RETIREMENT REPORT

Littleton Public Schools | 403(b) and 457 Retirement Plans

Littleton Public Schools
big enough to serve you;
small enough to know you

Fall 2024

Roth or Traditional Pre-Tax?

Taking Advantage of a Roth Contribution Option Can Give You Some Flexibility in Retirement

According to Vanguard's "How America Saves 2024," 82% of employers offer a Roth option in addition to a traditional, or pre-tax, option. However, just 17% of employees contribute to a Roth. If you have access to a Roth option through your employer retirement plan, it can add some diversity and flexibility to your retirement income and tax strategy. Roth or traditional pre-tax? Here's what to consider:

Contributions

- Contributions to a Roth are made with after-tax dollars, unlike a traditional contribution where contributions are made with pre-tax dollars.
- This means you pay taxes on the money before it goes into your Roth, but you don't pay taxes on the money (including any earnings) when you withdraw it in retirement. With a traditional contribution, you pay taxes on the money (including any earnings) when you withdraw it in retirement.
- Both accounts share the same contribution limit. In 2024, you can contribute up to $23,000 ($30,500 if you're 50 or older). You can contribute to both accounts in the same year, as long as you keep your total contributions under that cap.

Withdrawals

- Withdrawals of any contributions and earnings from a Roth are tax-free, which can be beneficial if you expect to be in a higher tax bracket in retirement. However, certain criteria must be met:
  - The Roth account must have been held for at least five years.
  - The withdrawal must have occurred when you reach at least age 59½.
  - Tax-free withdrawals can also be taken due to disability, or by a beneficiary upon your death.
- With a traditional pre-tax contribution, Required Minimum Distributions (RMDs) must begin at age 73. However, starting in 2024, a Roth does not require RMDs during the account holder's lifetime. Each year you have the freedom to withdraw whatever amount you want from your Roth and let the rest continue to potentially grow on a tax-deferred basis.

Employer Matching

If offered, an employer match is typically available to you whether you save through Roth or a traditional contributions. For details on how your plan handles employer-matching contributions, check with your plan administrator.

Diversifying Your Contributions

No one knows what the tax brackets will be in the future, so you could decide to diversify your contributions between the traditional and Roth option. Depending on your circumstances, you can always decide to contribute more toward one or the other in the future. In any event, a Roth option gives you the flexibility to further customize your retirement plan based on your unique needs.

Informational Sources: Vanguard: "How America Saves Report 2024"; Bankrate.com: "Roth 401(k) vs. 401(k): Which one is better for you?" (January 12, 2024).

Unravelling the Rising Cost of Living

Understanding What Drives Higher Prices Can Help Improve Retirement Planning

According to the Employee Benefit Research Institute's 2024 Retirement Confidence Survey, 83% of workers are concerned that the higher cost of living will make it harder to save as much as they want toward retirement. If you're like most retirement savers, you've likely had concerns over the rising cost of living over the past few years. And for younger workers, it's the first time you've experienced an elevated inflation rate as an investor.

The cost of living, which reflects the amount of money required to maintain a certain standard of living, is influenced by several forces. Better understanding these factors and how they fit into your retirement planning process can help you prepare for future financial challenges. It can also motivate you to create an investment strategy that aims to stay ahead of rising prices over the long term. In addition, it can help you forecast a more accurate budget to meet your needs during retirement.

Key Forces Behind the Rising Cost of Living

1. **Inflation.** Inflation is the general increase in prices of goods and services over time. It reduces purchasing power, meaning that consumers need more money to buy the same amount of goods and services. Inflation can be driven by excess demand over supply, rising production costs or other factors.
2. **Housing costs.** Housing is often the largest component of living expenses. Rising demand for housing, limited supply, and increased costs of construction and land can drive up home prices and rents. Urbanization and population growth further worsen this issue, particularly in major cities.
3. **Wages and labor costs.** When wages increase, businesses may pass these costs onto consumers in the form of higher prices. While wage growth can boost living standards, if it outpaces productivity, it can contribute to inflation and higher living costs.
4. **Energy prices.** Energy costs, including electricity, gas and fuel, significantly impact the cost of living. Fluctuations in global oil prices, geopolitical tensions and supply constraints can lead to higher energy costs, affecting transportation, heating and manufacturing expenses.
5. **Healthcare costs.** Rising healthcare costs, due to advancements in medical technology, increased demand for services and an aging population, contribute significantly to the overall cost of living. Higher insurance premiums and out-of-pocket expenses add to household financial burdens.
6. **Education expenses.** The cost of education, including tuition fees, books and related expenses, has been rising steadily. This places a financial strain on families and students, impacting their overall cost of living.
7. **Supply chain disruptions.** Events such as natural disasters, pandemics and trade conflicts can disrupt product supply chains, leading to shortages and higher prices for goods. These disruptions affect everything from food to consumer electronics, contributing to a higher cost of living.

Informational Sources: Nationwide: "How Does Inflation Affect Your Cost of Living" (March 26, 2024); Investopedia: "How Inflation Affects Your Cost of Living" (October 26, 2023); SoFi: "The 7 Factors That Cause Inflation" (September 28, 2023).

Whom do I call for help?

Account Information

Balances | Investment Changes | Personal Info

Contact: TIAA

800.842.2009

www.TIAA.org

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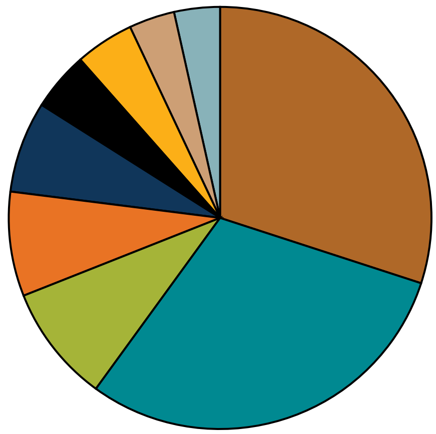
Littleton Public Schools Conservative 09/30/24

Who typically uses this portfolio?

Current Age:	Over 60
Risk Level:	Low
Expected Return:	Low
Time Horizon:	
Years to Age 65:	Under 5
Years to Age 85:	Under 25
Expense Ratio (%)	0.23

Portfolio Allocation (%)



Dodge & Cox Stck;X (DOXGX)	4.5
Vanguard 500 Idx;Adm (VFIAX)	9.0
Harbor:Cap Apprec;Inst (HACAX)	4.5
Vanguard S-C Id;Adm (VSMAX)	7.0
Dodge & Cox Intnl Stck;X (DOXFX)	3.5
Vanguard Tot I S;Adm (VTIAX)	8.0
American Funds EuPc;R6 (RERGX)	3.5
TCW MetWest:Total R;Pl (MWTSX)	30.0
Vanguard Tot Bd;Adm (VBTLX)	30.0

Past Performance (%)*

	Last Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Littleton Public Schools Conservative	6.02	9.45	19.24	2.03	5.24	N/A

Understanding Your Professionally-Managed Portfolios

Who typically uses this portfolio?

Current Age: The age (today) of an average investor with time horizon, risk level, and return expectations of the Conservative Portfolio.

Time Horizon: Indicates the number of years (time horizon) to the average retirement age of 65, when the investor will begin spending the money in their account, and the number of years to assumed life expectancy of age 85.

Risk Level: The amount of expected risk in the Conservative Portfolio. Risk is measured by the potential loss over a 12-month period that an investor might expect in the Conservative Portfolio, and is calculated via a statistical process consistent with 95% probability.

Low: -8.5% to **-11.5%**

Expected Return: The level of expected investment return from the Conservative Portfolio. The range of returns shown below indicates the potential gain that an investor might expect each year, on average, over a 5-year period. This is also referred to as the "mean" return, and is calculated using a statistical process to determine a range of probabilities.

Low: 5.5% to **6.5%**

Past Performance

Investment performance results shown above represent past performance and are not indicative of future results. Please read the information contained in the applicable fund prospectuses carefully before investing money.

How is the portfolio diversified?

The pie chart and accompanying data shown for each portfolio illustrates the percentage allocated to each fund.

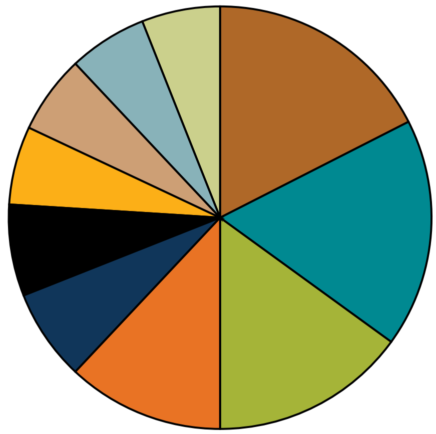
*Innovest relies on 3rd party data for these returns.

Littleton Public Schools Moderate 09/30/24

Who typically uses this portfolio?

Current Age:	40 - 60
Risk Level:	Moderate
Expected Return:	Moderate
<u>Time Horizon:</u>	
Years to Age 65:	5 - 25
Years to Age 85:	25 - 45
Expense Ratio (%)	0.24

Portfolio Allocation (%)



Fund	%
Dodge & Cox Stck;X (DOXGX)	7.0
Vanguard 500 Idx;Adm (VFIAX)	15.0
Harbor:Cap Apprec;Inst (HACAX)	7.0
Vanguard Md-Cp I;Adm (VIMAX)	6.0
Vanguard S-C Id;Adm (VSMAX)	6.0
Dodge & Cox Intnl Stck;X (DOXFX)	6.0
Vanguard Tot I S;Adm (VTIAX)	12.0
American Funds EuPc;R6 (RERGX)	6.0
TCW MetWest:Total R;Pl (MWTSX)	17.5
Vanguard Tot Bd;Adm (VBTLX)	17.5

Past Performance (%)*

	Last Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Littleton Public Schools Moderate	6.45	12.64	23.93	4.27	8.09	N/A

Understanding Your Professionally-Managed Portfolios

Who typically uses this portfolio?

Current Age: The age (today) of an average investor with time horizon, risk level, and return expectation of the Moderate Portfolio.

Time Horizon: Indicates the number of years (time horizon) to the average retirement age of 65, when the investor will begin spending the money in their account, and the number of years to assumed life expectancy of age 85.

Risk Level: The amount of expected risk in the Moderate Portfolio. Risk is measured by the potential loss over a 12-month period that an investor might expect in the Moderate Portfolio, and is calculated via a statistical process consistent with 95% probability.

Moderate: -15.5% to -18.5%

Expected Return: The level of expected investment return from the Moderate Portfolio. The range of returns shown below indicates the potential gain that an investor might expect each year, on average, over a 5-year period. This is also referred to as the "mean" return, and is calculated using a statistical process to determine a range of probabilities.

Moderate: 6% to 7%

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Littleton Public Schools Aggressive 09/30/24

Who typically uses this portfolio?

Current Age: 30 - 50

Risk Level: High

Expected Return: High

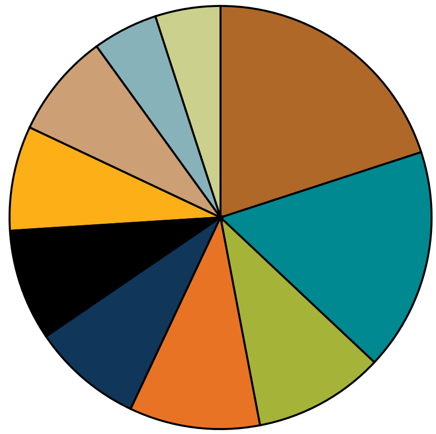
Time Horizon:

Years to Age 65: 15 - 35

Years to Age 85: 35 - 55

Expense Ratio (%) 0.25

Portfolio Allocation (%)



Dodge & Cox Stck;X (DOXGX)	10.0
Vanguard 500 Idx;Adm (VFIAX)	20.0
Harbor:Cap Apprec;Inst (HACAX)	10.0
Vanguard Md-Cp I;Adm (VIMAX)	8.0
Vanguard S-C Id;Adm (VSMAX)	8.0
Dodge & Cox Intnl Stck;X (DOXFX)	8.5
Vanguard Tot I S;Adm (VTIAX)	17.0
American Funds EuPc;R6 (RERGX)	8.5
Vanguard Tot Bd;Adm (VBTLX)	5.0
TCW MetWest:Total R;Pl (MWTSX)	5.0

Past Performance (%)*

	Last Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Littleton Public Schools Aggressive	6.85	15.78	28.67	6.41	11.12	N/A

Understanding Your Professionally-Managed Portfolios

Who typically uses this portfolio?

Current Age: : The age (today) of an average investor with time horizon, risk level, and return expectation of the Aggressive Portfolio.

Time Horizon: Indicates the number of years (time horizon) to the average retirement age of 65, when the investor will begin spending the money in their account, and the number of years to assumed life expectancy of age 85.

Risk Level: The amount of expected risk in the Aggressive Portfolio. Risk is measured by the potential loss over a 12-month period that an investor might expect in the Aggressive Portfolio, and is calculated via a statistical process consistent with 95% probability.

High: -22.5% to -25.5%

Expected Return: The level of expected investment return from the Aggressive Portfolio. The range of returns shown below indicates the potential gain that an investor might expect each year, on average, over a 5-year period. This is also referred to as the "mean" return, and is calculated using a statistical process to determine a range of probabilities.

High: 6.25% to 7.25%

Past Performance

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How is the portfolio diversified?

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