

403(b) Deferred Compensation and/or Roth Contribution

A 403(b) is a section of the Internal Revenue code that provides for a Voluntary Tax Deferred Retirement Program. Participation is limited by law to employees of public educational organizations and certain nonprofit organizations [501(c)(3) companies].

The contributions to a Deferred Compensation Plan are made for the participating employee by his/her employer. The money that is contributed comes from employee contributions, called elective deferrals or Roth contributions. The elective deferral is deducted from the participant's gross pay and forwarded to the Provider (an approved insurance company or mutual fund custodian) which is selected by the participating employee. The participating employee signs a salary reduction agreement, giving the employer the authority to make the paycheck reduction and remit the monies to the Provider chosen by the participant.

Why Consider Setting up a Deferred Compensation Plan

Two main reasons for participating in a Deferred Compensation Plan are: 1) reducing your current tax expense and 2) building a retirement pool with tax deferred compounding.

The Teacher Retirement System will provide generous benefits. However, chances are that your retirement plan will not provide enough income after retirement to enable you to maintain your standard of living. A Deferred Compensation Plan allows you to accumulate a retirement nest egg on a highly tax-favored basis.

You are provided a powerful tax break with 403(b). Combine that tax break with tax free accumulation and compound interest, and it permits large sums of money to be accumulated over a period of years. An intelligently planned and funded Deferred Compensation Plan, together with teacher retirement, can afford you a comfortable retirement.

Limits of Annual Contributions

There are limits on how much you may contribute. The Internal Revenue Service has published a pamphlet (Publication 571) which outlines the limits.

HOW TO ENROLL

You will need to select the web link below to access the Third Party Administrator (Crider Insurance Services, Inc.) for CISD Plans.

To start a 403(b), you first need to have an investment company:

Click on the link below for Crider Insurance Services, Inc.

Select Forms

Select Forms A – M

Select Comal ISD Instructions and Forms

Choose an approved investment company

Complete the required forms and mail or fax to:

Crider Insurance Services, Inc.

438 East Bridge

Granbury, TX 76048
800-466-2324 Fax: 817-579-8301

If faxing forms to Crider Insurance Services, Inc., the originals should be sent to:

Janice Sanders, Payroll Supervisor
Comal ISD
1404 IH 35 North
New Braunfels, TX 76657

<http://www.criders.com>