

TAX SHELTER ANNUITIES (TSA)

In addition to your Pension Plan, Independent School District No. 709 ("*The District*") also offers you the opportunity to participate in 403(b) supplemental retirement plans. This is a voluntary program that is not District sponsored. Since there are no District contributions, it is 100% employee deferrals.

Section 403(b) arrangements, commonly referred to as "tax-sheltered annuities", are a form of defined contribution plans available only to employees of educational and charitable organizations. Subject to various limitations and restrictions, Section 403(b) of the Internal Revenue Code allows tax-deferred contributions to be made for such employees through an employer-funded plan. Section 403(b) contributions must be vested in annuity contracts issued by life insurance companies (Section 403(b)(1) annuity contracts), shares of regulated investment companies held in custodial accounts (Section 403(b)(7) custodial accounts), life insurance contracts (subject to further limitations), and retirement income accounts maintained for employees of certain church-affiliated organizations.

All deferrals are deducted on a pre-tax basis from your gross pay and forwarded to one of the District's approved service providers on a bi-weekly basis. To set up a 403(b) account, you must contact one of the District's approved service providers, initiate an account, and complete a Salary Reduction Agreement. A signed copy of this form **must** be sent to the Benefits department or Cheryl Krause in Human Resources. Upon receipt this authorization form, your account will be set up for the next viable payroll.

In addition, the State of Minnesota offers a 457 Deferred Compensation Plan. This plan offers pre-tax payroll deductions intended to help you save for retirement using pre-tax contributions and tax-deferred growth.

Employees may participate and maximize both a 403 Plan and 457 Plan!

If you have any questions regarding 403 or 457 accounts, please contact:

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OR
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(218) 336-8700 ext. 1057