

Understanding **Your 457(b)**

Overview

The 457(b) is a Deferred Compensation Plan (DCP) developed by the IRS to allow you to save pre-tax dollars for retirement to supplement your CalSTRS/CalPERS pension plan. On average, your pension replaces 50-65% of income in retirement.^{1,2} Currently, studies show that at a minimum, approximately 80% of income replacement is necessary to maintain the same standard of living in retirement.³ A 457(b) offers school employees a way to bridge that gap while saving for retirement.

Taxes

Contributions are made to a 457(b) before taxes are taken from your paycheck, reducing your taxable income. Taxes are paid on withdrawals, typically in retirement when you will likely be in a lower tax bracket.

Withdrawals

You may withdraw from a 457(b) at age 59½ or when you leave your employer, or in the case of death, disability or unforeseeable emergency. Supporting documentation is required and you may be subject to penalty fees. Distributed funds cannot be rolled back into the plan.

Loans

A loan may be taken against 457(b) funds while you are still employed. Repayment terms and interest rates are determined by your plan's vendor.

Contribution Limits

In 2020, you may contribute up to \$19,500 to your 457(b). It is possible to make a catch-up contribution of up to \$19,500 more than the maximum if you meet the following requirements:

- Age 50+ = an additional \$6,500; or
- Age is within three years of Normal Retirement Age (NRA)* = up to an additional \$19,500

The Pre-Tax Savings Advantage

Based on a teacher's annual income of \$45,000

	457(b) Contribution		
	\$100/Month	\$300/Month	\$500/Month
Monthly gross income	\$3,750	\$3,750	\$3,750
Net paycheck	\$2,786	\$2,652	\$2,518
Change in your paycheck	\$67	\$201	\$335

*NRA is typically 62 or 65. Check with your plan administrator.
This is a hypothetical example used for illustrative purposes only and is not indicative of any specific investment.
The example does not reflect any fees or charges that may apply.



Here to help you

The 457(b) administrator for your district is SchoolsFirst Plan Administration. If you have questions, or would like to open a 457(b), please contact:

Michael J. Duarte
Sr. Retirement Plan Advisor

Phone
714-914-7447 (work cell)
714-258-4116 option 1 (office)

Email
mduarte@schoolsfirstfcu.org

Minimum contribution starts at \$25

Low Cost Investment Options



SCHOOLSFIRST 
Plan Administration, LLC

Online retirement access and tools to help you **Educate, Enroll and Take Control**

We make it easy to stay on top of your retirement plans from wherever you are — enroll, monitor and adjust your plan. You have all the tools necessary to achieve your goals at your fingertips.



My Interactive Retirement PlannerSM

- Determine how your current account balance may translate into potential retirement income
- Utilize Social Security and pension estimators for a more comprehensive view of your potential future savings



My Health Care Estimator

- Understand your potential health care costs in retirement in less than five minutes
- Start preparing with insight into these potential expenses



Access on your terms

- Sign up for an online account to get access to all of these features 24/7
- Learn about budgeting, dollar cost averaging, special considerations and more with a library of videos, relevant articles, and tools



Professional Advice is just a phone call away

- Our advisors are available over the phone or we'll even come to your school or district office for in-person appointments
- Get support and answers to any questions you may have about your retirement savings



CALL

800.462.8328, ext. 4116
Option 1 to schedule an appointment



CLICK

nationwide.com/schoolsfirst to get started

A 457(b) account must be opened prior to your first contribution. A complete list of approved providers is available upon request.

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Representatives are not tax advisors. For information regarding your specific tax situation, please consult a tax professional.

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