the option of directing 403(b) contributions to either a regular 403(b) or a Roth 403(b), or some combination of the two plans that does not exceed that year's contribution limits

403(b) benefits In addition to saving for your retirement, you'll also save on current state & federal income tax. Every dollar contributed to a 403(b) program is a dollar reduction in current-year taxable income.

MAC Maximum Allowable Contribution limits on the amount of contributions that can be made to your 403(b) account each year. If contributions made to your 403(b) account are more than these contribution limits, penalties may apply.