
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

EMPLOYEE TSA/403(b)

As an employee of the Santa Monica-Malibu Unified School District, you are eligible to participate in the Tax-Sheltered Annuity Program (TSA).

What is TSA/403(b)?

This program permits an employee to set aside a portion of his or her salary "tax free" by purchasing an annuity or a mutual fund from an authorized financial institution. The employee is not taxed on the amount of salary used to purchase a TSA until the time of distribution, which is presumably after retirement. Early withdrawal of these funds may be subject to an early withdrawal penalty. One of the common terms for retirement accounts out there in the business world is 401(k). By Federal Tax code, educators cannot invest in a 401(k), but they may invest in a 403(b) or TSA.

What are the Advantages?

A TSA Requires Regular Monthly Investments That Can Grow. By investing as little as \$50 a month, individuals can have their funds grow gradually and consistently.

A TSA Will Lower Your Taxes. By reducing taxable income, individuals can keep more of what they make and give less to the Federal and State government in the form of taxes.

TSA Accounts Make Investments Simple. Fill out the few necessary forms and all of the investing is done for you.

TSA Accounts Provide Choice. Individuals can decide what their risk tolerance is and make decisions accordingly. Employees can choose the investment company based on service, past performance, fees and other criteria.

TSA Accounts Provide the Opportunity for a Financially Improved Retirement. Not only will your TSA account supplement your retirement, but also you will become accustomed to a lower income (since you are putting part of it aside for retirement) that will result in making the retirement financial picture even brighter. The earlier an individual begins a TSA program, the greater the opportunity for growth.

What are the Disadvantages?

There are Risks Associated with TSA Accounts. Individuals may make investment choices that are subject to market forces and may therefore make less money than planned or in some cases actually lose money. SMMUSD cannot provide investment advice. The companies on the approved list are there because they have signed agreements with the Los Angeles County of Education. This agreement does not guarantee positive performance. Investors are encouraged to learn as much as possible before making an investment decision.

Matching Contribution

Beginning in the 2005-2006 school year, the District agrees to contribute two hundred dollars (\$200) a year to the TSA account of any unit member that has an open, county-approved account and has contributed at least two hundred (\$200) to that account during the school year. Any questions please contact Human Resources 310-450-8338.