



**Thank you for being here!**

Our webinar will begin momentarily.





# Educator Focused Retirement

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PRESENTED BY TCG



Learn more at [www.tcgservices.com](http://www.tcgservices.com)





## TCG's Mission Statement

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We seek to deliver long-term investment and retirement solutions that provide peace of mind.





# Who We Serve

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800+  
Active plans



\$3.6 Billion+  
under management\*



\$10 Billion+  
under administration

From providing administration for retirement plans to financial wellness solutions,  
TCG is dedicated to making financial decisions as easy as possible for you.



# TCG Advisors, LP

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- Provides fiduciary protection
- Manages portfolios on a fee-only basis
- Registered with the Securities and Exchange Commission (SEC)
- Acts as the advisor for the Investment Advisory Committee





# Retirement Investment Basics and The Retirement Income Gap

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# What is ROTH?

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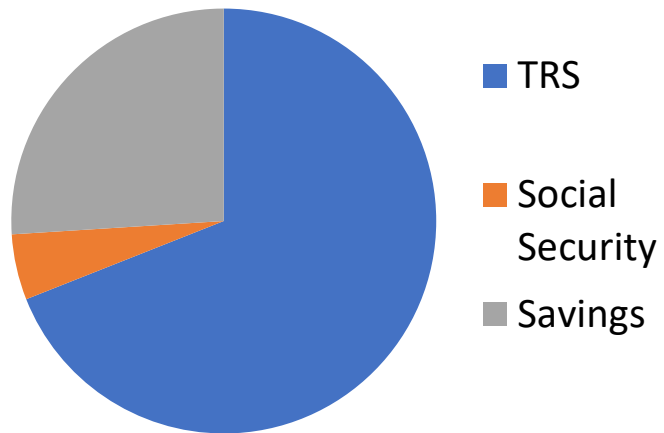
- ROTH is a distinctive retirement program and refers to the tax treatment of employee's contributions, growth, and distributions
  - Common perception is that it's an IRA only
    - Can be used for 403(b), 457(b), 401(k)
  - Not eligible in all plans, must check employer availability



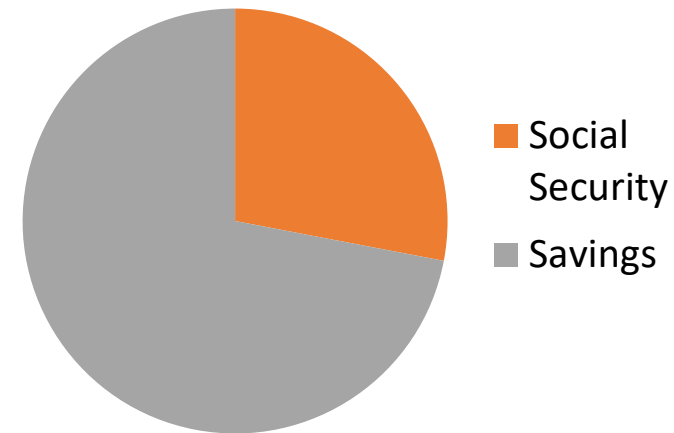
## TRS Retirement vs. Corporate Retirement

- Income in retirement is very different for Texas teachers than it is for their spouses and neighbors (and financial advisors)

*TEACHERS*



*NEIGHBORS*



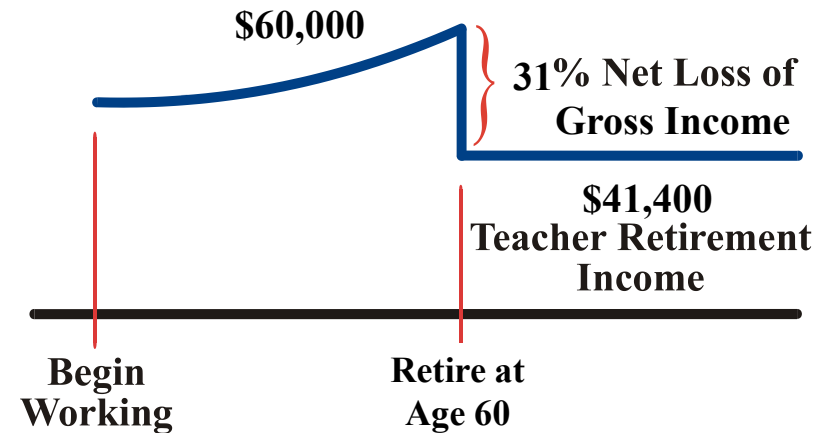


# TRS Retirement Formula

$$\begin{array}{ccccccc} \text{Years of} & & \text{State Factor} & & \text{Average 3/5 Highest} & & \text{Maximum} \\ \text{Service} & \times & 2.3\% & \times & \text{Years of Income} & = & \text{Benefit} \end{array}$$

## Example

Years of Service: 30  
State Multiplier (2.3%): 69 %  
Average Income: \$60,000  
**Maximum Benefit: \$41,400**





# Ways to Maximize Your TRS

- Increase Salary
- Increase Years of Service Credits
  - Work longer
  - Purchase Service Credits
- Types of Service Credits
  - Withdrawn, Out-of-State, Military, Unreported or Substitute, etc.
    - Cost varies depending on type of service
    - Contact TRS for cost estimate





# Wylie ISD Retirement Plans

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# Comparison of 457(b) & 403(b)



Feature	457(b)	403(b)
<b>Individual vs Group Plan</b>	Low fees relative to most 403(b) plans; no commissions; full disclosure of fees	Most have higher fees, pay commissions/ sales loads. Limited number of no commission options
<b>Penalty to withdraw funds</b> (+ income tax)	None	<b>10%</b> (Goes away at age 59½ or age 55 and retired)
<b>Investment Options</b>	Target Date Funds, Risk-Based Portfolios, or Self-directed Mutual Funds	Fixed / Variable interest annuities or Mutual Fund / Custodial accounts
<b>Access to Funds</b>	Termination of employment, Death, Disability, Retirement, Age 59½ (even if still employed), Unforeseen Emergency, Loans	Termination of employment, Death, Disability, Retirement, Age 59½ (even if still employed), Hardship or Loan
<b>Investment Committee/ Advisor Oversight</b>	Yes	No
<b>Contribution Limits</b> (can contribute to both plan types)	2020: \$19,500; \$26,000 age 50+	2020: \$19,500; \$26,000 age 50+



# 403(b) Tax-Deferred Savings Plan

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- TCG Administrators is your Third Party Administrator (TPA)
- 2-Step Process:
- **First: Must select a vendor,**
  - Contact vendor – see TCG list
  - Complete application with vendor – some allow online and some do not
  - Select a vendor investment product
- **Second: Contact TCG**
  - Set up your account with TCG
  - Indicate your vendor choice
  - Set up voluntary, pre tax or Roth deferrals, from paycheck
  - Call (800) 943-9179 or complete online at [www.tcgservices.com](http://www.tcgservices.com)



# Approved 403(b) Vendors





## 457(b) Retirement Plan

- High quality no-load and load-waived mutual funds
- Education provided by a financial advisor
- Full disclosure of fees
- No surrender charges or other penalties to transfer funds
- Fiduciary protection
- Investment Advisory Committee



# RAMS 457(b) Plan Investments

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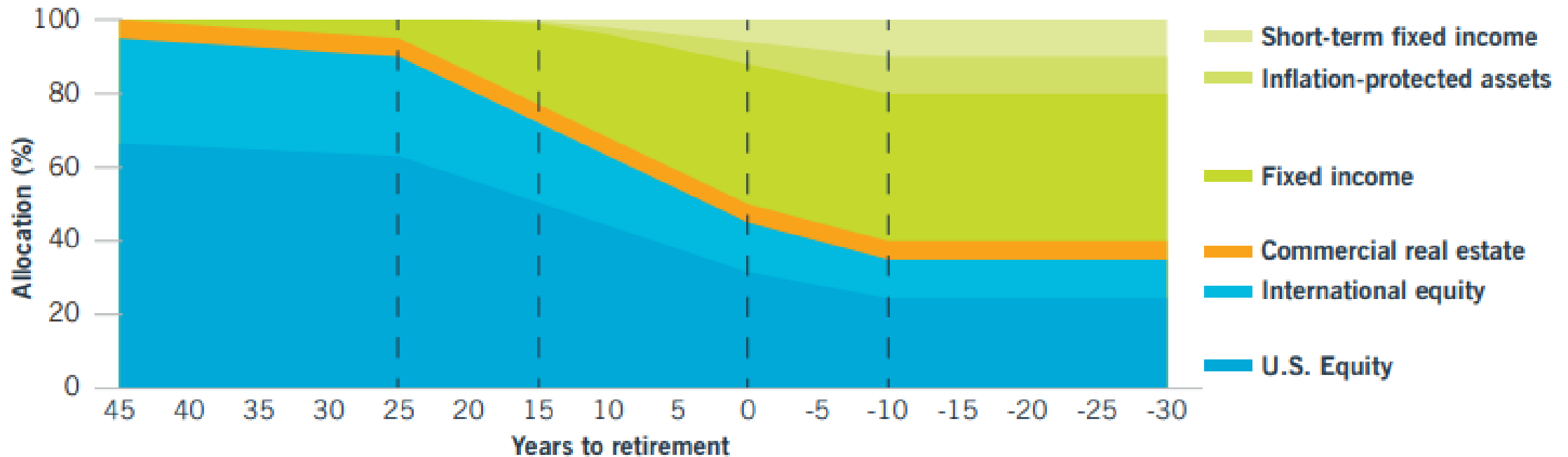


- 17+ Mutual Funds: Choose own allocation
  - High Quality, No-Load and Load-Waived
  - Low Cost Funds
- 6 Model Portfolios — No Additional Fees
  - Preservation
  - Conservative
  - Moderately Conservative
  - Signature Portfolio – Default Option
  - Growth
  - Aggressive Growth
- 11 Target Date Funds



# Target Date Fund

TIAA-CREFF Lifecycle Funds glidepath: Allocations become more conservative over time



- - - Represents significant change to the glidepath or point of transition in retirement planning



## 457(b) Plan Fees (break-down)



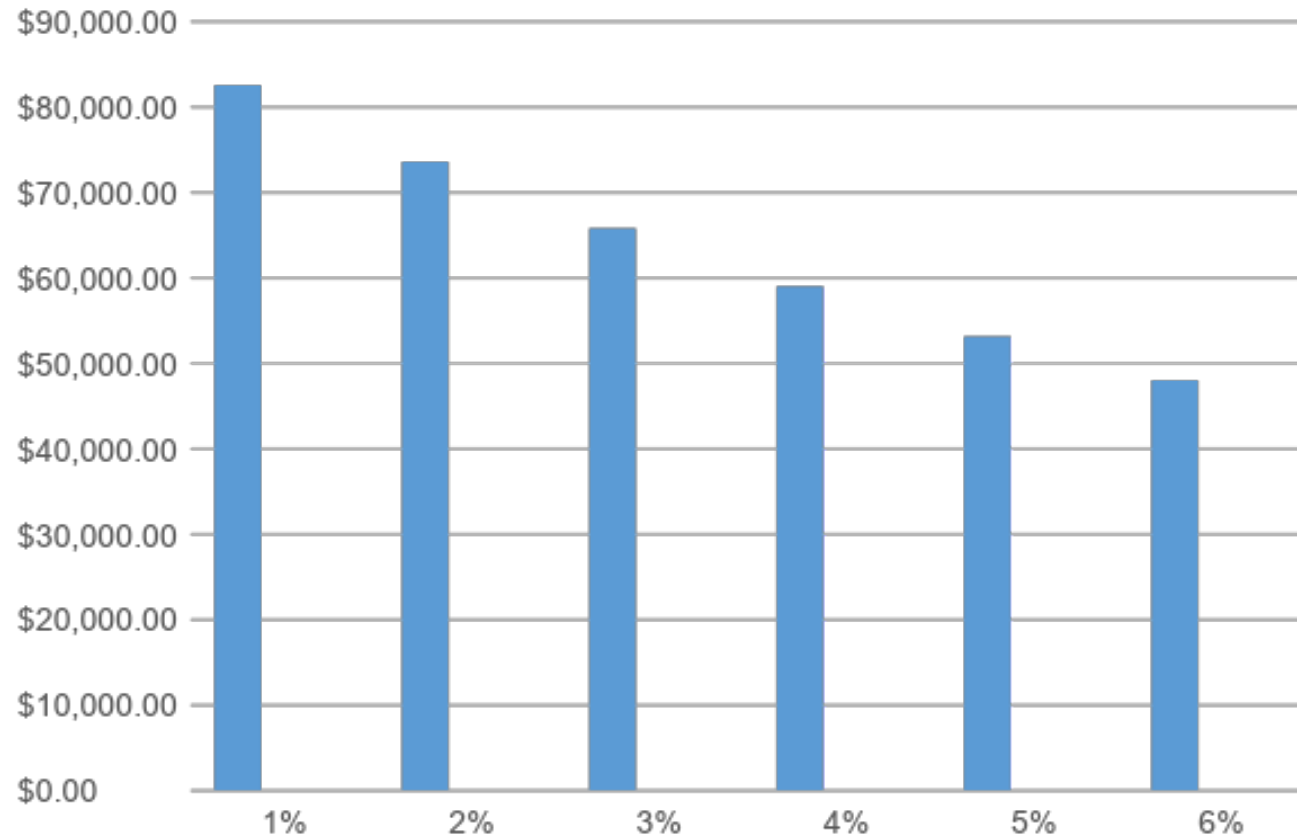
Total Fees are \$23.20 and 0.77% annually

### Break-down

- Advisory Fee: 0.42% per year asset fee
- Custodial Fee: 0.10% per year asset fee
- Administration Fee: 0.25% per year asset fee and \$22.00
- Region 10 plan coordination Fee: \$1.20 per year



# The Fee Effect



Annual Fee	Balance
1%	\$82,549.26
2%	\$73,599.44
3%	\$65,824.55
4%	\$59,057.63
5%	\$53,156.51
6%	\$48,000.00

Balance based on 6% earning net of fees with \$200 monthly contributions for 20 years at the beginning of the month. Actual rate of return is not guaranteed and is for illustration purposes only. Remember that all investing involves risk.



# Starting a 457(b) or 403(b) — Expectations!



## 457(b)

- Visit [www.tcgservices.com/enroll](http://www.tcgservices.com/enroll)
- In a single session you will:
  - Open your account
  - Select your beneficiary
  - Choose your contribution amount
  - Choose your investment allocation

## 403(b)

- Review list of approved investment providers
- Contact the investment provider to open a 403(b) account
- After your account has been opened, visit [www.tcgservices.com/](http://www.tcgservices.com/) website to enroll create a 403(b) administration account
- Establish your payroll deduction to fund your 403(b) account



# Social Security Issues





**Remember: Your TRS Annuity is  
never reduced by Social Security!**





## Social Security Considerations

- 2 Regulations
- Windfall Elimination Provision (WEP)
  - Applies to member's OWN Social Security benefits
  - (SSA Pub No. 05-10045)
- Government Pension Offset (GPO)
  - Applies to member's SPOUSAL Social Security benefits
  - (SSA Pub No. 05-1007)
- [www.ssa.gov](http://www.ssa.gov)
- Periodically bills are filed to repeal GPO and WEP at Federal level — very costly to repeal



# Windfall Elimination Provision

- Does NOT reduce TRS Pension Benefit
- Affects employees who are eligible for their OWN government/state pension and Social Security
- Uses a factor to calculate your SS benefit income based on 'Years of Substantial Earnings'
- Different than 'Service Credits' under SS



## SS Service Credits vs. Years of Substantial Earnings

- Service Credits under Social Security (SS)
  - Eligible for 4 credits per year
  - Total of 40 credits to qualify for a benefit
  - For 2019, received 4 credits if earned \$5,440
- Year of Substantial Earnings
  - Higher income number
- May accumulate all Service Credits under SS without earning Years of Substantial Earnings



# Sample Social Security Statement

## Your Earnings Record

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Years You Worked	Your Taxed Social Security Earnings	Your Taxed Medicare Earnings
1974	220	220
1975	570	570
1976	1,067	1,067
1977	1,882	1,882
1978	2,705	2,705
1979	3,529	3,529
1980	4,628	4,628
1981	6,355	6,355
1982	7,935	7,935
1983	9,366	9,366
1984	10,884	10,884
1985	12,265	12,265
1986	13,482	13,482
1987	15,121	15,121
1988	16,580	16,580
1989	17,869	17,869
1990	19,296	19,296
1991	20,549	20,549
1992	22,115	22,115
1993	22,765	22,765
1994	23,778	23,778
1995	25,092	25,092
1996	26,659	26,659
1997	28,564	28,564
1998	30,392	30,392

Years You Worked	Your Taxed Social Security Earnings	Your Taxed Medicare Earnings
1999	32,395	32,395
2000	34,489	34,489
2001	35,570	35,570
2002	36,138	36,138
2003	37,232	37,232
2004	39,140	39,140
2005	40,734	40,734
2006	42,679	42,679
2007	44,614	44,614
2008	45,588	45,588
2009	44,776	44,776
2010	45,573	45,573
2011	46,569	46,569
2012	47,472	47,472
2013	47,288	47,288
2014	47,660	47,660
2015	47,833	47,833
2016	46,770	46,770
2017	Not yet recorded	



# Windfall Elimination Provision — YOUR BENEFIT

Year	Substantial earnings	Year	Substantial earnings
1937–1954	\$900	1992	\$10,350
1955–1958	\$1,050	1993	\$10,725
1959–1965	\$1,200	1994	\$11,250
1966–1967	\$1,650	1995	\$11,325
1968–1971	\$1,950	1996	\$11,625
1972	\$2,250	1997	\$12,150
1973	\$2,700	1998	\$12,675
1974	\$3,300	1999	\$13,425
1975	\$3,525	2000	\$14,175
1976	\$3,825	2001	\$14,925
1977	\$4,125	2002	\$15,750
1978	\$4,425	2003	\$16,125
1979	\$4,725	2004	\$16,275
1980	\$5,100	2005	\$16,725
1981	\$5,550	2006	\$17,475
1982	\$6,075	2007	\$18,150
1983	\$6,675	2008	\$18,975
1984	\$7,050	2009–2011	\$19,800
1985	\$7,425	2012	\$20,475
1986	\$7,875	2013	\$21,075
1987	\$8,175	2014	\$21,750
1988	\$8,400	2015–2016	\$22,050
1989	\$8,925	2017	\$23,625
1990	\$9,525	2018	\$23,850
1991	\$9,900	2019	\$24,675

Years of substantial earnings	Percentage
30 or more	90 percent
29	85 percent
28	80 percent
27	75 percent
26	70 percent
25	65 percent
24	60 percent
23	55 percent
22	50 percent
21	45 percent
20 or less	40 percent



## Government Pension Offset — SPOUSAL BENEFIT

- The “LOOP-HOLE” closed July 1, 2004
- Old Law Exemption: You were employed by an SS-covered District on your last day of employment
- Current Law Exemption: You have to be employed by a SS-covered District for your last 60 months to be eligible
- This law uses a two-thirds offset rule
- Two-thirds of your TRS Annuity benefit will be subtracted from your spousal SS benefit
- Does NOT reduce TRS Pension Benefit



## Government Pension Offset — SPOUSAL BENEFIT

- ☐ TRS Pension - \$2,100
- ☐ Spousal SS Benefit - \$1,000
- ☐ Subtract  $\frac{2}{3}$  of TRS benefit from eligible SS benefit

SS Benefit	\$1,000
— ( $\frac{2}{3}$ of \$2,100)	- \$1,400
<hr/>	
=	- \$ 400

TRS Member is not eligible for spousal benefit, but receives full TRS annuity

- ☐ TRS Pension - \$2,100
- ☐ Spousal SS Benefit - \$1,600
- ☐ Subtract  $\frac{2}{3}$  of TRS benefit from eligible SS benefit

SS Benefit	\$1,600
— ( $\frac{2}{3}$ of \$2,100)	- \$1,400
<hr/>	
=	\$ 200

TRS Member is eligible for spousal benefit of \$200 plus full TRS annuity



# 4 Easy Action Items

## ✓ **Write down your goals and know the cost**

- Retirement Income
- Other: Travel, second homes, children/grandchildren gifts, etc.

## ✓ **Know your projected retirement income**

- MyTRS – [www.trs.texas.gov](http://www.trs.texas.gov)
- Social Security – [www.ssa.gov](http://www.ssa.gov)
- FinPath – [financialpathway.com](http://financialpathway.com)

## ✓ **Identify cash flow issues**

- Develop a budget
- Public Service Loan Forgiveness

## ✓ **Address your current savings strategy**

- 403(b) / 457 accounts
- Investment allocation



# We're here to help!



## TeleWealth Virtual Consultations

Complimentary consultation at

<https://calendly.com/ahennig/telewealth>

### How TeleWealth works:



Schedule a meeting  
at your convenience



Access the meeting  
from anywhere



Talk to an advisor  
one-on-one

TCG Financial Consultants  
**TeleWealth Consultations**  
25 min

Select a Date & Time

March 2020

SUN	MON	TUE	WED	THU	FRI	SAT
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Central Time - US & Canada (12:13am)



# Questions?

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**Schedule a TeleWealth Meeting**

<https://calendly.com/ahennig/telewealth>







## Contact Us



512-600-5206 (ext.5206)



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Austin, TX 78746

Get started at [www.tcgservices.com](http://www.tcgservices.com)



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