



REBUILDING LIVES FOR MEN AND WOMEN WITH DIGNITY, HONOR & RESPECT

NEW EMPLOYEE BENEFIT

Contribution to a 403B retirement plan

Benefits Of A 403(b) Plan

A 403(b) plan is a great retirement plan for individuals working for nonprofit organizations! It operates similarly to a 401(k) plan and comes with many benefits, such as being tax-deductible and tax-free, the offer of an employer match and various catch-up contribution limits.

Tax-Deductible and Tax-Free

- Contributions to a traditional 403(b) plan are deductible on your federal income taxes. The money comes out of your gross salary and goes directly into the 403(b) plan, untaxed.
- This cuts down on the income tax you owe for that year based on your top marginal tax rate. For example, if the last \$10,000 of your adjusted gross income is taxed in the 22% tax bracket, placing \$10,000 into a 403(b) would save you \$2,200 in taxes.
- With a traditional 403(b) plan, you do not pay taxes on the money you pay into the plan until you begin making withdrawals after you retire. And remember, most people fall into a lower tax bracket after retirement.
- It is important to note that you will not owe taxes on the investment growth in your account until after you retire. The money will grow tax-free until you begin making withdrawals.
- You will be able to change your investment choices (fees may apply).

Eligibility and Employer Match

You are able to contribute to the plan immediately upon hire. After you are employed with Bridge House / Grace House for one year, the company will contribute 1.5% of your salary to a 403(b) plan. Should you decide to contribute additional money to the plan, the company will match up to an

additional 2.5% of your salary for a total contribution of 4% by Bridge House / Grace House.

Contribution

It is up to you to decide how much you would like to contribute from each pay period. There are limits to the annual contribution. You can set aside \$22,500 in a 403(b). Those fifty or older can make an additional catch-up contribution of \$7,500. So, if you are fifty or older, you can make a total contribution of \$30,000.

EXAMPLE:

I make \$25,000 a year.

Bridge House / Grace House will contribute 1.5% or \$375 a year at a minimum to a 403B retirement account.

If I contribute an additional 2.5% (\$625 or \$24.04 per pay period), the company will match this amount, or any lesser amount. 2.5% is the maximum match. After 1 year, if I contribute 2.5% per pay period, along with the contributions from Bridge House / Grace House I will have \$1625 invested in my retirement account. Bridge House / Grace House will have contributed \$1,000 and you will have contributed \$625.

EXAMPLE:

I make \$45,000 a year.

Bridge House / Grace House will contribute 1.5% or \$675 a year at a minimum to a 403B retirement account.

If I contribute an additional 2.5% (\$1,125 or \$43.27 per pay period), the company will match this amount, or any lesser amount. 2.5% is the maximum match. After 1 year, if I contribute 2.5% per pay period, along with the contributions from Bridge House / Grace House I will have invested \$2,925.00 in my retirement account. Bridge House / Grace House will have contributed \$1800, and you will have contributed \$1125.