



Tax Smart Financial Strategies for Our Employees

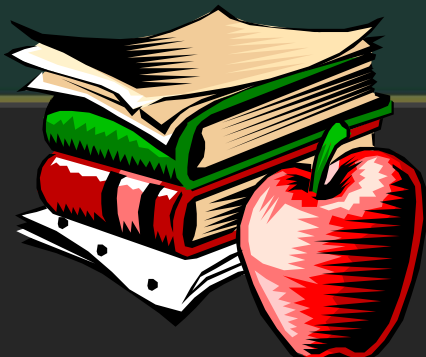
Provided by:
Penridge School District

Presented by:
Kades-Margolis Corporation



Your 403(b) Tax-Sheltered Account Program

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What is a 403(b)?

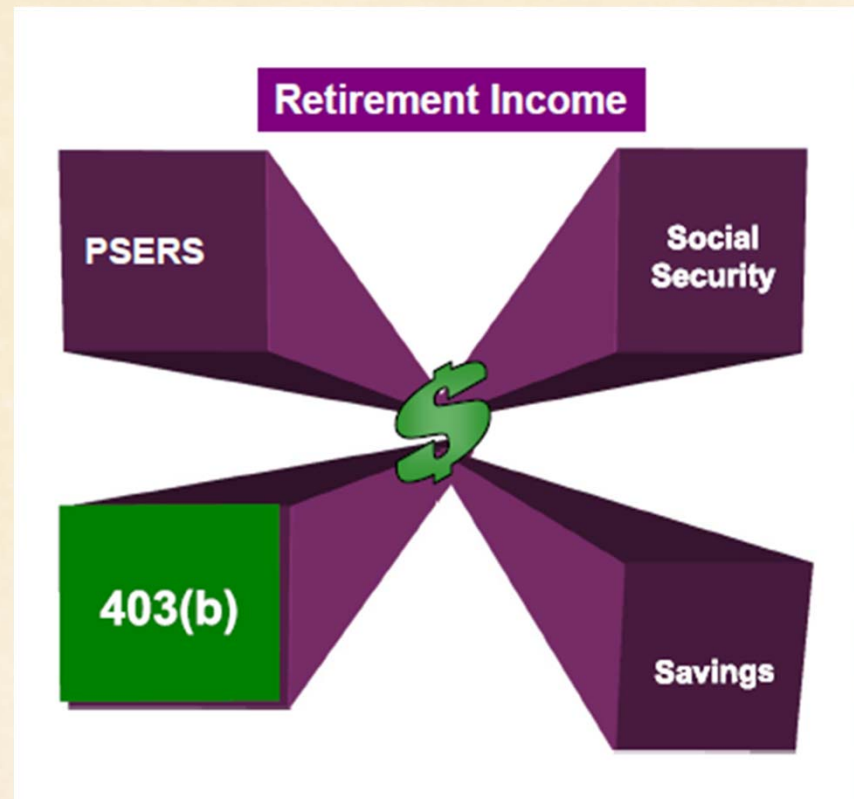


- 403(b)'s are also known as TSA's, or tax-sheltered accounts
- TSA's are voluntary, long-term retirement savings plans that allow school employees to set aside money on a tax deferred basis for retirement
- Permitted for **ALL** of our school employees under Section 403(b) of the Internal Revenue Code
- Withdrawals with no IRS penalty if age 55 or older upon separated from service
- In-Service withdrawals permitted at age 59 ½



Why Take Advantage of a 403(b) Program?

- Reduce current income taxes
- Provide tax-deferred growth
- Supplements other retirement income
 - Personal Savings
 - Social Security
 - PSERS



How does a 403(b) work?

	\$100/pay in Bank	\$100/pay in TSA
2014 Taxable Income (Married filing jointly)	\$50,000	\$50,000
TSA: \$100/pay x 26		-\$2,600
Adjusted Gross Income	\$50,000	\$47,400
Income Tax	\$12,500	\$11,850
		-\$650

Assumes 25% Tax Bracket

Plus: For low and moderate income employees, the IRS offers the Savers' Credit – a **tax credit** for contributing to a 403(b)

How much can I elect to contribute to my 403(b)?

Employee Deferral Limits in 2014

	2014
Normal Limit (or 100% of pay, if less)	\$17,500
Aged 50+ “Catch up”	<u>\$ 5,500</u>
Maximum Employee Contribution	\$23,000

When can I get my money out of my TSA?

- No IRS penalty if age **55** *and* separated from service
- In-Service withdrawals permitted at age 59 ½

Your 403(b) Plan permits:

- **Universal Availability** (every employee can participate)
- **Exchanges** (between approved vendors)
- **Transfers** (from another school employer)
- **Loans** (if offered by the vendor)
- **Hardship Distributions** (if offered by the vendor)
- **Roth 403(b) Contributions**

Roth 403(b)

Section of IRS Code that allows participants to make after-tax contributions, receive tax deferred growth, and make after-tax withdraws after retirement

Benefits

- Allows you to have tax-free assets after retirement
- Allows a combination of tax-free and taxable contributions during retirement
- Could be useful for employees with more time to save

The Time is Now

The Cost of Waiting to Make Contributions



Annual Savings	Age Started Saving	# of Yrs. Contributed	Amount Contributed	Accumulated at Age 62
Ed \$2,400	35	27	\$64,800	\$225,446
Joy \$2,400	25	10	\$24,000	\$298,786

This chart assumes a fixed annual rate of return of 8% with earnings reinvested. This hypothetical example is not intended to show the performance of any particular fund for any period of time, fluctuation of principle value or investment return. The regular investment of money does not ensure a profit or protect against losses.

Pennridge School District List of Approved Investment Providers

- Aspire Financial Services
- AXA Equitable Life Insurance Company
- Cambridge Investment
- Kades-Margolis Corporation
- Lincoln Investment Planning
- Lincoln National Life Insurance Company
- Marshall & Ilsley Trust
- Security Benefit Group
- Vanguard Investments
- Waddell & Reed, Inc.

Complete contact information for the representatives of the above approved investment providers can be found at www.tsacg.com under the Plan Sponsors link.

Getting Started

- Review your employer's plan information at www.tsacg.com under the Plan Sponsors link
- Contact one of the investment provider representatives listed to open your 403(b) account



Retirement Plan Compliance & Administration Services

403(b) Plan Third Party Administrator (TPA)

**TSA Consulting Group
28 Ferry Rd SE
Fort Walton Beach, FL 32548
(888) 796-3786
www.tsacg.com**

Questions?



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