

# Guide to a 403(b) program

Helping you prepare for retirement



## Make sure retirement is all it can be.

In order for you to have the retirement you want, you should play an active role in planning, saving and investing.

Whether retirement is a long way off, or just around the corner, you should take time now to consider future retirement income needs.

## What is a 403(b) program?

A 403(b) program, sometimes called a tax-sheltered annuity or TSA, is a tax-deferred retirement arrangement that allows employees of eligible employers to set aside a portion of their pay on a pre-tax basis. This means that you are not required to pay current federal income taxes on the amounts invested in a 403(b) program until the time of withdrawal. Also, there are no income taxes on the earnings in a 403(b) program until the earnings are withdrawn, usually at retirement. Ordinary federal income taxes generally apply to withdrawals.<sup>1</sup>

Since 403(b) programs were originally intended as a source of retirement income, there are restrictions on withdrawing 403(b) program funds and any earnings before you reach age 59½. When withdrawals prior to age 59½ are allowed, they may be subject to a 10 percent federal tax penalty. Some exceptions may apply. Ordinary federal income taxes generally apply to withdrawals. Many plans do, however, include provisions so that you can borrow against your 403(b) program.

## A 403(b) program can offer many important features:

### Pre-tax savings and the power of tax deferral

Contributions to a 403(b) program can reduce your current income taxes. How? Contributions to a 403(b) program are deducted before taxes are paid on your salary. Reducing current income taxes allows you to save more for retirement. Also, the earnings on your contributions are not taxed until they are withdrawn from your TSA account. It all adds up to the compounding strength of tax deferral.

### A wide array of funding choices

No two individuals are the same, so MetLife<sup>2</sup> offers a wide variety of funding alternatives for 403(b) programs. Whether you are conservative or aggressive, there are funding choices for your preferred investing style.

## Professional investment management

MetLife offers funds managed by some of the leading financial investment firms in the business. Whether you are interested in stocks, bonds, or money market portfolios, MetLife has a wide selection of professionally managed funding choices.

## It's simple and convenient

Automatic salary reduction can make saving simple and convenient. Once you decide how much to contribute (subject to federal tax law limitations), money is automatically deducted from your salary and deposited directly into your 403(b) program.

## After-tax Roth contributions

Some plans permit you to contribute after-tax amounts into a designated Roth account. In other words, as you set part of your salary aside in a 403(b) program, you pay current federal income taxes on that amount. If you meet certain requirements, withdrawals from your designated Roth account, including earnings, will not be subject to federal income taxes.

## Loan features

If available, you may be able to take out a loan from your 403(b) account without paying any tax or penalty. In many cases, you may borrow up to one-half of your nonforfeitable account balance, as long as the new loan doesn't exceed \$50,000 (reduced by the highest outstanding loan balance within 12 months of taking the new loan). Loans must, of course, be repaid within the limitations specified by federal tax law. Principal and interest payments must be made on a substantially level basis at least quarterly, and the term of the loan generally cannot exceed five years.

## An income stream to suit retirement lifestyles

Once you retire, there are many payout options. Depending on the plan, the payout options may include taking a lump sum, receiving regular periodic payments based on the amount saved or receiving regular payments based on your life expectancy or over your remaining life.

A 403(b) program allows for the accumulation of assets for retirement and retirement income that cannot be outlived, depending on your funding selections.

## How much can you contribute to a 403(b) program?

The maximum amount you may contribute to a 403(b) program is determined by a number of factors, such as how much you make, how long you've worked for your current employer, your contributions to and/or participation in other qualified retirement plans and any amount contributed in prior years. If you are 50 or older or have at least 15 years of service with the same employer, you may be eligible to make "catch-up" contributions.

### Maximum contributions: 2025

Under 50	50 or older
the lesser of: 100 percent of salary or \$23,500	the lesser of: 100 percent of salary or \$31,000
Participants may be eligible to make an additional \$3,000 per year catch-up contribution if they have 15 years of service with a school, hospital, home health service agency, health and welfare service agency, church or church organization.	

## Will a 403(b) program affect Social Security benefits?

Social Security benefits are based on your earnings and are not reduced for 403(b) program contributions.

**The information contained in this document is intended to be informational in nature and should not be considered a recommendation or individualized advice to a specific individual.**

*Note: Although pre-tax contributions are made through salary reduction and may be excludable from gross income for federal income tax purposes, and not subject to federal income tax withholding, they will be subject to FICA tax.*

1. States also may allow exclusion of these contributions for state income tax purposes; consult a tax advisor for the rules for applicable states.
2. MetLife refers to Metropolitan Life Insurance Company and its affiliates.

Any discussion of taxes is for general informational purposes only, does not purport to be complete or cover every situation, and should not be construed as legal, tax or accounting advice. Clients should confer with their qualified legal, tax and accounting advisors as appropriate.

Like most annuity contracts, MetLife's contracts contain charges, limitations, exclusions, holding periods, termination provisions and terms for keeping them in force. If you are buying a variable annuity to fund a qualified retirement plan or IRA, you should do so for the variable annuity's features and benefits other than tax deferral. In such cases, tax deferral is not an additional benefit of the variable annuity. References throughout this material to tax advantages, such as tax deferral and tax-free transfers, are subject to this consideration.

**Variable annuity products are offered by prospectus only, which is available from your registered representative, if you have one, or by contacting MetLife's service center at 1-800-543-2520. Individuals should carefully read the product prospectus and consider the product's features, risks, charges and expenses, and the investment objectives, risks and policies of the underlying portfolios, as well as other information about the underlying funding options. This and other information is available in the prospectus, which individuals should read carefully before investing. Product availability and features may vary by state. All product guarantees are subject to the financial strength and claims-paying ability of Metropolitan Life Insurance Company.**

**Mutual funds are sold by prospectus, which is available from your registered representative, if you have one, or by contacting MetLife's service center at 1-800-543-2520. Please carefully consider investment objectives, risks, charges, and expenses before investing. For this and other information about any mutual fund investment, please obtain a prospectus and read it carefully before you invest. Investment return and principal value will fluctuate with changes in market conditions such that mutual fund shares may be worth more or less than original cost when redeemed. Diversification cannot eliminate the risk of investment losses, and past mutual fund performance is not a guarantee of future results.**

**The amounts allocated to the variable funding options are subject to market fluctuations so that, when withdrawn, they may be worth more or less than their original value. There is no guarantee that any of the variable funding options will meet their stated goals or objectives.**

MetLife Investors Distribution Company (Member FINRA) makes available participation in variable annuities as well as participation in mutual fund options through its Mutual Fund Select Portfolio, for certain retirement plans. You may enroll in a variable annuity and participate in the Mutual Fund Select Portfolio through your retirement plan.

MetLife and/or its affiliates ("MetLife") receive fees for providing administrative and recordkeeping services. The fees can vary based upon the mutual funds that are available in the Plan and Plan Participants' asset allocations. Because different mutual funds pay different rates of compensation and rates of mutual fund compensation are subject to change from time to time, compensation received by MetLife varies based on the rates of compensation in effect from time to time. MetLife may receive a finder's fee from certain fund companies, which is additional compensation to MetLife. MetLife may also impose separate transactional fees for certain Participant elected transactions that will be charged directly to Plan Participants unless paid by the Employer or the Plan. MetLife may increase the annual administrative service fee charged to Participants' accounts. MetLife may also pay a portion of the fees it collects to an entity that is designated as a directed trustee or directed custodian of the Plan; or to a third party administrator, or third party investment advisor. MetLife may receive payments for administrative services provided under the third party investment advisory services. MetLife also receives compensation for administrative services on annuities that are issued by unaffiliated insurance companies. MetLife also receives fees with respect to annuities it issues, according to the terms of the annuity contracts and prospectuses, if applicable. If you would like more information on the compensation that MetLife receives, contact your Employer. MetLife may realize a profit from any of the fees described above.

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## What if I leave my current employer?

If you leave your current employer, you can still benefit from your current 403(b) program.

### Leave it alone

You may leave the money in your 403(b) program.

### Transfer or roll it

Under federal tax law you may transfer your money to another employer's 403(b) program with the employer's approval if the 403(b) program permits such a transfer. Or, you may roll it into a 457(b) plan (sponsored by a governmental employer or school district) or to a qualified 401(a) plan, if the plan accepts such rollovers. You may also roll it into an Individual Retirement Account or Annuity (IRA). For more information, consult with a personal tax advisor.

### Withdraw it

Subject to the terms of the employer's plan, you can withdraw your money in a lump sum, make a series of withdrawals, or elect to receive regular installment payments.

Because each option comes with specific tax implications, it's advisable that you speak with a tax professional prior to making a decision. Consult a tax advisor or state taxation agency regarding state rollover provisions.

