

OMNI Updates

Providing a Better Understanding of Your Tax Deferred Retirement Benefit

4th Quarter-2015

In this edition

Thank you for sharing your retirement dreams on our social media platforms. In this edition of OMNI Updates, find out why a 403(b) may be better than a traditional savings account for meeting your retirement goals. We are also excited to announce the winners for our #retirementdreams photo contest, thanks to all who shared with us!

Though a traditional savings plan can be good for short term financial goals, you may find a 403(b) is a much better vehicle for achieving your retirement dreams.

2016 MAC Limits are in

The IRS has recently announced the 2016 Maximum Allowable Contribution (MAC) limits, which remain unchanged from previous limits for the 2015 calendar year.

Maximum Allowable Contribution Limits 2016

403(b)/457(b) Elective Deferrals	\$18,000.00
Age 50+ Catch-Up Contribution - \$6,000.00	\$24,000.00
Non-elective/Employer Contributions	\$53,000.00

Additionally, individuals with at least 15 years of service with their current employer still may be entitled to contribute up to an additional \$3,000 above their age-based limit, potentially increasing the limit to \$27,000 for a participant utilizing both the age based and the full amount of the service based catch-up provisions.

Recipients of non-elective contributions aged 50 and up will retain the opportunity to utilize the age based catch-up beyond the 415(c) limitation, allowing for a "combined maximum" of \$59,000 in 2016. Please note that the amount of non-elective employer contributions is reduced by employee elective deferrals.

If you have any questions concerning the 2016 contribution limits, or any other concerns, please contact us.

#retirementdreams CONTEST WINNERS



Kevin Durr
Alexandria Central
School
New York

Anna-Stacia Allen
East St. Louis
School District
Missouri

Angela Sarica Carino
Greenwich Public
Schools
Connecticut

Thanks to all who participated in our #retirementdreams contest. Congratulations to our winners!

There were so many great entries and it was very difficult to select the top pictures. We hope that you enjoyed sharing your #retirementdreams with us! Also, we hope this contest motivated you to take steps to achieve the experiences you wish to enjoy in later years.

Keep following us on social media, as we will continue to hold contests with more great prizes!



U.S. Employee Benefits Services Group

www.omni403b.com

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403(b) vs. Savings

In 2015, OMNI has sought to demonstrate the unique advantages of 403(b) plans in saving for retirement. Thus far, we have explained the basic workings of a 403(b) plan, and shown how relatively small contributions can still result in the accumulation of a significant nest egg. In this issue, we speak to the common belief that the use of a traditional savings account is all that would be necessary for financial security in retirement. While a traditional savings can be a great vehicle for short term financial goals and supplemental saving, we'd like to highlight how a 403(b) may be a better option for long term saving.



Tax Advantages

Contributions into a traditional 403(b) are typically made on a pre-tax basis, meaning the amount you defer can lower your taxable income. Interest and investment earnings also grow on a tax-deferred basis, so you won't pay taxes on any earnings until you begin to make withdrawals at retirement - when many participants find themselves in a lower tax bracket. With a regular savings account, the interest you earn is typically considered to be taxable income that you must report on your tax returns every year.

Investment Diversification

A 403(b) plan can afford the opportunity to invest in a number of different options such as mutual funds and annuities. Additionally, you can often rebalance your portfolio to best match your changing personal situation and economic conditions. A typical savings account does not offer such options.

Liquidity

One advantage a savings account has over a 403(b) plan is liquidity. Withdrawing money from a savings account is usually quite simple. However many 403(b) plans permit hardship withdrawals for individuals facing approved circumstances, and may also allow loans in which no taxable event will occur provided that the loan is repaid within the agreed upon timeframe.

Roth

"Roth IRA" has become a buzzword in the retirement savings industry. Many 403(b) plans offer a Roth feature similar to that of a Roth IRA. Roth 403(b) plans are after tax contributions (meaning your taxable income won't be reduced) and all earnings grow tax-free. If the contributions have been in your account 5 years and you attain age 59 ½, withdrawals from a Roth 403(b) are completely tax free, even on earnings!

Paycheck

Believe it or not, your paycheck may be larger if you contribute to a 403(b). For example if your paycheck is \$1,000 and 25% is taken out for taxes (\$250) and another \$100 is put into a savings account, you are taking home \$650. Take that same \$1,000 paycheck, put \$100 into your 403(b) and only \$900 of your pay is taxable. With 25% taxes taken out, take home pay is \$675.

Barrington Public Schools

New accounts may be opened with the following approved Service Providers.

Aspire Financial Services
Fidelity Management Trust Co.
Foresters Financial (First Investors)
Great American Insurance Group
Horace Mann Life Ins. Co.
Lincoln National
MetLife
Oppenheimer Shareholder Svcs.
VALIC
Aspire Financial Services - 457
Fidelity Management Trust Co. - 457
Foresters Financial (First Inv.) - 457
Horace Mann Life Ins. Co. - 457
Lincoln National - 457
MetLife - 457
Oppenheimer Shareholder Svcs. - 457
Valic - 457

Start TODAY!
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