



5.4 TAX SHELTERED ANNUITIES (TSA)

TSA or Tax-Sheltered Annuities are a retirement savings benefit using pre-tax contributions. Employees can save for retirement by contributing to individual accounts. Employers can also contribute to employees' accounts.

403 B PLAN/TAX SHELTERED ANNUITY PLAN (TSA)

Under this program an employee can elect to contribute, on a bi-weekly basis, a fixed amount or a percentage of their pay towards their TSA.

1. TSA contributions are not counted in gross income for tax purposes. This means that State or Federal taxes are not paid on the contribution at the time the contribution is made.
2. Deductions are made on each paycheck based on the amount indicated by the employee for withholding.
 - a. A fixed amount change can be withheld each payroll.
 - b. A percentage of the paycheck can be withheld each payroll.

Effective January 1, 2019, each employee who works in covered employment will become a participant for purposes of an employer contribution on the date the employee completes one year of Participation Service and attains age 21 (or January 1, 2019, if later).

Before January 1, 2019 (for the period of time before January 1, 2019), each employee who works in covered employment will become eligible for the employer contribution on the date the employee completes two years of Participation Service and attains age 21 when funds are available (determined annually at the end of each year). The formula or formulas for computing the amount of the employer contribution on behalf of eligible Participants for a Plan Year will be determined by LADD. The contribution is not guaranteed and paid only when funds are available.

3. These benefits are outlined in a 403b Summary Plan Document available on the LADD website, and a copy is sent to all eligible employees annually.
4. New hire employees receive a summary of this benefit at time of hire, and TSA company mails a packet of information directly to their address within 30 days of hire.

Contact the Human Resource Department for additional information, or the TSA directly.