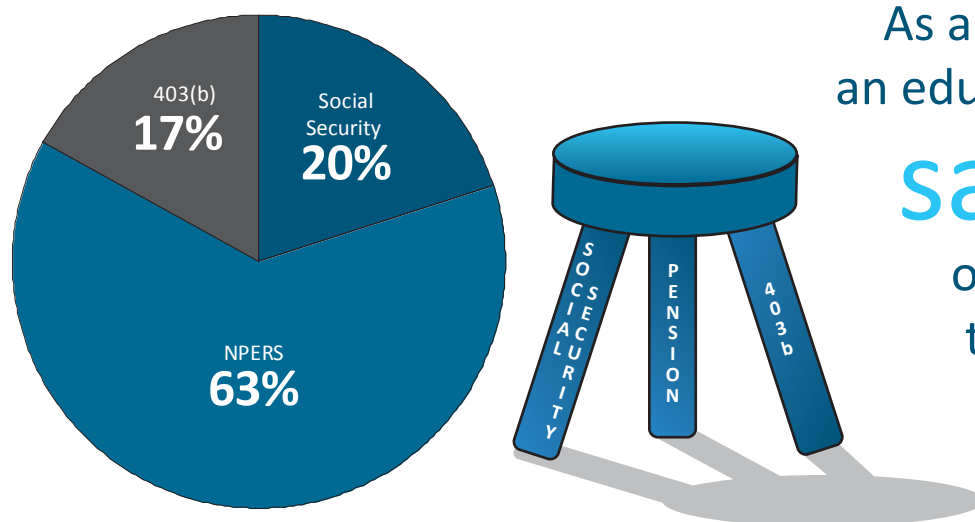




What is a 403(b) plan?

A 403(b) plan is a salary reduction retirement plan.

How much should I save?



As a rule of thumb,
an educator needs to
save 5%
on top of NPERS
to have enough
for retirement

How much may I contribute to my 403(b) plan each year?

- ◆ The minimum is \$16 per month
- ◆ Based on IRS Guidelines, the maximum depends on your age
- ◆ Typically, participants contribute a monthly amount they can budget

| Year | Employee deferral contribution limit | "Catch-up" contributions for workers 50+ | Total contribution limit (with "catch-up") |
|------|--------------------------------------|--|--|
| 2019 | \$19,000 | \$6,000 | \$25,000 |



Regular or Roth 403(b)?

Regular 403(b)

- o You save taxes on the amounts you contribute. The contributions and earnings are taxed at retirement.

Roth 403(b)

- o No tax savings on the amount you contribute but it is tax-free at retirement time.

Roth (post-tax) versus Deductible (pre-tax)

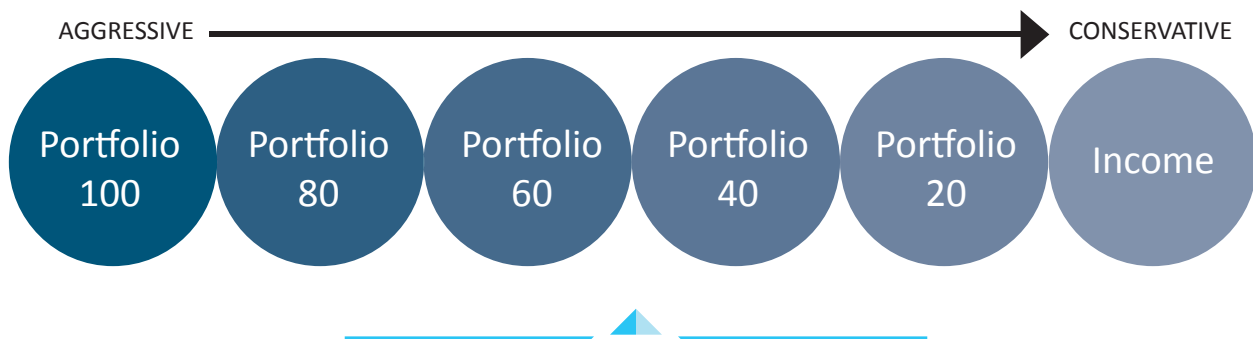
| | Amount per Month | Deductible (pre-tax) | Roth (post-tax) | Advantage of Roth over Deductible |
|-------------|------------------|----------------------|-----------------|-----------------------------------|
| 25 Year Old | \$200 | \$1,802,000 | \$2,064,000 | \$262,000 |
| 35 Year Old | \$200 | \$393,000 | \$517,000 | \$124,000 |
| 45 Year Old | \$200 | \$71,000 | \$93,000 | \$22,000 |

Assumptions: Retire at age 65, date of death at 90, 9% return on investments, 20% Federal, 5% State and you don't resave the tax savings.

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- Self-directed investments



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