

RE: Your 403(b)/ 457(b) Retirement Plan

Dear District Employee:

SchoolsFirst Plan Administration is the third-party administrator of your 403(b) and/or 457(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) and/or 457(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) / 457(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 and the 457(b) for state employees. 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)/ 457(b)?

Great News! You always have the opportunity to increase your contributions to the 403(b) and/or 457(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 \$22,500 in 2023 to each plan, 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) and/or 457(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 rpa@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,



Jessica Jamison
Vice President, Retirement Planning & Administration

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

Overview

The 403(b) and Roth 403(b) are retirement plans designed for school employees to supplement their CalSTRS/CalPERS pension plan. On average, your pension replaces 50% to 60% of income in retirement.¹ Studies show at a minimum, you'll need approximately 80% income replacement to maintain the same standard of living in retirement.² A 403(b) and Roth 403(b) offer 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'll 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 403(b) funds while you're 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're 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're still employed. Repayment terms and interest rates are determined by your plan's vendor.

Contribution

In 2024, you may contribute up to a combined \$23,000 to a 403(b) and/or Roth 403(b). It's possible to contribute more than the maximum if you meet the following requirements in 2024:

- Age 50+ = an additional \$7,500.
- With employer 15+ years = an additional \$3,000.

Here to help you

If you have questions, or would like to open a 403(b) account, please contact:

Name: Michael Duarte

Title: Financial Representative

Phone: 714-914-7447

Text: n/a

Email: mduarte@schoolsfirstfcu.org

Scan below to get started today!



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- 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 from our video library, relevant articles and tools.



Professional guidance is just a phone call away

- Representatives are available over the phone, virtually or in person. We'll even come to your school or district office for appointments.
- Get support and answers to questions you may have about your pension and retirement savings.



CALL (800) 462-8328, ext. 4116, option 1 to schedule an appointment.



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1. California State Teachers' Retirement System Member Handbook, 2023. 2. "How much will you spend in retirement?" Fidelity.com, 2022.

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