

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% income replacement is necessary to maintain the same standard of living in retirement.³ The 403(b) offers school employees a way to bridge that gap while saving for retirement.

403(b)

Taxes

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

Loans

A loan may be taken against your 403(b) funds while you are still employed. Repayment terms and interest rates are determined by your investment provider.

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 to be 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 your Roth 403(b) when you reach age 59½, upon severance of employment, or in case of hardship, disability or death.

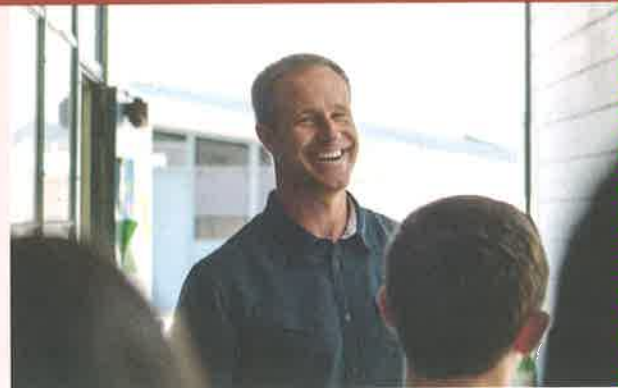
Loans

A loan may be taken against your Roth 403(b) while you are still employed. Repayment terms and interest rates are determined by your investment provider.

Contribution Limits

In 2017, you may contribute up to \$18,000 to a 403(b) and/or Roth 403(b), combined. It is possible to contribute up to \$9,000 more than the maximum if you meet the following requirements:

- Age 50+ in 2017 = an additional \$6,000
- 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 your 403(b) account, please contact:

Arthur Kang
Retirement Plan Advisor

Phone
(800) 462-8328 x 4116

Cell
(657) 212-1697

Email
akang@schoolsfirstfcu.org

Minimum contribution starts at \$25

Low Cost Investment Options

To Enroll Online visit:
<http://www.nationwide.com/schoolsfirst.jsp>

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