

Understanding Your 403(b) & Roth 403(b)

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 2016, you may contribute up to \$18,000 to a 403(b) and/or Roth 403(b), combined. It is possible to contribute up to \$9,000 more than the maximum if you meet the following requirements:

- Age 50+ in 2016 = an additional \$6,000
- 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:

Eric Reese

Retirement Plan Advisor

Cell

657-274-6899

Email

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Minimum contribution
starts at \$25.00

Low cost investment options

To enroll online visit:

<http://www.nationwide.com/schoolsfirst.jsp>

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FEDERAL CREDIT UNION

schoolsfirstfcu.org | 800.462.8328

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