



Policy Directory

Responsible Division: Finance and Administrative Services
Responsible Office: Human Resources
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Supplemental Retirement Plans

Policy:

Under provisions of Section 403(b) of the Internal Revenue Code of 1954, as amended, employees of Alcorn State University are offered an opportunity to contribute to a pre-tax supplemental retirement program. Certain tax advantages are associated with this program in that a portion of the gross compensation may be excluded from current income taxes when used to purchase an annuity for additional retirement benefits. The amount invested in an annuity under the provisions of this section of the Internal Revenue Code is 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.

Representatives of the Office of Human Resources can advise employees enrolling in the pre-tax 403(b) program of the minimum and maximum amounts they may invest. Individuals who are interested in participating in this program must complete a Salary Reduction Agreement form (available on the Human Resources web page) or contact the Human Resources office. Participants must directly contact a representative of the appropriate authorized company to establish an account and to select his/her investment vehicle.

The 1973 and 1974 Mississippi Legislatures passed legislation which allows any public employee in the State of Mississippi to participate in a Deferred Compensation Plan. Deferred compensation, like a tax-sheltered annuity, offers certain tax advantages in that a part of an employee's gross compensation may be excluded from current income taxes when invested. The Public Employees' Retirement System of Mississippi (PERS) is the state agency chosen to administer the program. The amount of salary an employee may defer will be in accordance with Section 457 of the Internal Revenue Code. The Mississippi Deferred Compensation Plan & Trust offers a variety of investment options from stock funds to fixed accounts. Employees choose the options which are best for them based on their personal investment objectives and risk tolerance.