SCHOOLSFIRST
RETIREMENT PLANNING

Understanding Your **457(b) & Roth 457(b)**

Overview

The 457(b) and Roth 457(b) are retirement plans designed for school employees to supplement their CalSTRS/CalPERS pension plan. On average, your pension replaces 50% to 60% of income in retirement.[1] Studies show at a minimum, you'll need approximately 80% income replacement to maintain the same standard of living in retirement.[2] A 457(b) and Roth 457(b) offer school employees a way to bridge that gap while saving for retirement.

457(b)

Taxes

Contributions are made to a 457(b) before taxes are taken from your paycheck, reducing your taxable income. Taxes are paid on withdrawals, typically in retirement when you'll likely be in a lower tax bracket.

Withdrawals

You may begin taking withdrawals from a 457(b) at age 59½ or when you leave your employer, or in the case of death, disability or an unforeseeable emergency. Supporting documentation is required and you may be subject to penalty fees. Distributed funds can't be rolled back into the plan.

Loans

A loan may be taken against 457(b) funds while you're still employed. Repayment terms and interest rates are determined by your plan's vendor.

Roth 457(b)

Taxes

Contributions to a Roth 457(b) are made after taxes are taken from your paycheck, allowing your earnings to grow — and withdrawals taken — tax-free if the account has been open for at least five consecutive years and you're age 59½ or older.

Withdrawals

You may withdraw from a Roth 457(b) at age 59½ or when you leave your employer, or in the case of death, disability or an unforeseeable emergency. Supporting documentation is required and you may be subject to penalty fees. Distributed funds can't be rolled back into the plan.

Loans

A loan may be taken against Roth 457(b) funds while you're still employed. Repayment terms and interest rates are determined by your plan's vendor.

Contributions

In 2025, you may contribute up to a combined $23,500 to a 457(b) and/or Roth 457(b). It's possible to contribute more than the maximum if you meet the following requirements in 2025:

- Age 50+ = an additional $7,500.
- Age 60 - 63 = an additional $11,250.
- Age is within three years of Normal Retirement Age (NRA)* = up to an additional $23,500.

*NRA is typically 62 or 65. Check with your plan administrator.

Here to help you

If you have questions about your retirement, or would like to open a 457(b) account, please contact:

Brian Arthur

Financial Representative

279-200-5672 cell

barthur@schoolsfirstfcu.org

Scan below to schedule an appointment!



Online tools and resources to help you enroll and take control of your retirement savings.

It's easy to monitor and adjust your plan to pursue your savings goals.



My Income & Retirement Planner℠

- Determine how your current account balance may translate into potential retirement income.
- Utilize Social Security and pension estimators for a more comprehensive view of your potential future savings.



My Health Care Estimator

- Understand your potential retirement healthcare costs in less than five minutes.



Access on your terms

- Sign up for an online account to get access to all of these features anytime.
- Learn about budgeting, dollar-cost averaging, special considerations and more from our video library, relevant articles and tools.



Professional guidance is just a phone call away

- Representatives are available virtually. We'll even come to your school or district office for in-person appointments.
- Get support and answers to any questions you may have about your retirement savings.



CALL (800) 462-8328, ext. 4116
Option 1 to schedule an appointment



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1. California State Teachers' Retirement System Member Handbook, 2023. **2.** "How much will you spend in retirement?" Fidelity.com, 2022.

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MK 356 01/25