

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 403b

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 2023, you may contribute up to \$22,500 to a 403(b) and/or Roth 403(b), combined. It is possible to contribute up to \$10,500 more than the maximum if you meet the following requirements:

- Age 50+ in 2023 = an additional \$7,500
- 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:

Michael Duarte
Financial Representative
Phone: 714-914-7447
Email: mduarte@schoolsfirstfcu.org

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