

# OMNI Updates

Providing a Better Understanding of Your Tax Deferred Retirement Benefit

3rd Quarter 2016

## In this edition...

Many of us are going back to work after some relaxing vacation time with friends and family. This time of year can be overwhelming with benefit fairs, open enrollment periods, and the end of year rush on the horizon. By the time we have our health insurance, dental plan, life insurance benefits decided upon, retirement planning can often fall by the wayside.

But there is good news. If you received this newsletter, you are likely eligible to participate in a 403(b) retirement plan! The hardest part of plan establishment is getting started, but OMNI is here to assist. The participants section of our website (<https://omni403b.com/Participants.aspx>) provides an abundance of product neutral information and educational materials to assist you with retirement planning.

In this edition of OMNI Updates, we will closely examine some of the lesser known 403(b) options, including the Roth feature available in many plans, as well as the process of transferring, rolling over or exchanging your tax-deferred retirement accounts.



**Robert McLean**  
President & CEO



# THE ROTH FEATURE

**The Roth feature of 403(b)s has become a popular option for retirement savings since being introduced in 2006. Though "Roth" is most known for its Roth IRA form, Roth 403(b)'s offer potentially advantageous features and may be substantially more accessible to the majority of employees.**

## Quick Roth 403(b) Facts

- In a traditional 403(b) arrangement, money you contribute into the plan is deducted from your taxable income for the year. In contrast, your contributions to a Roth 403(b) are subject to income tax on the amount contributed. Please refer to the chart below as an example.
- Roth plans allow for tax free growth and distribution, provided the contributions have been invested for at least 5 years and the account owner has reached age of 59½.
- Unlike a Roth IRA, there are no income restrictions. Anyone earning income can contribute!
- In the instance of a hardship withdrawal or a standard distribution (provided you do not meet the above stipulations), only interest and investment earnings are taxable as the principal has already been taxed.

For more detailed information about Roth accounts, look no further than the IRS's website:

<https://www.irs.gov/Retirement-Plans/Designated-Roth-Accounts>

Plan Type	Traditional 403(b)	ROTH 403(b)
Annual Income for year	40,000	40,000
403(b) Contributions for year	5,000	5,000
Taxable Income for year	35,000	40,000
Tax Liability for 403(b) assets after age 59 ½. (Assuming contributions have been in more than 5 years)	Taxable income for the year the money is withdrawn	0%

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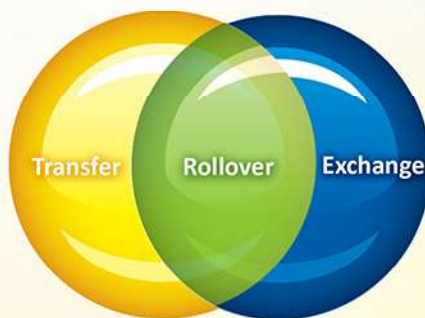
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## Consolidating your accounts

It is not uncommon to hold different positions with multiple employers throughout our careers. Statistics suggest that the average person will be making a career change approximately 5-7 times during their working life. One of the main concerns when leaving an employer and joining a new one is: what to do with my retirement plan? Even those of us who remain with one employer for the duration of our career may have multiple 403(b) accounts that we wish to consolidate. There are numerous terms used to characterize these transactions, including transfer, rollover, and exchange. Because it can be intimidating to determine which term applies to your particular circumstances, OMNI maintains a transaction selection assistant on our website at [www.omni403b.com](http://www.omni403b.com).

### Transfers

This refers to the transfer of your 403(b) assets from a plan under a former employer to that of your current employer. Your first step should be to establish a 403(b) plan with one of your current employer's participating providers. After establishing the plan, obtain any paperwork that is required for the transfer of funds and complete the online Transfer Request Form on OMNI's website.



### Rollovers

A rollover occurs when you are moving funds from another form of tax sheltered retirement savings account, such as a 401(k) or IRA, to your 403(b) plan. If permitted by your employer's plan you should establish a 403(b) plan with one of your employers Participating Providers. After establishing your plan, you must obtain your receiving vendor's rollover paperwork before completing the rollover paperwork available on OMNI's website.

### Exchanges

Exchanges are unique among the transactions previously mentioned as it refers to the transfer of your 403(b) assets from one 403(b) service provider to another of your current employer's participating providers. Like a rollover, you will want to obtain paperwork from your receiving vendor (who must be on your current employer's list of participating vendors) to initiate this transaction.

All forms for these transactions and others can be found on our website <https://omni403b.com/Participants.aspx> and can be submitted electronically for expeditious processing. If you require any assistance or have further questions, our customer care team can be contacted at 1.877.544.OMNI (6664) Monday through Friday, 7:30am to 8:00pm EST.

## Franklin-Essex-Hamilton BOCES

New accounts may be opened with the following approved service providers:

American Fund/Capital Guardian  
Cadaret, Grant & Co.  
Fidelity Management Trust Co.  
Fiduciary Trust Intl-Franklin Templeton  
Foresters Financial (First Investors)  
Lincoln Investment Planning  
MetLife  
Oppenheimer Shareholder Svcs.  
RiverSource Life Insurance Co of NY  
Security Mutual Life of NY  
Vanguard Fiduciary Trust Co.  
Voya Financial (Nat'l NY)

# CONSOLIDATE

Start TODAY!  
[www.omni403b.com](http://www.omni403b.com)