

SALARY DEFERRAL PLANS

If you are scheduled to work 20 or more hours per week, you can set up regular direct deposits to supplemental retirement vehicles described by the government as “403(b)” or “457” plans. These are annuity and deferred compensation plans that let you set aside money from your paycheck on a pre-tax basis. Contributions are not taxed by the IRS until they are withdrawn for retirement. These plans are 100% employee funded; neither the Town nor the school system matches your contributions.

You can set up either a 403(b), a 457 plan, or both. Contributions are limited to \$17,500/year per plan (or \$23,000 for those 50 and older). If you elect to set up both plans, you can contribute the maximum to each plan.

To set up such deposits, you must first establish an account with an [approved financial institution](#), then send a copy of your account information along with a signed [Salary Reduction Agreement](#) to the payroll office. To change the amount you are already sending to an established account, complete a new [Salary Reduction Agreement](#) indicating the correct total to withhold and return to the payroll office.

For additional information concerning 403b plans, please view our [403b FAQ](#).