

South Bergen Jointure Commission

BOARD OF EDUCATION
500 Route 17 South, Suite 307
Hasbrouck Heights, NJ 07604

Susan E. Cucciniello
Business Administrator / Board Secretary

(P) 201-393-0475
(F) 201-288-2825

TO: All Employees
FROM: Susan Cucciniello, Business Administrator
RE: Available Plans for SBJC Employees

Attached I have enclosed information regarding the availability of 403(b) plans for our school district for retirement savings account. PlanConnect is the Third Party Administrator that we use at SBJC to administer our plan. There is a list of providers that you should contact if you are interested in setting up an account, which must be done before you can access your account with PlanConnect.

Please note that as a employee f a NJ Public School, we are not eligible for nor do we pay into the State on NJ Disability Insurance Program. There is information attached for Private Disability Insurance that is available to be purchased from Aflac or Prudential (NJEA Members only) directly by the employee through payroll deduction if you so choose.

In addition, we also have available Direct Deposit for any employee that is interested. The form to set that up is available on our website njsbjc.org. Please download the form, fill it out and return to Barbara Wegorek here at the Board Office. Her phone number is 201-393-0475 ext. 233 if you have any questions

**South Bergen Jointure Commission
Vendors for Voluntary Plans Available**

403(b) Plan Providers

<u>Company</u>	<u>Contact</u>
AXA Equitable	Doug Langer 917-842-0842
AIG Valic	Michael Bokach 908-399-9011
Lincoln Investment	Patrick Bergin 908-276-1181
Lincoln Financial	Joe Tagliareni 908-612-8028

403(b) Plan Administrator

Plan Connect	800-923-6669
--------------	--------------

Private Disability Insurance Providers

<u>Company</u>	<u>Contact</u>
Prudential – NJEA Members	David Knight 732-918-2000
AFLAC	David Iannacone 201-441-3554 ext. 701
	Dana Gravagna 201-441-3554 ext. 701

Please contact the listed representative in order to obtain information regarding their available options.

How a 403(b) Plan Can Help You Save

School employees can participate in a plan that will provide retirement funds in addition to the benefits from the Public School Employees Retirement System. The plan is called a 403(b) and is named for the section of the Internal Revenue Code that governs this benefits. A 403(b) is a tax shelter annuity or qualifying custodial account which by federal law is only available to employees of educational institution and other certain non-profit organizations. These plans have been allowed by federal law since 1958 for 501/(c) (3) employees and 1961 for public education employees. The private sector often uses 401(k) plan unless, as is true in some states, a grandfathered 401(k) plan established before May of 1986 has been retained.

What is a 403(b)?

Simply states, a 403(b) allows you to set aside money for retirement on a tax –deferred basis using a payroll deduction process through the business office. The funds withheld from your paycheck are then invested with a 403(b) provider that you can choose from our list of approved companies included in our plan document. You will control how your funds are invested by consulting with a representative from the provider you selected

Your invested funds will grow tax free until withdrawal. When you withdraw your funds, they will be taxed as normal income.

Additionally, if permitted by your employer, contributions can be made on an after-tax basis to the Roth 403(b), and, if held for at least 5 years, distributions may be free from federal income tax upon attainment of age 59 ½ or disability, or upon death to your beneficiaries.

What are the advantages of a 403(b)?

The Internal Revenue Service in Publication 571

<https://www.irs.gov/pub/irs-pdf/p571.pdf> list the following benefits of 403(b) plans:

“The first benefit is that you do not pay tax on allowable contributions in the year they are made. You do not pay tax on allowable contributions until you begin making withdrawals from the plan, usually after you retire.”

“The second benefits is that your earnings and gains on amounts in your 403(b) account are not taxed until you withdraw them.”

How are my 403(b) contributions tax deferred?

Let's assume you are in the 30% tax bracket for federal income tax purposes. If you want to contribute \$100 per month, your net pay deduction will only be \$70 monthly from a federal income tax prospective. To illustrate let's take a look at a hypothetical example.

	Without 403(b) Plan	With 403(b) Plan
Monthly Wage	\$3,500	\$3,500
403(b) Contributions	0	100
Taxable Income	\$3,500	\$3,400
Federal Income Tax (30%)	\$1,050	\$1,020

Monthly Take Home Pay	\$2,450	\$2,380
Investment	\$0	\$100
Federal Income Taxes Saved	\$0	\$30
Your actual out-of-pocket cost to make a \$100 investment	N/A	\$70

Many individuals find themselves in a lower tax bracket during their retirement years. For those who do, the tax consequences for withdrawals may also be less. In those cases, these can be additional tax benefit to deferring federal income tax to retirement.

How much can I contribute?

For 2023, you can contribute up to \$22,500. The maximum contributions limit may be adjusted upwards for inflation. In certain situations, you may be eligible to make additional contributions to your 403(b). The IRS allows so-called catch-up contributions. You should contact your provider for additional details.

When can I withdraw my funds?

You own your 403(b) contributions immediately; there is no vesting period. However, IRS rules provide that generally, you may withdraw your contributions and earnings beginning at age of 59 ½ to avoid early withdrawal IRRS penalty taxes. However, there are other circumstances, including disability, financial hardship, which may qualify you to withdraw your funds earlier without incurring that IRS penalty tax. The IRS penalty tax for early withdrawal is significant so make sure you understand the tax consequences. You may also be subject to contractual withdrawal fees from your investment provider as well.

Who can contribute 403(b)

The IRS "universal availability" requirement indicate that if one employee is provided with the opportunity to contribute to 403(b), then all employees must be provided with that opportunity, with certain exceptions. Among those possible "exceptions" are: employees who with annually to contribute \$200 or less, and employees who normally work fewer than 20 hours per week. Under new tax regulation, this 20-hours-per-week exclusion is applied by asking whether the individual worked at least 1,000 hours in the previous year; or, if they were hired more recently, whether they are expected to work at least \$1,000 hours in their first year.