

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

Overview

The IRS developed the 403(b) and Roth 403(b) plans to offer school employees a tax incentive to save for retirement. Both plans are administered by financial institutions that will typically offer several mutual fund options within the plan. You may choose to participate in one or both plans, which must be opened prior to your first contribution.

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 plan administrator, SchoolsFirst Federal Credit Union.

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 plan administrator.

Contribution Limits

In 2018, you may contribute up to \$18,500 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 2018 = 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 Federal Credit Union. If you have questions, or would like to open your 403(b) account, please contact:

David Archila

Retirement Plan Advisor

Phone

Cell 657-284-3519

Office 800-462-8328, x4116

Email

darchila@schoolsfirstfcu.org

Minimum contribution

starts at \$25.00

To enroll online visit:

<http://www.nationwide.com/schoolsfirst.jsp>

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RE: Your 403(b) Retirement Plan

Dear District Employee:

SchoolsFirst Plan Administration, LLC is the third party administrator of your 403(b) retirement plan. This letter is to inform you of the options available to help you save for retirement by participating in a 403(b) plan. These plans are designed to assist you in building and growing your savings for retirement by complimenting your pension income at retirement.

What is a 403(b) plan?

The IRS created retirement savings plans for various groups to encourage retirement savings by offering tax benefits. They developed the 403(b) for non-profit organizations. Contributions to these plans are made directly from your paycheck before taxes are taken out – reducing your tax bill while saving for retirement.

What if I already have a 403(b)?

Great News! You always have the opportunity to increase your contributions to the 403(b) plan any time during the year, contact us and we will be happy to assist you.

How much may I contribute?

You may contribute up to \$18,500 in 2018 to a 403(b), in addition to qualifying for additional catch-up limits. We would be happy to review these options with you in addition to answering questions you may have related to your retirement.

Get Started

If you would like to start contributions to a 403(b) plan, you must first establish an account with an approved investment provider. If you are already working with a financial advisor or agent, please feel free to continue to do so. If you do not have a financial advisor or agent, we are here to help!

Our goal as your district's third party administrator is to provide you with the very best personal service. If you have questions regarding the administration of your retirement plans, please contact **SchoolsFirst Plan Administration** at 800.462.8328, x4727 or at retirement@schoolsfirstfcu.org. If you would like to schedule an appointment to meet with an advisor please contact our Retirement Planning Department at 800.462.8328, x 4116, Option 1.

Sincerely,



Carol Rose
Vice President, Investment & Retirement Planning

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Understanding Your 457(b)

Overview

The 457(b) is a deferred compensation plan (DCP) that allows you to save pre-tax dollars for retirement. It is an employer-sponsored plan your district can choose to make available to you. Investment options with a 457(b) include mutual funds and SchoolsFirst FCU share certificates.¹

Taxes

Contributions are made to your 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

Regardless of age, you may withdraw from your 457(b) 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 your 457(b) funds while you are still employed. Repayment terms and interest rates are determined by your plan's administrator, SchoolsFirst Federal Credit Union.

Contribution Limits

In 2018, you may contribute up to \$18,500 to 457(b). It is possible to make a catch-up contribution of up to \$18,500 more than the maximum if you meet the following requirements in 2018:

- Age 50+ = an additional \$6,000; or
- Age is within three years of Normal Retirement Age (NRA)* = up to an additional \$18,500

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 paycheck	\$67	\$201	\$335

The example does not reflect any fees or charges that may apply.
1. Share Certificates are federally insured by the National Credit Union Administration.



Here to help you

The **457(b)** administrator for your district is **SchoolsFirst Federal Credit Union**. If you have questions, or would like to open your **457(b)**, please contact:

David Archila

Retirement Plan Advisor

Phone

Cell 657-284-3519

Office 800-462-8328, x4116

Email

darchila@schoolsfirstfcu.org

Minimum contribution starts at \$25.00

To enroll online visit:

<http://www.nationwide.com/schoolsfirst.jsp>

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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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