

Permissible Investments in 403b accounts

Permissible investments for 403b accounts are limited by the requirements for tax-deferred treatment under section 403(b)(7) of the Internal Revenue Code (the "Code"). That Code restricts the investment of section 403(b)(7) custodial accounts to regulated investment company stock (such as shares of mutual funds and some Exchange Traded Funds).

Common stocks, fixed income securities and any other investments such as REITs are not legal investments for a 403b account. Violation of the Code could result in the loss of the tax-deferred status of your client's account.