

Nazarene 403(b) Options



Nazarene Benefits USA (NBUSA) is pleased to offer flexibility to participants of the Nazarene 403(b) Retirement Savings Plan through the traditional 403(b) Savings Option and the now available Roth 403(b) Savings Option. This means you may now make after-tax Roth contributions, pretax traditional contributions, or a combination of both.

What are the differences between the pretax traditional 403(b) and the after-tax Roth 403(b)?

Traditional Nazarene 403(b) Savings Option

- Contributions to the plan are remitted on a pretax basis.
- Income taxes are calculated after contributions are withheld, lowering taxable income and potentially your tax bracket.
- Earnings grow and compound year after year without being reduced by taxes.
- Distributions from your account will be subject to ordinary income tax when withdrawn, but ministers may receive them as tax-free housing allowance, within IRS limits.

VS

Roth Nazarene 403(b) Savings Option

- Contributions to the plan are remitted on an after-tax basis.
- Distributions from the account, including earnings, are typically tax- and IRS-penalty-free, provided:
 - ✓ The account has been held for a minimum of five years, and
 - ✓ You have reached age 59½, become disabled, or die.

See page 2 for common questions about these two plans.

Common Questions

Who might want to consider the traditional 403(b) pretax option?

- Workers who expect to be in a lower tax bracket after retirement,
- Those who...
 - Want to shelter income in retirement from income tax using the minister's housing allowance,
 - Desire lower cost/fee structures through the institutional leverage of the Nazarene group, and
 - Want to take advantage of access to employer contributions.

Who might want to consider the Roth 403(b) after-tax option?

- Young workers who have more time to accumulate tax-free earnings,
- Workers who expect to pay a higher tax rate once they reach retirement, and
- Workers who want to leave tax-free money to their heirs or other beneficiaries.

How do savings affect an Employer Match?

Whether you contribute on a pretax traditional 403(b) or after-tax Roth 403(b) basis will not affect your ability to receive any match your employer may offer. Individual employers can choose whether or not to offer a match, so check with them to find out if one is available. If so, it will be made to the traditional 403(b), not to the Roth, per IRS regulations. Also, the Church of the Nazarene will continue to pay the Ministers Match to eligible ministers through the traditional 403(b) plan.

Ready to contribute? Here's how to get started...

- Download and print the [Contribution Agreement](#) from nbusa.org. Indicate on the form if you want to contribute using the Roth option, traditional option, or both. Return the completed form to your employer.
- Both traditional pretax and Roth contributions count toward the IRS annual limit, the posted maximum amount you can contribute to a 403(b) or similar retirement savings plan in a calendar year. Double check that you do not exceed these limits, which are on our website.
- Pretax contributions in the Nazarene 403(b) Retirement Savings Plan can be converted to Roth contributions by doing an in-plan Roth conversion. The amount converted becomes taxable income at the time of conversion. Contact Fidelity at 866-629-2736 to get started.

Learn more...

To learn more about retirement saving options in the Nazarene 403(b) Plan, visit the [Nazarene 403\(b\) Retirement Savings Plan](#) page at nbusa.org or contact Fidelity Investments at 866-NAZARENE (866-629-2736).

