

403(b) - Defined

A **403(b)** plan is a U.S. tax-advantaged retirement savings plan available for public education organizations, some non-profit employers (only Internal Revenue Code 501(c)(3) organizations), cooperative hospital service organizations, and self-employed ministers in the United States. It has tax treatment similar to a 401(k) plan, especially after the Economic Growth and Tax Relief Reconciliation Act of 2001.

Employee salary deferrals into a 403(b) plan are made before income tax is paid and allowed to grow tax-deferred until the money is taxed as income when withdrawn from the plan.

Beginning in 2006, 403(b) and 401(k) plans may also include designated Roth IRA contributions, i.e., after-tax contributions, which will allow tax-free withdrawals if certain requirements are met. Primarily, the designated Roth contributions have to be in the plan for at least five taxable years.

403(b) plans are also referred to as a tax-sheltered annuity although since 1974 they no longer are restricted to an annuity form and participants can also invest in mutual funds.

403(b) - who is eligible?

Pension – The District provides the opportunity for full time 12 month employees and Level II, D. classified employees, to participate in a 403(b) plan. You are allowed to make changes to your election on a monthly basis. The law provides for a maximum deferral, this amount can change each year so be sure you have that information when making your election. This benefit is not available to part time, seasonal or temporary employees.

403(b) – District match.

The Board of Education established a voluntary participation tax sheltered annuities plan on August 18, 1980. In 2009 it was changed to a 403(b) plan. For those eligible employees that want to contribute to the plan the Board has established the following matching contribution program. Employee contributions and Board matching contributions will be made on a per pay period basis. To receive the matching contribution the employee must have two years of service and contribute the maximum match amount (\$400.00). The Districts matching contribution is based on the following schedule.

EMPLOYMENT YEAR	EMPLOYEES SHARE	DISTRICT SHARE
3	\$400	\$100
4	\$400	\$200
5	\$400	\$300
6	\$400	\$400