

403(b) & 457(b) RETIREMENT SAVINGS PLAN ANNUAL NOTICE - 2018

WHY DO I NEED TO SAVE IF I HAVE CalSTRS OR CalPERS RETIREMENT?

Your pension may not replace all of your income in retirement. The average retiree receives 60–65 percent of their income at retirement. For example, if your current salary is \$5,000 per month and your retirement benefit equals 65 percent of your current salary, you will receive \$3,250 each month. However, CalSTRS research indicates that retirees must receive 90–95 percent of their income in retirement to maintain their current standard of living. In the above example the member has a shortfall of \$1,750 per month.

WHY SHOULD I CONTRIBUTE TO A 403(b) PLAN

- Bridge your retirement income gap
- Lower your current taxes
- Easy to start saving now

TO ALL SCHOOL DISTRICT EMPLOYEES:

The New Year is an ideal time to make you aware of your eligibility to participate in your employer's 403(b) and 457(b) retirement plans. The 403(b) (often called a "tax-sheltered annuity" or TSA) and 457(b) plans are voluntary plans that allow you to defer a portion of your paycheck to a retirement plan.

This is a great benefit offered by your employer to help you bridge your retirement income gap and lower your current taxes. Under federal tax law, you do not have to pay income taxes on your contributions or account earnings until you take the money out of the plan.

Please continue reading for details on how to enroll and how easy it is to start saving now. Also explore why it is a good idea to invest for retirement.

HOW TO ENROLL:

To make a 403(b) or 457(b) salary reduction election or change online, please follow the instructions below:

1. Go to www.CalSTRS403bComply.com.*
2. Click on "Login" on the right side of the screen.
3. If you are currently a participant in the 403(b) plan:
 - a. Click on "Retirement Login"
 - b. Enter your Username and Password and click "Login" to enter the plan
4. **If you are not currently a participant in the 403(b) plan:**
 - a. Click on "Login"
 - b. Choose click on the A–Z menu to find you employer
 - c. Click on the plan type you want more information about 403(b) or 457(b)
 - d. Click on the Summary Plan Description to find the plan password (make sure you are using the correct password for the plan type you wish to enroll)
 - e. Click Register and enter the plan password, click "Next"
 - f. Enter your Social Security Number, click "Next"
 - g. Follow the remain step until you receive a confirmation number at the end of the process
5. If you have any problems, please call CalSTRS 403bComply Customer Service at (800) 943–9179.

*If you do not have Internet access or need assistance, please call us at (800) 943–9179 and we can assist you with these services by phone.

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403(b) & 457(b) RETIREMENT SAVINGS PLAN ANNUAL NOTICE - 2018 (CONTINUED)

IMPORTANT POINTS ABOUT YOUR 403(B) & 457(B) PLANS:

- A. You may start, stop or change your payroll deduction contribution to the Plan at any time. The deadline for doing this for each pay period is on the CalSTRS 403bComply website. Go to www.CalSTRS403bComply.com
- B. The limit for 2017 for employees under the age of 50 to contribute is \$18,000 and \$24,000 if you are age 50 or over. (Should limits change for 2018, a notice will be sent out.) These contribution limits include contributions to ROTH 403(b) or ROTH 457(b).
- C. There are no other restrictions on your right to make contributions to the Plan.
- D. To see other Plan features for your employer, such as whether your Plan allows ROTH contributions, go to the Summary Plan Description as described in item A. above.
- E. Your approved vendors for 403(b) can be found on the www.CalSTRS403bComply.com website under your employer's name, or by finding your employer on www.403bCompare.com.
- F. Your approved vendors for 457(b) are SECURITY BENEFIT and VALIC.
- G. Exchanges, transfers, loans, distributions, and hardship distributions must be approved by the plan administrator.
 - o **Exchanges:** Moving money from one approved 403(b) vendor to another approved 403(b) vendor inside the employer's plan
 - o **Transfers:** Moving a 403(b) account from a previous employer's plan to your current employer's plan. You keep the same 403(b) account and can continue contributions.
 - o **Loans:** You will need to fill out a loan application from your investment provider and complete the one page distribution form on the www.CalSTRS403bComply.com website. Complete both forms and submit them to CalSTRS 403bComply for processing.
 - o **Distributions:** Taking money from your 403(b) account as income. You're allowed to take a distribution without penalty from the IRS if you are 59½ or older.
 - o **Hardship Distributions:** Allowed only for an immediate (unforeseen if from a 457(b) account) and significant financial need in an amount necessary to satisfy the hardship plus taxes attributable to the distribution. Complete documentation must accompany your request submitted to CalSTRS 403bComply. You may apply for a hardship withdrawal if one of the following conditions is met (not all of these apply to the 457(b) plan):
 - Un-reimbursed medical expenses for you, your spouse, or your dependents
 - Payment of tuition and related educational costs, such as room and board, for the next 12 months of post secondary education for you, your spouse, dependents or children who are no longer dependents
 - Payments necessary to prevent eviction from your house, or foreclosure on the mortgage of your principal residence.
 - Expenses for the repair of damage to the employee principal residence due to storm, fire or other casualty or disaster.
 - Funeral expenses for the employee's deceased parent, spouse, children or dependent.

If you have any additional questions, please contact CalSTRS 403bComply Customer Service at (800) 943-9179.

Thank you,
The CalSTRS 403bComply Administration Team