

Optional Retirement Benefits

403b Annuities

A 403(b) plan, also known as a tax-sheltered annuity (TSA) plan, is a 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). Accounts in a 403(b) plan can be any of the following types:

- An annuity contract, which is provided through an insurance company.
- A custodial account, which is invested in mutual funds.

Generally, retirement income accounts can invest in either annuities or mutual funds. 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.

The features of the 403(b) plans are very similar to the 401(k) plan. Employees may make salary deferral contributions that are usually limited by regulatory caps.

403(b) Plan Document: [403\(b\) Plan](#)

[403\(b\) vs 457\(b\) Plan Comparison](#)

First Financial Administrators:

<https://ffbenefits.ffga.com/ectorcountyisd-2/403b-retirement-plan/>

- 800-523-8422
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457b Deferred Compensation

A 457(b) plan is an employer-sponsored plan, so you can't open one on your own, as you can with an IRA. A Section 457(b) plan can only be offered by state and local governmental entities, including most public education institutions, and certain tax-exempt organizations.

When it comes to saving for retirement, an employer-sponsored retirement plans offers many advantages:

- You pay no current federal income taxes on the money you put into the plan until it is time to take withdrawals.
- You pay no current federal income taxes on any interest or earnings until you take withdrawals, generally at retirement when you may be in lower tax bracket.
- Once your severance employment, you have no 10% penalty for early withdrawal.
- Participating in an employer-sponsored plan can be a quick and convenient way to invest for your retirement.

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[FFInvest 457\(b\) Retirement Plan](#)

[403\(b\) vs 457\(b\) Plan Comparison](#)

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