

Plan Highlights

SchoolsFirst Retirement Planning 403(b), Roth 403(b), 457(b), and Roth 457(b) Retirement Builder Plan

The 403(b), Roth 403(b), 457(b) and Roth 457(b) are retirement plans designed to help school employees grow their savings and retire comfortably. These plans are designed to supplement CalSTRS and CalPERS as your pension on average only replaces 50-65% of income in retirement. SchoolsFirst Retirement Builder Plan allows you to choose between three primary investment options: Fixed Account, Mutual Funds, and ProAccount® which is a professionally managed account through Nationwide Financial. There are over 50 different mutual fund options allowing you to customize your retirement plan. The RBP Plan lets you exercise full control over your account with the complimentary investment guidance from a licensed Financial Professional at your local SchoolsFirst FCU branch.

What is a 403(b), Roth 403(b), 457(b), or Roth 457(b) plans?

The 403(b) and 457(b) plans allow you to save part of your income on a PRE-TAX basis. This helps to save on taxes each year you contribute and allows your long term savings to grow tax-deferred. Your contributions and earnings are taxable as income the year it's withdrawn.

The Roth 403(b) and 457(b) plan allows you to save part of your income on an AFTER-TAX basis. Generally, earnings in the Roth 403(b) plan are not taxable upon withdrawal as long as you've held the account for at least 5 years and are over age 59½.

Why should you invest in the 403(b), Roth 403(b), 457(b), Roth 457(b) plans?

Some studies suggest that up to 80% or more of current income may be needed annually to live close to the same lifestyle at retirement. School employees contribute to their pension plans through CalSTRS and CalPERS and a common misconception is that their pension plans will replace 100% of income in retirement. On average, CalSTRS and CalPERS replaces between 50-65% of income. The difference needed to meet your retirement goal can be supplemented by contributing to the 403(b), Roth 403(b), 457(b) and/or Roth 457(b) plan.

What is the Retirement Builder Plan Difference?

- Salaried Advisors
- Fees may be lower
 - No front-end or back-end sales charges
 - Example: Assume a loaded fund 5.75% per contribution. On \$1,000 deposit, \$57.50 is charged per month. This equates to \$690 per year in charges. Over 20 years, this could cost \$13,800 (not accounting for breakpoints) *this is a hypothetical example and is not representative of any specific investment.
 - 0.73% Asset Management Fee
 - No fees for withdrawals, transfers, rollovers
- Over 50 mutual fund options
- Competitive fixed rate account
- Managed account options
- Low minimum \$25 monthly contribution
- Easy online enrollment: www.SchoolsFirstRP.com

Who is Eligible?

Current employees of participating schools districts are eligible to participate. Eligible employees may participate on or after their first day of employment. However, the district may restrict employees who are:

- Work study employees
- Employees who normally work less than 20 hours per week.

Contact your district to verify eligibility.

How do I enroll?

Participation in the Plan is voluntary. You can enroll by making an appointment with a Financial Professional with SchoolsFirst Retirement Planning, or by enrolling online at www.SchoolsFirstRP.com. For appointments, please call SchoolsFirst Retirement Planning at 800-462-8328, ext. 4116, option 1. We are available to assist you 8:00 am – 5:30 pm PST, Monday – Thursday, 8:00 am – 6:00 pm on Friday, Saturday 9:00 am – 3:00 pm PST.

How do I contribute to the plan?

Once you are enrolled, you may defer a portion of your salary on a monthly basis through payroll deductions by completing a "Salary Reduction Agreement" Form. This step is also done during the enrollment process. You can choose to contribute any amount up to the contribution limits for the year.

If you have an existing qualified retirement plan (403(b), 457(b), or 401(k) with your current or previous employer), you may transfer or rollover that account into your RBP account at any time. Simply complete the "Incoming Transfer/Rollover Form" and fax to 714.258.4051.

What are the contribution limits for 2023?

403(b) and Roth 403(b) Plans (combined limit)

- Normal contribution limit: \$22,500,
- Age 50+ catch up: + \$7,500, and
- Special 15 year service catch up: +\$3,000*

Bringing the maximum allowable contribution for 2023 to \$33,000 for those eligible.

**Contact SchoolsFirst Retirement Planning for eligibility*

457(b) and Roth 457(b) Plans

- Normal contribution limit: \$22,500,
- Age 50+ catch up: + \$7,500, or
- Special Final 3 year catch up: Up to an additional \$22,500*

Bringing the maximum allowable contribution for 2023 to \$45,000 for those eligible.

**Contact SchoolsFirst Retirement Planning for eligibility*

How do I change my contribution amount?

You may increase, decrease, or stop your contribution amount at any time by completing a new Salary Reduction Agreement Form. This must be submitted at least 30 days prior to the effective date. You may also make changes online at pa.schoolsfirstfcu.org.

How are my contributions invested?

Your account acts as a self-directed account, which means you exercise full control over your investment choices. You can give investment direction by choosing from over 50 different mutual funds provided under the RBP Plan. You may change your investment choices at any time. There is no fee for changing your investment choices; however, you are limited to 20 trades per year. A full list of funds is available on www.SchoolsFirstRP.com. You may make these changes online or by calling the Nationwide Exchange Desk at 888.867.5175. They are available 8am-11pm EST, Monday – Friday.

Can someone manage my account for me?

Nationwide offers a professionally managed account through Nationwide Financial, called ProAccount®. Investments are actively selected for you by an experienced investment firm based on your goals, time horizon, and risk tolerance. Nationwide partners with the expertise of Wilshire Associates to actively manage and properly allocate your account. The managed account service charges a nominal fee of 0.60% of the total account value annually. This fee is in addition to other account fees. Speak to a SchoolsFirst Financial Professional for more information.

How do I become vested in my account?

Vesting refers to your “ownership” of a benefit from the Plan. You are always 100% vested in your contributions, rollovers, and any earnings they may generate.

When can money be withdrawn from my account?

Money may be withdrawn from your Plan account in these events:

403(b)* and Roth 403(b)**

Separation of Service/Retirement
Attainment of Age 59½
Hardship
Permanent & Total Disability
73 Required Minimum Distribution
Death

457(b) and Roth 457(b)**

Separation of Service/Retirement
Attainment of Age 59 ½
Unforeseeable Emergency
73 Required Minimum Distribution
Death

Be sure to consult with your tax advisor before withdrawing from your account.

*A 10% early distribution penalty may apply to 403(b) distributions prior to age 59½ unless you are over age 55 and fully retired from the district.

** Generally, earnings in the Roth 403(b) and Roth 457(b) plan are not taxable upon withdrawal as long as you’ve held the account for at least 5 years and are over age 59½.

May I withdraw money in case of a financial hardship or for an unforeseeable emergency?

If you have an immediate financial need created by severe hardship and you lack other reasonably available resources to meet that need, you may be eligible to receive a hardship withdrawal from your 403(b) account. You may also be eligible to withdraw funds from your 457(b) account if you have met an unforeseeable emergency. If you feel you are facing a financial hardship or an unforeseeable emergency, contact your Plan Administrator for more details. Money may be withdrawn as a hardship or unforeseeable emergency in these events:

403(b) Hardship Reasons

- Post-Secondary Education
- Purchase of Primary Residence
- Prevent Eviction or Foreclosure
- Health Expenses
- Funeral Expenses
- Damage to Primary Residence

457(b) Unforeseeable Emergency Reasons

- Unexpected Illness
- Unexpected Accident
- Casualty Loss (Ex: fires, storms, lightening, earthquakes, and other natural or weather related disasters)

May I borrow money from my account?

The Retirement Builder Plan is intended to help you put aside money for your retirement. However, you are able to borrow funds from your account.

- The minimum loan amount is \$1,000.
- The maximum loan amount is 50% of your account value, not to exceed \$50,000 borrowed in the last 12 months.
- All loans must be repaid within 5 years. The term can be extended to 15 years when being used to purchase a primary residence (must provide documentation of home purchase).
- The interest rate on your loan will be the Prime Rate plus 1% and is fixed for the length of the term. 100% of the interest is paid back into your account immediately when each payment is received.
- The loan maintenance fee is \$2 per loan, charged each month from your Nationwide account until the loan is repaid in full.
- The maximum number of outstanding loans is 3.
- There is no pre-payment penalty if you wish to repay your loan sooner.

You may contact SchoolsFirst Retirement Planning for any additional questions regarding loans on your account.

Who can I contact for additional information about my plan?

As a plan participant, you may request information from SchoolsFirst Retirement Planning by phone: 800-462-8328 ext. 4116 option 1 or visiting www.SchoolsFirstRP.com

How can I manage my account?

You may manage your account online or by phone:

On the web: www.SchoolsFirstRP.com

On the phone: 800.772.2182

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While this communication outlines retirement plan features, it is not the legal plan document which governs the plan. For more information, see the Summary Plan Description or contact you plan provider.

Nationwide is not affiliated with SchoolsFirst Retirement Planning or LPL Financial.