

RETIREMENT REPORT

Littleton Public Schools
403(b) and 457 Retirement Plans
Summer 2019



Confused How the New Tax Law Affects You?

You may need to reconsider how you file your return

In 2018, the most significant changes to US individual taxes since 1986 took effect. Many taxpayers were happy with their increased paychecks during the year, but surprised that they had taxes to pay or a smaller refund at year-end. Now that there's more clarity in the rules, and a better understanding of how the Tax Cuts and Jobs Act affects your personal tax situation, you may want to adjust your withholding to reflect the changes.

Your paycheck

Most taxpayers should expect to see a slight reduction in income taxes from pre-2018 levels based on changes to marginal income tax rates, especially at higher incomes. The following table presents seven tax brackets under the current law for the year 2019.

Tax Rate	Married Filing Joint	Individual
10%	\$0 to \$19,400	\$0 to \$9,700
12%	\$19,401 to \$78,950	\$9,701 to \$39,475
22%	\$78,951 to \$168,400	\$39,476 to \$84,200
24%	\$168,401 to \$321,450	\$84,201 to \$160,725
32%	\$321,451 to \$408,200	\$160,726 to \$204,100
35%	\$408,201 to \$612,000	\$204,101 to \$510,300
37%	\$612,001 or more	\$510,301 or more

All tax rates and brackets will sunset on December 31, 2025 (meaning that Congress will need to act to keep or change the rates). However, whatever rates are then in effect will adjust each year to account for rising costs of goods and services.

Bottom line: If you were upset by this year's refund or tax bill, consider changing your withholding to prevent a repeat in the 2019 tax year. Check with your company's human resources or payroll departments to make sure you are withholding the correct amount based on the new tax brackets.

Deductions

The current law increased the standard deduction to \$12,000 for individuals and \$24,000 for married couples filing jointly, and repealed the prior personal exemption amount of \$4,050 for tax years 2018 through 2015. In addition, many itemized deductions have been changed or eliminated. For some,

the higher standard deductions mean they no longer need to itemize. Others may see higher taxes resulting from the elimination of certain itemized deductions.

Notable changes to deductibility rules include the following:

- Deductions for medical expenses for those under age 65, which had been lowered to a 7.5% of Adjusted Gross Income (AGI) floor for 2017 and 2018, have returned to 10% in 2019.
- Deductions for state and local income, sales, and property taxes are now capped at a combined \$10,000 (or \$5,000 for married taxpayers filing a separate return). This provision, which will sunset in 2025, is likely to affect people who live in high-income-tax states.
- Home mortgage interest deductions cannot exceed \$750,000, and home equity interest payments are no longer deductible.
- Deductions for alimony payments are repealed starting in 2019, but no longer will be taxable as income to the recipient.

Retirement accounts

Most of the rules for 401(k) and other types of retirement plans remain the same under the current law. The law did repeal the rule allowing a taxpayer to recharacterize their Roth IRA conversion back to a traditional IRA, which removes the benefit of a "do-over" if the converted assets have poor returns in the year following the conversion.

Gifts to others

Families should generally be happy with the current tax rules, since the annual gifting exclusion has increased to \$15,000.

Broader use of college savings plans

College savings plans are not just for college anymore. You can now use 529 funds tax-free for qualified K-12 private school education expenses. You might want to add to existing or start new 529 plans for grandchildren, knowing that the money can now be used before college.

Retirement in Motion

TIPS AND RESOURCES THAT EVERYONE CAN USE

Sustainable investing with low-cost ETFs

Low cost, indexed exchange traded funds (ETFs) are improving access to what many investors are asking for — sustainable investing strategies that integrate the analysis of environmental, social, and governance (ESG) factors into the investment process and portfolio. Historically, ESG funds have had higher expenses due to the extra research that managers need to conduct on companies. However, as more money flows into ESG strategies, the companies that create ESG indexes are able to lower fees. A growing awareness of the benefits of ESG investment factors is also adding to investor demand.

Q&A

Can I use a Roth IRA to save for college?

Yes, with some caveats. Owners of a Roth IRA need to have income before they can contribute to a Roth IRA, so your kids won't be able to own their accounts. But if you as a parent or grandparent have income below \$122,000 and are single (\$193,000 married filing jointly), you can name anyone as a beneficiary. You can use proceeds from the Roth IRA to pay for qualified educational expenses, but it has to be for an eligible member of your family, and the money must be paid directly to an eligible educational institution. The tax treatment of withdrawals for this purpose from a Roth IRA differs from that of a 529 account, so be sure to consult with an accountant or tax advisor before making any moves.

Quarterly Reminder

Am I going to make it to retirement?

When there are three months left in the year, it could be

a great time to revisit the progress you've made toward your financial goals. These may include creating an emergency fund, debt management, planning a first car or home purchase (or refinancing), considering long-term care needs for yourself or other loved ones, or setting up a college savings plan, among others.

Tools & Techniques

What's keeping you from saving?

Many people say they don't invest for retirement because they don't have the money. Turns out the issue may be more related to indecisiveness than lack of available funds. It's not that people are indecisive about saving and investing, but more that they don't know it's okay to be decisive. Very few decisions in life that are made incorrectly can't be fixed. One useful technique is to write down your financial goals. Often you can gain the clarity you need to make your next money decision.

Corner on the Market

Basic financial terms to know: Beta

In finance and investments, beta is a measurement of whether an investment is more or less volatile than the market as a whole. An investment with beta of one moves exactly in line with the market. An investment with beta less than one is less volatile than the market, while an investment with beta greater than one is more volatile than the market. You can use beta as part of a range of criteria to choose investments that match your specific goals, time horizon, and risk preferences.

Whom do I call for help?



Contact TIAA-CREF for the following:

- > Balances
- > Investment changes
- > Change personal info

800.842.2009
www.tiaa-cref.org

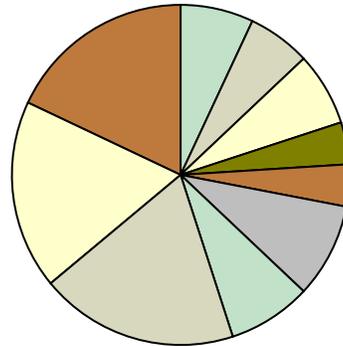
The Plan's Investment Consultant

Innovest Portfolio Solutions
4643 S. Ulster St., Suite 1040
Denver, CO 80237
303.694.1900 | www.innovestinc.com

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 (%): 0.38

Portfolio Allocation (%)



Dodge & Cox Stock (DODGX)	7.0
Vanguard 500 Idx;Adm (VFIAX)	6.0
Harbor:Cap Apprec;Inst (HACAX)	7.0
Vanguard Md-Cp I;Adm (VIMAX)	4.0
Vanguard S-C Id;Adm (VSMAX)	4.0
Am Beacon:Intl Eq;Inst (AAIEX)	9.0
American Funds EuPc;R6 (RERGX)	8.0
Met West:Total Return;I (MWTIX)	19.0
Vanguard Tot Bd;Adm (VBTLX)	18.0
TIAA Traditional	18.0

Past Performance (%)*

	Last Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Littleton Public School Conservative	2.78	10.30	5.97	7.22	5.23	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% to -14%

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: 4% to 6%

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.

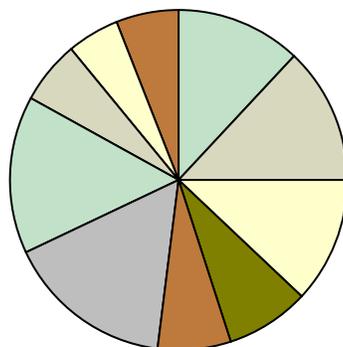
*Innovest relies on 3rd party data for these returns.

**Returns using TIAA Traditional Annuity - GRA contract

Who typically uses this portfolio?

Current Age: 40 - 60
Risk Level: Moderate
Expected Return: Moderate
Time Horizon:
Years to Age 65: 5 - 25
Years to Age 85: 25 - 45
Expense Ratio (%) 0.40

Portfolio Allocation (%)



Dodge & Cox Stock (DODGX)	12.0
Vanguard 500 Idx;Adm (VFIAX)	13.0
Harbor:Cap Apprec;Inst (HACAX)	12.0
Vanguard Md-Cp I;Adm (VIMAX)	8.0
Vanguard S-C Id;Adm (VSMAX)	7.0
Am Beacon:Intl Eq;Inst (AAIEX)	16.0
American Funds EuPc;R6 (RERGX)	15.0
Met West:Total Return;I (MWTIX)	6.0
Vanguard Tot Bd;Adm (VBTLX)	5.0
TIAA Traditional	6.0

Past Performance (%)*

	Last Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Littleton Public School Moderate	3.12	14.99	4.84	10.75	6.80	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: -13% to -19%

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: 5% to 7%

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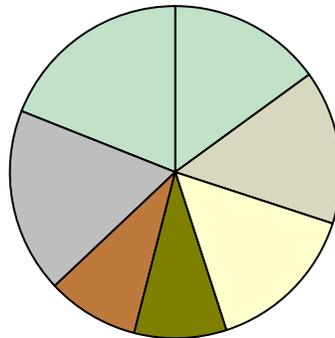
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**Returns using TIAA Traditional Annuity - GRA contract

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 (%) 0.42

Portfolio Allocation (%)



Dodge & Cox Stock (DODGX) 15.0
 Vanguard 500 Idx;Adm (VFIAX) 15.0
 Harbor:Cap Apprec;Inst (HACAX) 15.0
 Vanguard Md-Cp I;Adm (VIMAX) 9.0
 Vanguard S-C Id;Adm (VSMAX) 9.0
 Am Beacon:Intl Eq;Inst (AAIEX) 18.0
 American Funds EuPc;R6 (RERGX) 19.0

Past Performance (%)*

	Last Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Littleton Public School Aggressive	3.27	17.14	4.17	12.37	7.45	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: -17% to -23%

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% to 8%

Past Performance

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How is the portfolio diversified?

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 **Returns using TIAA Traditional Annuity - GRA contract