

Understanding **Your 403(b)** & **Roth 403(b)**

Overview

The 403(b) is a Tax-Sheltered Account (TSA) developed by the IRS to allow you to save for retirement and 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 403(b) offers school employees a way to bridge that gap while saving for retirement.

403(b)

Taxes

Contributions are made to a 403(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 begin to take withdrawals from a 403(b) at age 59½. Penalties may apply to withdrawals taken before this time.

Loans

A loan may be taken against Roth 403(b) funds while you are still employed. Repayment terms and interest rates are determined by your plan's vendor.

Roth 403(b)

Taxes

Contributions to a Roth 403(b) are made after taxes are taken from your paycheck, allowing your earnings to grow — and withdrawals taken — tax-free if the account has been open for at least five years and you are age 59½ or older.

Withdrawals

You may make a withdrawal from a Roth 403(b) when you reach age 59½, upon severance of employment, or in case of hardship, disability or death.

Loans

A loan may be taken against Roth 403(b) funds while you are still employed. Repayment terms and interest rates are determined by your plan's vendor.

Contribution

In 2020, you may contribute up to \$19,500 to a 403(b) and/or Roth 403(b), combined. It is possible to contribute up to \$9,500 more than the maximum if you meet the following requirements:

- Age 50+ in 2020 = an additional \$6,500
- With employer 15+ years = an additional \$3,000



Here to help you

The 403(b) administrator for your district is SchoolsFirst Plan Administration. If you have questions, or would like to open a 403(b) account, 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



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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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