

What is a 403(b) plan?

A 403(b) plan is a tax-deferred retirement plan available to employees of public educational institutions and certain tax-exempt organizations. A 403(b) plan allows you to make pretax contributions by convenient payroll reduction and save that money for your retirement.

403(b) plans were created to encourage long-term savings, so depending on your employer's plan, distributions generally are available only when you reach age 59½ or leave your job or upon death or disability. However, distributions can also be available in the event of financial hardship. Bear in mind that distributions before age 59½ might be subject to federal restrictions and a 10% federal tax penalty.

Short-term needs can sometimes be met by nontaxable loans. This type of loan makes it possible for you to access your account without permanently reducing your balance. Though you should remember that defaulted loan amounts will be taxed as ordinary income and might be subject to a 10% tax penalty if you are under age 59½.

Am I eligible to participate?

All employees are eligible to participate except

How do I contribute to the 403(b) plan?

Your contributions are made pretax, after you complete a salary reduction agreement to either initiate your contributions or change the amount. You can obtain a salary reduction agreement from

While payroll procedures will govern when the salary reduction agreement first applies to your paycheck, as a general rule you can change your contribution for any future payroll period.

Why contribute to a 403(b) plan?

Participating in your plan can provide a number of benefits, including the following:

- **Lower taxes today**

You contribute before income taxes are withheld – which means you're currently taxed on a smaller amount. This can reduce your current income tax bill. For example, if your federal marginal income tax rate is 25% and you contribute \$100 a month to a 403(b) plan, you've reduced your federal income taxes by roughly \$25. In effect, your \$100 contribution costs you only \$75. The tax saving increases with the size of your 403(b) contribution.

- **Tax-deferred growth and compounding interest**

In a 403(b) plan, your interest and earnings accrue tax deferred. That means interest on your interest also grows tax deferred. The compounding interest can allow your account to grow more quickly than saving in a taxable account where interest and earnings are generally taxed each year.

- **You take the initiative**

Contributing to a 403(b) retirement plan can help you take control of your future. Other sources of retirement income, including state pension plans and, if applicable, Social Security, rarely replace a person's final salary upon retirement. That's why it's up to you to make sure you'll have enough money for retirement.

Contributions made to the plan are invested as you direct, based upon your elections among the investments available under the plan. Loans, if available, and distributions from the plan, are subject to requirements under the plan and under the investment product that you select.

For additional information about participation, investment options and more, contact the at