

Understanding Your 403(b)

Overview

The 403(b) is a Tax-Sheltered Account (TSA) developed by the IRS to allow you to save pre-tax dollars for retirement. The plan is administered by a financial institution that will typically offer several mutual fund options for investing your funds within the plan. These funds grow tax-free until they are withdrawn.

Taxes

Contributions are made to your 403(b) before taxes are taken from your paycheck, reducing your taxable income. Taxes are paid on withdrawals, typically in retirement when you will likely be in a lower tax bracket.

Withdrawals

You may begin to take withdrawals from your 403(b) at age 59½. Penalties may apply to withdrawals taken before this time.

Loans

A loan may be taken against your 403(b) funds while you are still employed. Repayment terms and interest rates are determined by your plan administrator, SchoolsFirst Federal Credit Union.

Contribution Limits

In 2015, you may contribute up to \$18,000 to a 403(b).

Catch-up Contributions

It is possible to contribute up to \$9,000 more than the maximum if you meet the following requirements:

- Age 50+ in 2015 = an additional \$6,000
- With employer 15+ years = an additional \$3,000

The Pre-Tax Savings Advantage

Based on a teacher's annual income of \$45,000

	403(b) Contribution		
	\$100/Month	\$300/Month	\$500/Month
Monthly gross income	\$3,750	\$3,750	\$3,750
Net paycheck	\$2,786	\$2,652	\$2,518
Change in paycheck	\$67	\$201	\$335

This is a hypothetical example used for illustrative purposes only, and is not indicative of any specific investment. The example does not reflect any fees or charges that may apply.



Here to help you

The 403(b) administrator for your district is SchoolsFirst Federal Credit Union. If you have questions, or would like to open your 403(b) account, please contact:

Jessica Jamison
Retirement Plan Representative

Phone
800/462-8328 x4116

Email
jjamison@schoolsfirstfcu.org

Website
www.schoolsfirstfcu.org

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A 403(b) account must be opened prior to your first contribution. A complete list of approved providers is available upon request.

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