

INDEPENDENCE SCHOOL DISTRICT

403(B) AND 457(B) RETIREMENT PLAN



Agenda:

- Why is the school district plan changing?
- Why participate in a 403(b) / 457(b)?
- What is the difference between a 403(b) and a 457(b)?
- New plan details
- What can I do with my account with a deselected provider?
- Enrollment process

Why is the School District adopting a new 403(b)/457(b) plan?

- Leverage buying power with Consolidated School Districts Retirement Trust (CSD-RT)
- To reduce expenses and fees for employees
- Offer best in class mutual funds
- Increase education and participation

Important Dates

- Contributions (payroll money) to all current 403(b) and 457(b) plans will cease effective July 1, 2019.
- If you wish to contribute to the 403(b)/457(b) plan, you must enroll in the new plan.
- Contributions (payroll money) to the new 403(b)/457(b) plan will begin in July 1, 2019.
- You may schedule a one-on-one meeting a VALIC Financial Advisor if you have questions and/or want to enroll.

Why participate in the 403(b)/457(b) program?

- Accumulate additional retirement savings
- Pre-tax contributions or Roth (after tax) contributions
- Convenient payroll contributions
- Tax deferred growth
- Ability to buy back years of service in PSRS/PEERS
- Loan provision

Pre-Tax 403(b)/457(b) Tax Advantages

- Contributions reduce your current taxable income
- Contributions grow tax-deferred
- Taxes are paid when you withdraw your funds

Example

Salary before contributions	\$30,000.00
Annual 403(b)/457(b) contributions	- \$6,000.00
Taxable Income	<u>= \$24,000.00</u>
Tax Savings (25% fed. / 6% state)	<u>\$1,860.00</u>

How contributions affect your take home pay?

Contribution	\$200.00	\$100.00	\$50.00
Change in take home pay	\$160.00	\$80.00	\$40.00

What is the difference between a 403(b) plan and a 457(b) plan?

457(b):

➤ No 10% IRS penalty on pre-59 ½ withdrawals, after separation of service

➤ In-service distributions from your contributions can be distributed for certain events:

Age 70 ½

Unforeseeable Emergency

403(b):

➤ 10% IRS penalty can apply to withdrawals prior to age 59 ½

➤ In-service distributions from your contributions can be distributed for certain events:

Age 59 ½

Death or disability

Financial Hardship

New 403(b)/457(b) plan details

➤ Fee Transparency

- Administrative Fee - 0.23% of assets
- Consult Fee - 0.09% on assets
- Service Fee - \$5 per quarter

➤ No surrender charges

New 403(b)/457(b) plan details

➤ 32 Well Known Mutual Funds

- Vanguard
- American Funds
- T. Rowe Price

➤ Rollovers allowed from de-selected providers including:

American Century
Aspire
Horace Mann
Mutual

American Fidelity
AXA Equitable
ING/VOYA
MetLife

Ameriprise
GWN
Lincoln InvestmentsMass
Waddell & Reed

Investing involves risk, including the possible loss of principal. Investment values will fluctuate and there is no assurance that the objective of any fund will be achieved. Mutual fund shares are redeemable at the then-current net asset value, which may be more or less than their original cost.

Investors should carefully consider the investment objectives, risks, fees, charges and expenses before investing. This and other important information is contained in the prospectus, which can be obtained from your financial professional or visit www.valic.com. You can also request a copy by calling 1-800-428-2542. Read the prospectuses carefully before investing.

What to do with your current 403(b)/457(b) plan account balance?

You may keep your funds in your current plan and continue to use your current advisor for those funds.

OR

You may rollover your current plan's assets into the new 403(b)/457(b) plan. Your current carrier may or may not charge you a surrender fee to rollover your money.

How to enroll in the new plan

Option #1

- Schedule an appointment with a VALIC Financial Advisor.
Make sure you bring the following to the appointment
 - Drivers License
 - Statement from deselected company (if available)

Option #2

- Enroll online by going to:
 - www.valic.com
 - Select enroll in the retirement plan
 - Enter your Access Code – TBD
 - Follow on-screen instructions
 - For help at any point call 1-888-569-7055
 - Also need to complete a paper salary reduction form

A person wearing a blue suit jacket is holding a white rectangular sign with both hands. The sign has the word "QUESTIONS?" written on it in a bold, dark blue, sans-serif font. The person's hands are visible at the bottom of the sign, and the background is a blurred blue and white pattern.

QUESTIONS?

THANK YOU



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