

A retiree does not live well by pension alone!

The BTA strongly recommends that each member consider establishing a tax deferred retirement plan – a 403(b). Interested? The time to act is NOW! Please read on.

What is a 403(b)?

The 403(b) is a tax deferred retirement plan available to employees of educational institutions and certain non-profit organizations as determined by section 501(c)(3) of the Internal Revenue Code. Contributions and investment earnings in a 403(b) grow tax deferred until withdrawal (assumed to be retirement), at which time they are taxed as ordinary income. See [IRS Publication 571](#) for IRS details on the 403(b). You can also obtain this document by calling 1-800-829-3676.

Who can contribute to a 403(b)?

Employees of tax-exempt organizations established under section 501(c)(3) of the Internal Revenue Code. These organizations are usually referred to as section 501(c)(3) organizations or simply 501(c)(3) organizations. Participants include teachers, school administrators, school personnel, nurses, doctors, professors, researchers, librarians, and ministers.

Why Contribute to a 403(b)?

A Healthy Retirement - Most employees of educational institutions and other non-profit organizations are provided with a pension upon retirement. Few pension plans, however, provide an amount equal to salary. A 403(b) plan can provide a healthy supplement to a pension.

Lower Taxes - 403(b) contributions are made on a pre-tax basis which can greatly reduce your tax bill. Generally, if you contribute \$100 a month to a 403(b) plan, you've reduced your Federal income taxes by roughly \$25 (assuming you are in the 25% tax bracket). In effect, your \$100 contribution costs you only \$75. The tax savings are magnified as your 403(b) contribution increases.

More Tax Savings - all dividends, interest and capital gains accumulate in a 403(b) account on a tax-deferred basis. This means your earnings will grow tax-free until time of withdrawal.

This information (and more) can be found at the following website:

<http://www.403bwise.com/faqs/>

The Omni Group 403(b) Retirement Savings Plan Administration

The Omni Group serves as common remitter on behalf of Bedford Central School District to promptly remit all funds to the appropriate Participating Service Providers on behalf of its employees. To see specifics, go to the following website:

<https://www.omni403b.com/PlanDetail.aspx?clientID=sQjNu3MTiRg=>