



All employees will now have the option to choose between a 403(b) retirement plan with MetLife or a 401(k) retirement plan with RetireReadyTN. The addition of the 401k retirement plan has been implemented due to the new State plan that went into effect July 1, 2014 for all newly hired Certified (teachers) staff. The Board of Education will not make or match any amount contributed by the employee; this is a 100% employee contribution plan. The 403(b) and 401(k) allows employees to supplement their Tennessee Consolidated Retirement Plan.

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What is a 403(b) and 401(k)?

The 403(b) and 401(k) are tax deferred retirement plans available to employees of CMCSS. Participants contribute to either annuity contracts (TSA) with insurance companies or directly with mutual fund companies. Contributions and investment earnings grow tax deferred until withdrawal (assumed to be retirement); at which time they are taxed as ordinary income. There is also a Roth 401(k) option under the 401(k) plan that allows employees to supplement any existing retirement and pension benefits by saving and investing after-tax dollars through voluntary salary deferral.

Why contribute to a 403(b) or 401(k)?

1. To supplement your retirement. Contributing to either of these plans can provide a healthy supplement to a pension.
2. Lower Taxes – 403(b) and 401(k) contributions are made on a pre-tax basis which can greatly reduce your tax bill. All dividends, interest and capital gains accumulate on a tax-deferred basis. This means your earnings will grow tax-free until time of withdrawal.

How does a 403(b) or 401(k) plan work?

You set aside money for retirement on a pretax basis through a salary reduction agreement with CMCSS. You will meet with a financial consultant who will review the products that are available to you. At this time you will also determine the appropriate amount of money that will be deducted from your paycheck. You will sign a payroll deduction agreement; the financial consultant will turn this agreement to CMCSS. CMCSS will ensure that your payroll deduction is sent to the correct financial institution on a monthly basis. You will receive monthly financial statements from the annuity or mutual fund company; these statements will be mailed directly to you.

Can I leave my money in the plan indefinitely?

No. Generally you must begin to take withdrawals no later than April 1 of the year following the year in which you turn age 70 ½.

How will distributions from my 403(b) or 401(k) be taxed?

In most cases, the payments you receive, or that are made available to you from a 403(b) or 401(k) are taxable in full as ordinary income.

How much can I contribute annually?

The elective deferral limit is \$18,000 annually, if you are 50 or older, you may contribute an additional \$6,000.