



SECURITY BENEFIT

# 403(b) Employer Matching Contribution Plan

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A BUDGETARY CONTROL TOOL  
FOR SCHOOL DISTRICTS



# 403(b) Employer Matching Contribution Plan Basics

Most of us are familiar with a 401(k) plan in which an employee makes voluntary contributions to a retirement savings account through a reduction in their salary. These plans generally include a matching (to a certain percentage) contribution from the employer. Both the employee and employer contributions are made pretax.

Similarly, school districts can offer an Employer Matching Contribution Plan for their employees through their 403(b) plan. There are substantial benefits for the school district and district employees with this added feature.

## Matching Contribution Benefit

Assuming \$100 contributed every monthly pay period with a 6% rate of return.

| Years | Total Employee Contribution | Total Employer Match | Total Retirement Savings |
|-------|-----------------------------|----------------------|--------------------------|
| 5     | \$6,000                     | \$6,000              | \$13,965                 |
| 10    | \$12,000                    | \$12,000             | \$32,652                 |
| 15    | \$18,000                    | \$18,000             | \$57,662                 |
| 20    | \$24,000                    | \$24,000             | \$91,129                 |
| 25    | \$30,000                    | \$30,000             | \$135,916                |
| 30    | \$36,000                    | \$36,000             | \$195,851                |

## Why is it Good for Employees?

An Employer Matching Contribution Plan gives your employee more options and more control over their retirement. It provides them the ability to make individual choices regarding the investment allocation of their retirement savings account. And, with the accumulation of retirement assets outside of their state pension and Social Security, provides them more flexibility in choosing a retirement date.

Upon retirement, participants may leave their funds to accumulate tax deferred in the account, take an immediate lump sum withdrawal, or take periodic withdrawals.



## How Does it Help Your School District?

### Employer Benefits

- Savings on employment taxes (FICA, Workers Compensation) for employer contributions
- Easier budgeting – costs can be pre-determined
- Cost savings from not adding money to the salary schedule
- Employee retention

### Employee Benefits

- Offers an incentive for employees to save for retirement
- Employer contributions are not subject to FICA taxes
- Employees have flexibility in determining retirement options
- Easy portability to other school districts



## Administering a 403(b) Employer Matching Contribution Plan

### You Design the Plan

Offering a 403(b) Employer Matching Contribution Plan can be a fairly simple process. Your school district completely controls the parameters of executing and funding a 403(b) Employer Matching Contribution Plan. Your school district:

- Designates how the plan will be funded and paid.
- Defines which employee groups are eligible to participate in the plan.
- Has the option to set up a vesting schedule that encourages the tenure you desire in your district. (See the example at right.)

### Make it Easy with Security Benefit Plans and Tools

Security Benefit is an expert in the education market with more than 50 years of helping school districts and education professionals plan for retirement. We know facilitating 403(b) plan strategies can be overwhelming, so we have designed simple, efficient tools to help you easily administer the plan for your employees. We offer a total solution from a single provider.

- A 403(b) Employer Matching Contribution Plan is easy for you to implement. Your financial professional will walk you through the steps to set up and administer a plan.
- We will provide information about the plan to your district employees and plan documents can be tailored for specific employee groups.
- Annual contribution limits can be determined by the provisions of the plan. Additionally, an Employer Matching Contribution Plan can be structured to help phase out early-retirement incentive plans.

| Years | Vesting Schedule |
|-------|------------------|
| 1-5   | 0%               |
| 6     | 10%              |
| 7     | 20%              |
| 8     | 30%              |
| 9     | 40%              |
| 10    | 50%              |
| 11    | 60%              |
| 12    | 70%              |
| 13    | 80%              |
| 14    | 90%              |
| 15    | 100%             |

# Your path *To and Through Retirement*<sup>®</sup> begins here.

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Talk to your financial professional to see whether a 403(b) Employer Matching Contribution Plan might be right for your school district or contact us at 800.747.5164, option 3.

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