



## ABOUT THE IHL EXECUTIVE OFFICE'S 403(b) RETIREMENT PLAN

**A**s an eligible employee of the IHL Executive Office you are permitted to participate in a 403(b) tax deferred retirement program.

### What is a 403(b) plan?

A 403(b) plan is a tax-deferred retirement plan available to employees of educational institutions and certain non-profit organizations. In this plan, you can make pre-tax contributions for retirement savings. Distributions generally are only available upon reaching the age 59 ½ or severance of employment. However, distributions can also be available in the event of death or disability.

### Why contribute to a 403(b)?

Participating in the 403(b) plan can provide a number of benefits, including:

- **LOWER TAXES TODAY.** 403(b) contributions are made on a pre-tax basis which can greatly reduce your current income tax bill. For example, if your federal marginal income tax rate is 25%, and if you contribute \$100 a month to a 403(b) plan, you've reduced your federal income taxes by roughly \$25 (assuming a 25% tax bracket). In effect, your \$100 contribution costs you only \$75. The tax savings can grow with the size of your 403(b) contribution.
- **TAX-DEFERRED GROWTH.** Your account in the 403(b) plan is tax-deferred. This means that your account can grow tax-free until time of withdrawal.
- **ENHANCED RETIREMENT.** Other sources of retirement income, including the State's retirement plan and, if applicable, Social Security, often do not adequately replace a person's salary upon retirement. A 403(b) plan can provide a healthy supplement to an employee's retirement income.

### How do I get more information?

The IHL Executive Office currently offers one authorized 403(b) program – VALIC. To obtain more information, including how to enroll, contact the Office of Human Resources via email at [serickson@mississippi.edu](mailto:serickson@mississippi.edu) or by phone at 432.6134.

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*This document is not intended as tax or legal advice. Neither the Mississippi Institutions of Higher Learning's Executive Office nor VALIC can provide you with tax or legal advice.*