



# Your 403(b). Made better.

Roth 403(b): A unique opportunity  
for tax-free\* retirement income.

\*Qualifying conditions apply.

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# What is a 403(b) plan?

## An employer-sponsored retirement plan for public schools and certain tax-exempt organizations

If you work for a public school or a 501(c)(3) tax-exempt organization, a 403(b) is a great way to save for retirement.

### Key features

The 403(b) plan is an employer-sponsored supplemental retirement savings plan that, similar to a 401(k) plan, allows employees to contribute on a pre-tax or (if permitted by the 403(b) plan) Roth after-tax basis. A 403(b) plan can only be sponsored by a public school or a 501(c)(3) tax-exempt organization.



If your employer sponsors a 403(b) plan, you'll get valuable benefits for retirement savings.

- **Tax-deferred investment earnings.** The earnings in your investment are compounded (re-invested) and have the potential to grow tax-deferred. These tax-deferred earnings may grow faster than a similar taxed account because taxes are not due until withdrawn.
- **Ability to reduce your taxable income.** You determine the amount of your 403(b) contributions (up to IRS-defined limits) through a salary reduction agreement with your employer. Your contributions will be pre-tax, reducing your current taxable compensation.
- **Catch-up contributions.** If you are a longer service employee or are at least age 50, you may be able to contribute beyond the general IRS limits. Check out the [current contribution limits](#).
- **Ability to have earnings withdrawn tax-free.** Your 403(b) plan may permit you to make Roth contributions, which are made on an after-tax basis. The earnings on Roth 403(b) accounts may be free from federal income tax if you meet certain IRS criteria when you are eligible for a distribution under the 403(b) plan.
- **Employer contributions.** Depending on the 403(b) plan design, your employer may also make a contribution to the 403(b) plan.
- **Investment options that you can control.** Typically, a 403(b) plan lets you choose among investment funds, often ranging from very conservative to aggressive growth, offered under the Plan.
- **Employees can access their accounts when they have a distributable event under the plan.** Amounts typically are subject to income tax when withdrawn from the Plan and you may also be subject to the IRS 10% premature distribution penalty tax unless you meet one of the IRS exemptions. Special rules apply to withdrawals of Roth 403(b) amounts.
- **Portability.** If you leave your job, you can leave your money in plan, roll your 403(b) account to into another employer's eligible retirement plan, or to a traditional IRA or (if rolled directly) a Roth IRA. option of cashing out.<sup>1</sup> The distribution will be subject to income tax and the 10% premature distribution penalty tax unless you meet one of the IRS exemptions.

### Additional information

<sup>1</sup> Please Note: For 403(b)(1) fixed or variable annuities, employee deferrals (including earnings) may generally be distributed only upon your: attainment of age 59½, severance from employment, death, disability, or hardship. Note: Hardship withdrawals are limited to employee deferrals made after 12/31/88. Exceptions to the distribution rules: No Internal Revenue Code withdrawal restrictions apply to '88 cash value (employee deferrals (including earnings) as of 12/31/88) and employer contributions (including earnings). However, employer contributions made to an annuity contract issued after December 31, 2008 may not be paid or made available before a distributable event occurs. Such amounts may be distributed to a participant or if applicable, the beneficiary: upon the participant's severance from employment or upon the occurrence of an event, such as after a fixed number of years, the attainment of a stated age, or disability. For 403(b)(7) custodial accounts, Employee deferrals and employer contributions (including earnings) may only be distributed upon your: attainment of age 59½, severance from employment, death, disability, or hardship. Note: hardship withdrawals are limited to: employee deferrals and '88 cash value (earnings on employee deferrals and employer contributions (including earnings) as of 12/31/88).