

Invest in Your Future Today

As a public school employee and a CalSTRS or CalPERS member, you're eligible for a lifetime retirement benefit based on your service credit, your final compensation and your age at retirement.

If you're like most school employees, however, your retirement benefit won't be enough. The median CalSTRS retirement benefit replaces about 50–60 percent of a member's salary, while the average CalPERS retirement benefit replaces about 44 percent of an employee's salary. According to financial advisers, you'll need 80–90 percent of your monthly income to maintain your standard of living in retirement.

A 403(b) account can help you close any gap between your retirement income goal and retirement benefit.

What Is a 403(b) Account?

A 403(b) account is a tax-advantaged retirement savings plan offered by your school district. You make contributions to your account directly from your paycheck.

Tax advantages: When you contribute to your 403(b) account from your paycheck, you defer taxes on the money you invest each month—and you reduce your monthly taxable income. All your earnings and contributions grow tax-deferred. You won't pay taxes until you withdraw your money in retirement. An added advantage: A monthly contribution of \$50 to your tax-deferred account may reduce your paycheck by only \$32, depending on your tax bracket.

With a Roth 403(b) account, you invest after-tax dollars, so your contributions and earnings are tax-free at retirement when you start withdrawing funds.

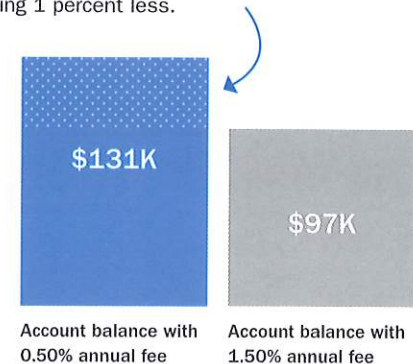
Power of time and money: With compounding, you earn interest on your total balance—your original contribution, your additional contributions, plus all the interest earned.

Compare Fees First

Most investment plans charge fees and expenses. Even 1 percent can make a big difference in your bottom line over time. Compare fees charged by 403(b) plans in California at 403bCompare.com.

The Difference 1 Percent Can Make

Let's say you invest \$20,000 for 30 years, make no contributions and earn an average of 7 percent. Investment fees usually range from 0.5 percent to 1.5 percent a year. After 30 years, you'd have 35 percent more—that's an additional \$34,000 in your account by paying 1 percent less.



[➤ Compare fees at 403bCompare.com](#)



403(b) Benefits at a Glance

- Easy paycheck deductions.
- May reduce your taxes.
- Close your retirement income gap.
- View and manage your account online 24/7.

The Power of Time and Money

If you contribute \$100 a month to your account directly from your paycheck and your account averages an annual 7 percent rate of return, after 20 years you could have \$52,000 in your account. If you increase your monthly contribution to \$300 a month, your savings could grow to more than \$156,000.



*These hypothetical illustrations assume a combined 37% state and federal tax rate. They are not meant to represent the performance of any investment product and should not be used to predict investment performance. Any taxes and expenses associated with an actual investment are not reflected. While taxes are paid when funds are withdrawn, investors are often in a lower tax bracket at retirement. With 403(b) plans, there is no guaranteed rate of return on investments. Investing involves risk, including risk of loss of principal.

Why Your District Chose CalSTRS

When it comes to investing in your future, CalSTRS is a name you can trust. The California State Teachers' Retirement System, founded in 1913, is the largest educator-only pension fund in the world. CalSTRS provides 403(b) plan administration services to public school districts and other education agencies through a contract with its third-party administrator, TCG Administrators.



5 Easy Steps to Opening Your 403(b) Account

- 1 Go to CalSTRS403bComply.com or call us toll free at 800-943-9179.
- 2 Find your employer's plan.
- 3 Select your 403(b) vendor from the list of vendors.
- 4 Determine how much you want to invest each month.
- 5 Login and follow the instructions to set up your payroll deduction.

Open a 403(b) account with as little as \$25 a month. It's never too early or too late to start saving.



Step Up Your Savings With a 403(b) Account

For all school employees—
Certificated and Classified

