

What Is a TDA?

The employees of public school systems and 501(c)(3) non-profit organizations can participate in tax-deferred annuity (TDA) plans established by their employers.

A TDA has tax-favored status. Specifically:

■ Pre-Tax Dollars

The amount contributed to a TDA is not reported as income*, which means that your taxable income is reduced by the amount of your TDA contributions.

■ Tax-Deferred Growth

The earnings on your TDA contributions compound tax-deferred until withdrawn*, providing you with a double tax benefit.

* *Ordinary income taxes are due upon withdrawal. Withdrawals may also be subject to a 10% penalty tax if taken before age 59-1/2.*

While many plans can help you save for a financially-secure retirement, the tax advantages of a TDA may enable you to accumulate more funds at a faster rate than would otherwise be possible!