

# Voluntary Retirement Plans

## SMART 457(b) & 403(b) Plans



# SMART Plan 457(b)

- **What is the SMART Plan?**

Governmental 457(b) plans are created under Section 457(b) of the Internal Revenue Code. They are a contributory retirement plan for employees of state or local government and public entities. Participation is voluntary and the contributions and earnings are tax-deferred until you withdraw them.

- The SMART Plan 457(b) is available to benefitted employees only.
- Voluntary OBRA available for part-time non-benefitted employees
  - Allows you to make additional pre-tax contributions above the mandatory 7.5% of compensation per pay period.
  - No fees for recordkeeping, communication or administration as it is included with the mandatory OBRA account

- **How can it help build retirement funds?**

- Contributing money to a retirement plan helps you grow your assets and keep you in line with inflation.
- Plans help Supplement other retirement income such as pensions and Social Security at the time of retirement.
- Contributing to these plans and allowing your investments to grow will help you maintain your lifestyle when you are ready to retire.

# SMART 457(b)

- **Vito DeSimone | CFP®, CRC® Retirement Plan Advisor**  
Massachusetts SMART Plan  
255 Bear Hill Road, Waltham, MA 02451  
Plan Support: 877.457.1900  
Direct: 401.439.3715  
Fax: 781.890.2919  
Email: [vito.desimone@empower-retirement.com](mailto:vito.desimone@empower-retirement.com)  
Website: [www.mass-smart.com](http://www.mass-smart.com)
- **ONLINE Web Enrollment (Utilize Plan Enrollment Code)**  
<https://mass-smart.empower-retirement.com/participant/#/login?accu=Massachusetts>
- **Paper Application**
  - Inquire with Human Resources

# 403 (b) Plans

- The 403b retirement program offered through the Commonwealth of Massachusetts provides employees with another opportunity for saving for their retirement.
  - 403(b) Plans are available to full-time and part-time employees
- Three plan providers to choose from:
  - **VALIC**, Kenneth Knopf, kenneth.knopf@aig.com
  - **Fidelity**, Matthew Toedt, matthew.toedt@fmr.com
  - **TIAA**, Customer Service, 800-842-2776
- Investment portfolios are comprised of equity and bond mutual funds
- You can sign up directly on the Department of Higher Education's website, [https://www.mass.edu/forfacstaff/otherretirement/403b\\_home.asp](https://www.mass.edu/forfacstaff/otherretirement/403b_home.asp), followed by completing a Salary Reduction Agreement and returning to Human Resources.
- The Salary Reduction agreement is located on the Department of Higher Education website during enrollment, or on Bristol's Human Resources "Forms" webpage, <http://www.bristolcc.edu/bristolcommunity/facultystaff/humanresources/forms/>

# 2023 IRS Contribution Limits

## Persons under the age of 50

- \$22,500 for persons under age 50
- This is a \$2,000 increase from the 2022 IRS contribution limits

## Age 50+ Catch up

- An additional \$7,500 for persons over age 50
- This is an additional \$1,000 increase from the 2022 catch-up contribution

## Persons age 50+ maximum contribution

- \$30,000 for persons over age 50
- This is a \$3,000 increase from the maximum contribution in 2022.

## Three-year catch-up

- Three years prior to the year you reach your normal retirement age and have under-contributed in prior years, you may use the three-year catch-up provision.
- Contribute up to an additional \$22,500 in 2023, amounting to a total possible maximum contribution of \$45,000.
  - \*In order to qualify for the three-year catch-up provision, you must have underutilized contributions with the same employer from previous years.

# Deferral Options

## Pre-Tax

- Reduces your current taxable income
- Money you would have paid on tax is able to be invested
  - Contributions are not taxed until you withdraw them

## After-tax savings (ROTH)

- You pay tax on your contributions with today's tax rates
  - You pay no tax on contributions when withdrawn.
    - All growth in the account is tax free.
  - \*After-tax savings not available for Voluntary OBRA

Since 403(b) and 457(b) are not in the same “bucket” for the IRS, these limits apply separately to both the 403(b) and 457(b).

# Windfall Elimination Provision

- Remember as State employees our jobs are not covered by Social Security
- State employees may not qualify for a Social Security benefit or their benefit may be reduced due to the Windfall Elimination Provision.
- The Windfall Elimination Provision affects how the retirement benefit is calculated if you receive a pension.
- You can learn more about the Windfall Elimination Provision on the Social Security Administration's website, [www.ssa.gov](http://www.ssa.gov) and by contacting a licensed financial advisor or tax accountant.