



Baldwin-Whitehall School District  
4900 Curry Road  
Pittsburgh, PA 15236

## **Traditional 403(b) or Roth 403(b) - OPTIONAL**

**All permanent employees are eligible for the 403(b) Retirement Savings Plan. Our current plan is with Lincoln Financial and we invite you to join!**

A Traditional 403(b) Plan and Roth 403(b) are retirement plans established for the benefit of employees of public schools and certain tax-exempt organizations. These plans accept payroll-deducted contributions for participant-direct investing and are intended to help the employees meet long-term retirement objectives.

The dollar amount or percentage (%) that you choose per pay will be a deduction from 19 (10 month employees) or 24 pays (12 month employees) per calendar year. This includes the Traditional 403(b) plan (pre-tax) and also the Roth 403(b) plan (after-tax).

Employees can make a 403(b) pretax deduction from (Federal Tax) salary deferrals up to \$18,500.00 for 2018. Total amounts may change yearly. If you are 50 or older, you can defer up to \$24,500.00 (which includes a \$6,000.00 catch-up contribution per year). These amounts are also the same for the Roth option.

### **Some of the advantages of the Traditional 403(b) plan are as follows:**

- Your contributions and any earnings are tax-deferred.
- Your money has the potential to grow with time.
- You may be able to take withdrawals at 59 ½ or 55 (if separated from service) without a penalty.
- You may be able to take a hardship withdrawal, if your situation meets certain qualifications, at which time you will pay tax on the withdrawal amount.

### **Some of the advantages of the Roth 403(b) plan are as follows:**

- Employees make after-tax contributions to their retirement plan.
- Earnings grow on a (tax-free) basis, meaning that participants will not pay income tax on distributions from the Roth 403(b) contributions.
- The following types of employees are more likely to benefit from a Roth 403(b).
  - Participants who have a longer period of time until retirement, giving them a longer period of time to accumulate tax-free earnings.
  - Participants who expect to be in a higher tax bracket later when they take distributions from the Roth 403(b) contribution source.
  - Highly compensated employees who are not eligible for a Roth IRA due to adjusted gross income thresholds.
  - Participants who want to ensure that their beneficiaries receive tax free dollars.

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**For Enrollment: 1-800-234-3500 or go to [LincolnFinancial.com/Retirement](http://LincolnFinancial.com/Retirement) (for online sign-up)**

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