

# Understanding Your 403(b)

## Overview

The 403(b) is a Tax-Sheltered Account (TSA) 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.<sup>1,2</sup> Currently, studies show that at a minimum, approximately 80% income replacement is necessary to maintain the same standard of living in retirement.<sup>3</sup> The 403(b) offers school employees a way to bridge that gap while saving for retirement.

## 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 403(b) funds while you are still employed. Repayment terms and interest rates are determined by your plan's vendor.

## Contribution Limits

In 2022, you may contribute up to \$20,500 to a 403(b).

## Catch-up Contributions

It is possible to contribute up to \$9,500 more than the maximum if you meet the following requirements:

- Age 50+ in 2022 = an additional \$6,500
- With employer 15+ years = an additional \$3,000

## The Pre-Tax Savings Advantage

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

	403(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

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 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:

**Vanessa Hughes**  
Retirement Plan Advisor

**Cell**  
(657) 699-4239

**Email**  
[vhughes@schoolsfirstfcu.org](mailto:vhughes@schoolsfirstfcu.org)

**Scan QR code to schedule your appointment today!**



**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 Planner<sup>SM</sup>

- 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](http://nationwide.com/schoolsfirst)

Securities sold, advisory services offered through CUNA Brokerage Services, Inc. (CBSI), member FINRA/SIPC, a registered broker/dealer and investment advisor. CBSI is under contract with SchoolsFirst FCU to make securities available to Members. **Not NCUA/NCUSIF/FDIC insured, may lose value, no financial institution guarantee and not an obligation of the Credit Union. Not a deposit of any financial institution.** CUNA Brokerage Services, Inc., is a registered broker/dealer in all fifty states of the United States of America **1.** Overview of the California State Teachers' Retirement System and Related Issues, 2016. **2.** California Public Employees' Retirement System Overview, 2016. **3.** "How much do you really need for retirement?" Forbes.com, 2015.

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

MK352 11/21