Tax-SHELTERED Annuities and Mutual Funds

Summary/Purpose: An explanation of the provisions of Section 403(b) of the Internal Revenue Code of 1954 is given for tax advantages of purchasing an annuity for additional retirement benefits.

Under the provisions of Section 403(b) of the Internal Revenue Code of 1954, as amended, employees of The University of Mississippi are offered certain tax advantages in that a part of the gross compensation may be excluded from current income taxes when used to purchase an annuity for additional retirement benefits. Amounts invested in an annuity under the provisions of this section of the Internal Revenue Code would be taxed at the time the annuity matures, and payment is made to the individual after retirement. This provision may result in considerable tax savings to the individual. The maximum amount one may invest is subject to IRS guidelines. The Department of Human Resources can advise employees enrolling of the minimum amount they may invest. Individuals who are interested in this program may contact the Department of Human Resources or contact directly a representative of an authorized company which may be found on the Human Resources web page.