



## **Tax Deferred Savings through your Littleton Public Schools 403(b) and 457 Retirement Plans**

Tax deferred savings plans are special accounts that allow employees to save money for retirement while deferring taxes on that money until withdrawn. Employees can choose to make either pretax or after-tax contributions to these accounts. Pretax contributions provide employees a way to pay lower federal and state income taxes now because this money is deducted from their paycheck before taxes (“tax deferred”) and forwarded to their plan account(s). While after-tax (Roth) contributions are taxed as regular income, but have the potential to accumulate tax free. Withdrawals after age 59½ are tax free if distribution is no earlier than five years after contributions were first made.

The District has established TIAA as the single provider for its 403(b) and 457 tax deferred plans which, along with PERA’s 401(k) and PERA’s 457, are the only Tax Deferred Savings Plans permitted under Board Policy through Littleton Public Schools’ payroll deduction. The numbers refer to the Internal Revenue Code sections that apply to these plans.

The District offers the following Plans thru TIAA:

- Tax Deferred Annuity 403(b) Plan
- Deferred Compensation 457 Plan

Both Plans have an aggregate (pretax and Roth) employee elective contribution limit of \$18,500 in 2018 (plus an additional \$6,000 for employees age 50 or over)

The LPS 403(b) and 457 Retirement Plans (“the Plans”) have a variety of investment options to choose from, to give you the opportunity to create a diversified retirement portfolio that matches your investment goals and preferences.

### **How do I enroll in the Plans?**

There are two steps you must complete to enroll in either the LPS 403(b) or 457 Retirement Plans.

1. **Complete and return LPS Salary Deferral Agreement (SDA) Form.** The SDA allows for automated, pretax or Roth contributions directly from your paycheck. You will need to choose the appropriate form for either the 403(b) or 457 Plan and indicate the amount to be deducted from your payroll check. This form must be submitted to Brenda Wingfield, Payroll Technician, Human Resources by the end of the month prior to the first payroll the tax deferred deductions are to begin. These forms are available on the District website (click on the For Staff icon and Retirement Plans).
2. **Enroll with TIAA at [www.tiaa.org/lps](http://www.tiaa.org/lps) to create an account.** When you arrive at the web site, select the Enroll Now tab, select the Plan you wish to enroll in and

follow the instructions. Through the TIAA online enrollment process, you will select your investment allocation amounts/percentages for your investment choices.

If you have questions or would like to speak with a TIAA Financial Consultant you can do so by calling **800 842-2252**, Monday to Friday, 6 a.m. to 8 p.m. or Saturday, 7 a.m. to 4 p.m. (MT).

Once you have enrolled and registered, you have easy online access to your TIAA accounts at **[www.tiaa.org/lps](http://www.tiaa.org/lps)**. It's faster than calling and you can log on anytime at your own convenience for easy and timely access to your accounts and most any transaction you need to make.

- View your account balances and personalized investment performance
- Transfer funds, change your allocations and rebalance your portfolio
- Open a new account
- Request online loans and withdrawals
- Update your personal information
- Update your beneficiaries
- Use interactive planning tools and calculators to help you map out your savings needs and progress
- View Financial Education Seminars on a variety of topics designed to help you put your plan into action
- Schedule an advice consultation or in-person meeting with a TIAA retirement specialist
- Follow market news and headlines

## FREQUENTLY ASKED QUESTIONS

**1. Are there certain enrollment periods for the LPS 403(b) and 457 Plans? Or may I enroll at any time?**

There are no special enrollment periods. Employees may submit a Salary Deferral Agreement to the Payroll Department by the end of the month prior to *any* month in which they wish payroll deductions to begin. You will also need to enroll with TIAA online, per the instructions within this document, at the same time. If you do not create an account with TIAA, your payroll contributions will be automatically deposited in to the Plans default investment option, which is the Vanguard Target Retirement Fund with a date that is closest to the year you turn age 65.

**2. Can I withdraw funds from my LPS 403(b) or 457 Plan account?**

There are very specific rules under the Internal Revenue Code (IRC) regarding when you can take a withdrawal from either of the Plans. Triggering events include severance from employment, age 59½, disability or death. Hardship distributions may also be available to those who meet the requirements. Roll-overs are permitted after separation of service. There are minimum distribution requirements after age 70½.

**3. Should I elect the pretax or the after-tax Roth contribution option?**

While it’s difficult to predict what your future tax situation may be, you’ll want to estimate as best as you can, taking into consideration the best choice for your current tax circumstances and how they may change over time. You may want to consult your tax advisor.

<b>Many who expect their tax rate during retirement will be:</b>	<b>May opt for:</b>
Higher than their current rate	After-tax Roth contribution option. Since they have already paid taxes on the contributions, withdrawals are tax free.
Lower than the current rate	Pretax contribution option. While this money is taxable, they expect to benefit by being in a lower tax bracket during retirement.
Same as their current rate	Either or both

Note: Roth contributions are included in your maximum contribution limits, plus any catch-up limits, if applicable.

**4. Are loans available within the LPS 403(b) and 457 Plans?**

Loans are available for the 403(b) Plan, but not for the 457 Plan.

**5. How can I get familiar with the investment options in the Plans?**

A menu of investment options is available at your dedicated Retirement Plans' website at [www.tiaa.org/lps](http://www.tiaa.org/lps).

**6. What if I need help making investment choices?**

You can get help selecting your investments. Get personalized Retirement Plan advice on the Plans' investment options from a TIAA Financial Consultant. This service is available as part of your Retirement Plans at no additional cost to you.

**7. What should I expect from a TIAA One-on-One Counseling Session?**

You can expect a thorough review of your retirement strategy and an action plan for moving forward. Advice sessions last approximately one hour. Bring all your investment account statements.

For an optimal planning session, please also contact PERA by phone or website to get an income illustration for lifetime income benefits. Please make sure you use the correct PERA table. Bring your projected income information to your consultation. Please also bring your most recent Social Security statement, if applicable.

Contact information for PERA is:

- [www.copera.org](http://www.copera.org)
- 800 759-7372

A TIAA Financial Consultant will use all of this information to understand your current financial situation and develop an action plan for you.

**8. My spouse/partner/friend is very involved in my finances. Can I bring him/her to a meeting?**

Yes. LPS employees can bring anyone they choose to their individual counseling session.

**9. Will I pay any fees to make investments in the Retirement Plan?**

All investment options have expense ratios and other fund-specific fees that can be found in the prospectuses at [www.tiaa.org/lps](http://www.tiaa.org/lps).

In addition to investment fees, TIAA will charge an annual fee of 0.42% of your account balance for administration, recordkeeping and communication of the Plans. However, if you invest in a fund that provides revenue sharing, the amount of any revenue share received by TIAA will be used to offset your 0.42% administrative expense. Details related to Plan Services Fees assessed to plan investments are listed on [www.tiaa.org/lps](http://www.tiaa.org/lps) in the Quarterly Investment Update. This fee will be clearly itemized on participant accounts for greater transparency. This fee is deducted in quarterly installments, pro rata from your investment options and identified as "TIAA Plan Servicing Fee" on your statement and when you view your account online. If your account balance is less than \$25 on the date that a quarterly fee is to be assessed, no fee will be charged.

**10. May I purchase PERA Service Credit with these funds?**

Yes. This is considered a trustee-to-trustee transfer and is allowed. There will be no fees charged for any distribution from TIAA.

**11. Can I transfer funds from my new TIAA 403(b) account to another tax-deferred account through another provider?**

Distributions to other providers are generally not permitted under the Plans while you are actively employed with LPS. The exceptions are to purchase PERA service credit or if you age 59½ or older.

**12. Can I transfer my balance(s) from my 403(b) account with a previous employer to the LPS 403(b) Plan without penalty?**

Yes, however in considering moving your balances to the LPS 403(b) Plan, ask the following questions of your current 403(b) provider:

1. What are the expenses I'm currently paying under my previous employers Plan, including:
  - a. investment management fees
  - b. mortality & expense fees
  - c. annual fees
  - d. transaction fees for loans, etc.
  - e. back end loads at the time of withdrawal (for instance for purchase of service credit or transfer to another provider).
  - f. Recordkeeping and administrative fees
2. Are there any restrictions on transferring money to another provider or to purchase PERA service credit?
3. Is there any money available for transfer without charges (free-out amount)?
4. Is there a back-end load? (Amount charged to withdraw your funds) What is the amount if I were to transfer my account today?

## About TIAA



TIAA's purpose has remained constant since TIAA was established nearly 100 years ago: We're here to help you save for—and generate income during—retirement. Over the years, we've regularly introduced enhancements to the ways we deliver on our purpose.

As an organization with deep roots in the world of education, TIAA is committed to continuous learning. And when we see opportunities to enhance our retirement plan services, we share them with the institutions we serve.

Today, TIAA is a leader in providing retirement plan services to nonprofits in the public K-12, academic, cultural, governmental, medical and research fields.

### Organization/History

- World's largest private pension organization
- TIAA is the leader in K-12 retirement market<sup>1</sup>

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<sup>1</sup> Source: LIMRA Secure Retirement Institute, Not-for-Profit Market Survey, fourth-quarter 2016 results. Based on a survey of 26 companies. TIAA ranked first in total assets. Market share ranking does not reflect current investment performance.

- TIAA is #1 in assets among all financial firms in serving the not-for-profit and K-12 retirement markets<sup>2</sup>
- Over \$976 Billion in assets<sup>3</sup>
- 16,000 Participating Institutions
- Nearly 100 years of service for K-12 school systems
- Non-profit organization, salaried, non-commissioned, employees
- For its stability, claims-paying ability and overall financial strength, TIAA currently holds the highest possible rating from three of the four leading insurance company rating agencies: A.M. Best (**A++ as of 6/17**), Fitch (**AAA as of 11/17**) and Standard & Poor's (**AA+ as of 9/17**). It currently holds the second highest possible rating from Moody's Investors Service (**Aa1 as of 8/17**).

#### **Client Service/Quality Assurance/Customer Service Access**

- Financial Consultants available on-site to meet with you. To schedule a session at an LPS facility, call **800 732-8353**, Monday to Friday, 6 a.m. to 6 p.m. (MT). You can also visit **[www.tiaa.org/schedulenow-lps](http://www.tiaa.org/schedulenow-lps)**.
- Telephone counseling available by calling **800 842-2252** Monday through Friday, 6 a.m. – 8 p.m., or Saturday, 7 a.m. – 4 p.m. (MT).
- Financial Consultants are FINRA Series 6 & 63 and Colorado insurance licensed.
- Local Denver regional office
- Automated Telephone System (ATS) available 24/7
- Web Access to individual account information available at **[www.tiaa.org/lps](http://www.tiaa.org/lps)**
- Quarterly statements

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<sup>2</sup> Source: LIMRA Secure Retirement Institute, Not-for-Profit Market Survey, fourth-quarter 2016 results. Based on a survey of 26 companies. TIAA ranked first in total assets. Market share ranking does not reflect current investment performance.

<sup>3</sup> Data as of September 30, 2017