



**Building Wealth for a  
Great Life and a  
Fulfilling Retirement**

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**CTA New Educator  
Pre-Conference  
2023**

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• **Introduction**

• **Education**

• **Action**



What is an excellent financial retirement?

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*“inflation-protected  
income for life to sustain a  
standard of living you  
enjoyed in the latter part  
of your work life.”*

**Robert Merton** | MIT Sloan School of Management  
Nobel Laureate of Economic Sciences





# The Educator's Retirement

- **Your State Pension** (CalSTRS or CalPERS)
- **Social Security** (CalPERS)
- **403(b) Savings Plan**
- **Personal Savings**



# Quick Summary of CalSTRS Pension "The Formula"



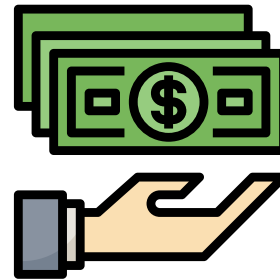
Service Credits

X



Age Factor

X



Final Salary

=



Pension Estimate

Hired before 2013 - Use the 2% at 60 table

Hired 2013 or later- Use the 2% at 62 table

# Quick ESTIMATE of CalSTRS Pension "The Formula"

**CalSTRS 2% at 60** – Members first hired before January 1, 2013, to perform CalSTRS creditable activities.

2% at Age 60 Formula		Service Credits															
Retirement Age	Age Factor	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35
60	2.00%	40%	42%	44%	46%	48%	50%	52%	54%	56%	58%	66%	68%	70%	73%	75%	77%
61	2.13%	43%	45%	47%	49%	51%	53%	55%	58%	60%	62%	70%	72%	75%	77%	79%	82%
62	2.27%	45%	48%	50%	52%	54%	57%	59%	61%	64%	66%	72%	74%	77%	79%	82%	84%
63	→ 2.40%	48%	50%	53%	55%	58%	60%	62%	65%	67%	70%	72%	74%	77%	79%	82%	84%
64	2.40%	48%	50%	53%	55%	58%	60%	62%	65%	67%	70%	72%	74%	77%	79%	82%	84%
65	2.40%	48%	50%	53%	55%	58%	60%	62%	65%	67%	70%	72%	74%	77%	79%	82%	84%

 **Replace < 65%**

 **Replace 65% to 74%**

 **Replace 75%+**

# Quick Summary ESTIMATE of CalSTRS Pension "The Formula"

**CalSTRS 2% at 62** – Members first hired on or after January 1, 2013, to perform CalSTRS creditable activities.

2% at Age 62 Formula		Service Credits															
Retirement Age	Age Factor	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35
60	1.76%	35%	37%	39%	40%	42%	44%	46%	48%	49%	51%	53%	55%	56%	58%	60%	62%
61	1.88%	38%	39%	41%	43%	45%	47%	49%	51%	53%	55%	56%	58%	60%	62%	64%	66%
62	2.00%	40%	42%	44%	46%	48%	50%	52%	54%	56%	58%	60%	62%	64%	66%	68%	70%
63	2.13%	43%	45%	47%	49%	51%	53%	55%	58%	60%	62%	64%	66%	68%	70%	72%	75%
64	2.27%	45%	48%	50%	52%	54%	57%	59%	61%	64%	66%	68%	70%	73%	75%	77%	79%
65	2.40%	48%	50%	53%	55%	58%	60%	62%	65%	67%	70%	72%	74%	77%	79%	82%	84%
66	2.40%	48%	50%	53%	55%	58%	60%	62%	65%	67%	70%	72%	74%	77%	79%	82%	84%
67	2.40%	48%	50%	53%	55%	58%	60%	62%	65%	67%	70%	72%	74%	77%	79%	82%	84%

 **Replace < 65%**

 **Replace 65% to 74%**

 **Replace 75%+**

# What Does This Mean To Me?

Retire in Your 60s	Years of Service	Estimated Pension
	<b>20-25</b>	<b>50% - 60%</b>
	<b>25-30</b>	<b>60% - 70%</b>
	<b>30+</b>	<b>70% plus</b>



The numbers above are a broad approximation of what to expect from your CalSTRS pension. We encourage CTA members to obtain credentials for the CalSTRS website, so you can get an estimate of your retirement benefits based on your personal information.





**STRS/PERS  
Pension**

**50% to 60%**

# How do we get you there?

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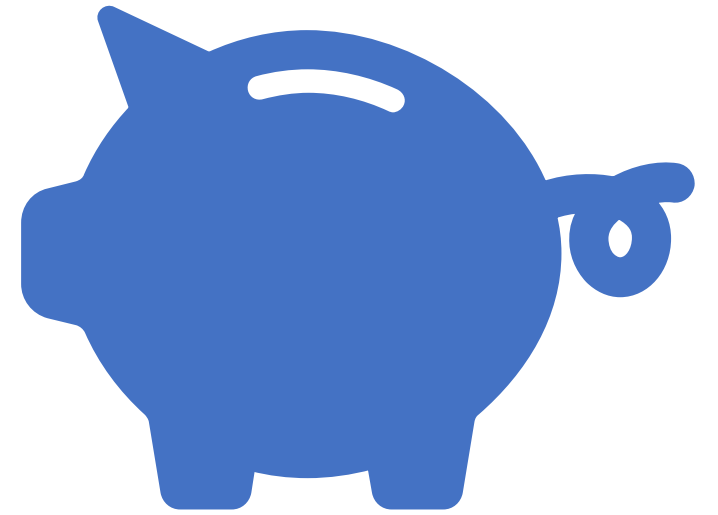


How do we get  
you there?

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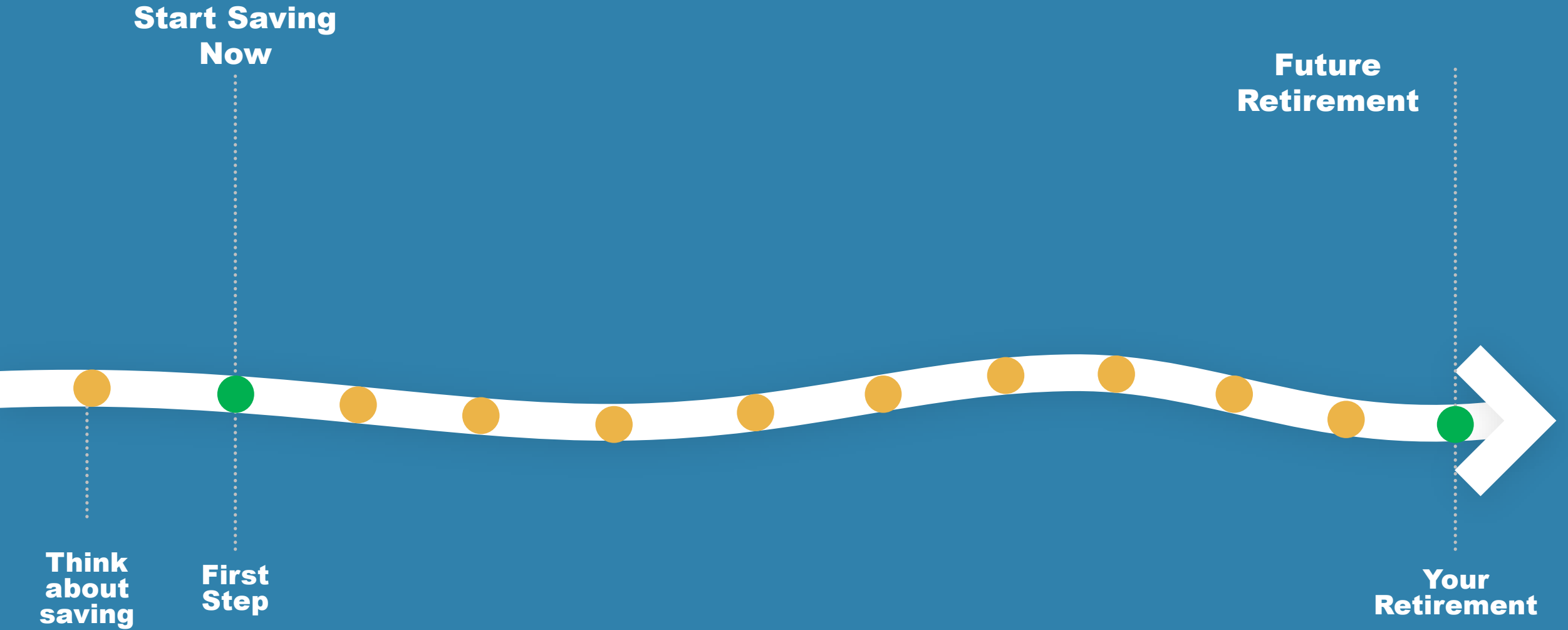
# The Role of a 403(b)

- Close the retirement income gap
- Avoid living from paycheck to paycheck in retirement
- Possibility to retire early
- Help pay for health care if you do retire early





# The Most Important Step... is the First Step



# Why a 403(b) Works for Educators



**Invest in Your Future**

- 1) It forces you to save for retirement
- 2) The money is invested before you can spend it
- 3) Regular contributions each month
- 4) Professional money management
- 5) Tax advantages [Pre-tax or After-Tax (ROTH)]

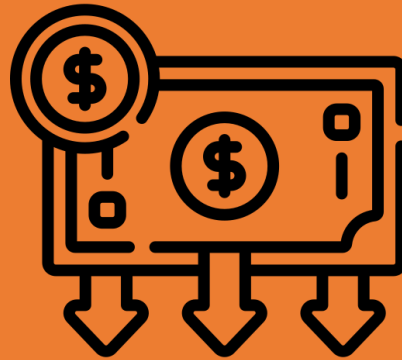
# A Success Formula for Your Retirement Savings

Contributions



Maximize

Expenses  
Distributions  
Loans



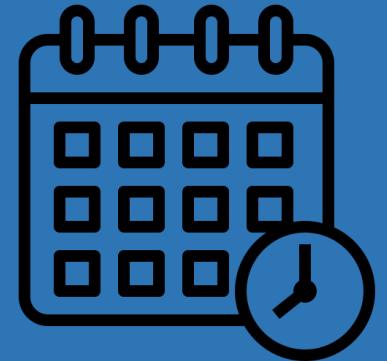
Minimize

Rate of Return



Growth

Time



Start Now



**NOT ALL  
403(B)  
PLANS ARE  
ALIKE**



## Things to Know About 403(b) Programs

- You have choice! Most districts have 20 to 40 options when it comes to 403(b) programs
- School districts do not endorse any product.
- Approved by a school district means they have a payroll slot nothing more



## Why does CalSTRS provide 403bCompare.com?

Watch Now



### My Next Steps >

A checklist to help guide you in selecting your best retirement savings option.



### Compare Products >

Browse and compare fees, returns and services to find your best option.



### Help & Resources >

Learn more about 403(b) basics, retirement planning and investing.



## Employer Detail

Sacramento City Unified School District

Set as Employer

The district hires a Third-Party Administrator (TPA) to perform the administrative function for all 403(b) plans.

County: Sacramento

Contact Information

Use the following contact information for questions regarding your employer's 403(b) plan.

Name: SchoolsFirst Plan Administration, LLC

Phone: (800) 462-8328

E-mail: [Send Email](#)

Website: [Visit Website](#)

Plan Details

View the 403(b) Plan Document for information on loans, transfers distributions, contribution limits, and eligibility.

403(b) Plan Documents Not Provided

Roth Eligible: Yes

The district decides if available plans may offer a Roth (post-tax contribution) option.

Approved Vendors

Below is a list of 403(b) vendors approved by your employer. You must contact a vendor from this list to open an account before initiating contributions. Select a Vendor Name to view details about the vendor and a list of available products.

Vendor ID	Vendor Name
1062	<a href="#">American Fidelity Assurance Company</a>
1057	<a href="#">American Funds Distributors, Inc. (AFD)</a>
1128	<a href="#">American United Life (AUL), a OneAmerica Financial Partner</a>
1035	<a href="#">Americo Financial Life and Annuity Insurance Company/Great Southern Life Insurance Company</a>
1041	<a href="#">Ameriprise Financial Inc.</a>

Initiate or Change Contributions

After opening an account with an approved vendor, use the link below to start contributing or to make changes to your contributions.

[Salary Reduction Agreement](#)

Sacramento City USD: 39 Vendors\*

**Vendor Name**

1062 American Fidelity Assurance Company  
1057 American Funds Distributors, Inc. (AFD)  
1128 American United Life (AUL), a OneAmerica Financial Partner  
1035 Americo Financial Life and Annuity Insurance Company/Great Southern Life Insurance Company  
1041 Ameriprise Financial Inc.  
1967 Aspire (Advisor Trust)  
1073 Brighthouse Financial  
1097 CalSTRS Pension2  
1117 Corebridge Financial  
**1926 CTA Voluntary Retirement Plans for Educators, LLC**  
1067 Equitable Financial Life Insurance Company  
1133 Fidelity Investments  
1025 Franklin Templeton  
1113 GWN Securities, Inc  
1963 Horace Mann Investors, Inc.  
1014 Horace Mann Life Insurance Company  
1135 Industrial-Alliance Pacific Life Ins Co, US Branch  
1121 Invesco (formerly OppenheimerFunds)  
1966 IPX Retirement

**Vendor Name**

1108 Jackson National Life Ins. Co.  
1068 Lincoln Investment, LLC  
1029 Lincoln Nat'l Life Ins Co (Lincoln Financial Group), The  
1024 Metropolitan Life Insurance Company  
1043 Midland National Life Insurance Company  
1015 Modern Woodmen of America  
1036 National Life Group through member company Life Insurance Company of the Southwest  
1144 Nationwide Life Insurance Company  
1083 New York Life Ins. & Annuity Corp.  
1472 North American Company for Life and Health  
1148 Orion Portfolio Solutions (Formerly FTJ FundChoice LLC)  
1130 Pacific Life Insurance Company  
1030 PFS Investments Inc  
1127 PlanMember Services Corp  
1145 Putnam Investments  
1022 Security Benefit  
1038 Thrivent Financial AKA Thrivent Financial for Lutherans, Thrivent Mutual Funds  
1102 Vanguard Group, The  
1060 Voya - ReliaStar Life Insurance Company  
1961 Voya Retirement Insurance and Annuity Company



Not having enough income or money in  
retirement

**Inflation**

is the big enemy of every retiree

# TWO RISKS TO YOUR FUTURE RETIREMENT



Volatility

**Financial  
markets recover**



Inflation

**The loss of  
purchasing power is  
permanent**

While these are two risks to take into consideration for your future retirement, there are many other risks to consider as well.

## What About Other 403(b) Programs?

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**The problem with most other 403(b) products are the costs are too high or the expected returns are too low.**





# Products that Fight Volatility

## 403(b) PRODUCTS

Fixed Annuities  
Index Annuities

## TRADEOFF



Modest Growth Potential

## RISK



Inflation

# Products that Fight Inflation

## 403(b) PRODUCTS

Variable Annuities

Typically, Higher Cost

Mutual Funds

## TRADEOFF



Short-Term Volatility

## GOAL



Typically, More  
Growth Oriented

# Building Wealth Means Beating Inflation

- Struggles to Keep up with Inflation
- Fixed Annuities
- Money Markets
- Fixed Index Annuities



# Why GROWTH is so important when you are saving for retirement!



CTA Cindy  
 Educator works 25 years  
 Saves \$300 per month into 403(b)



\$90,000  
 Contributions

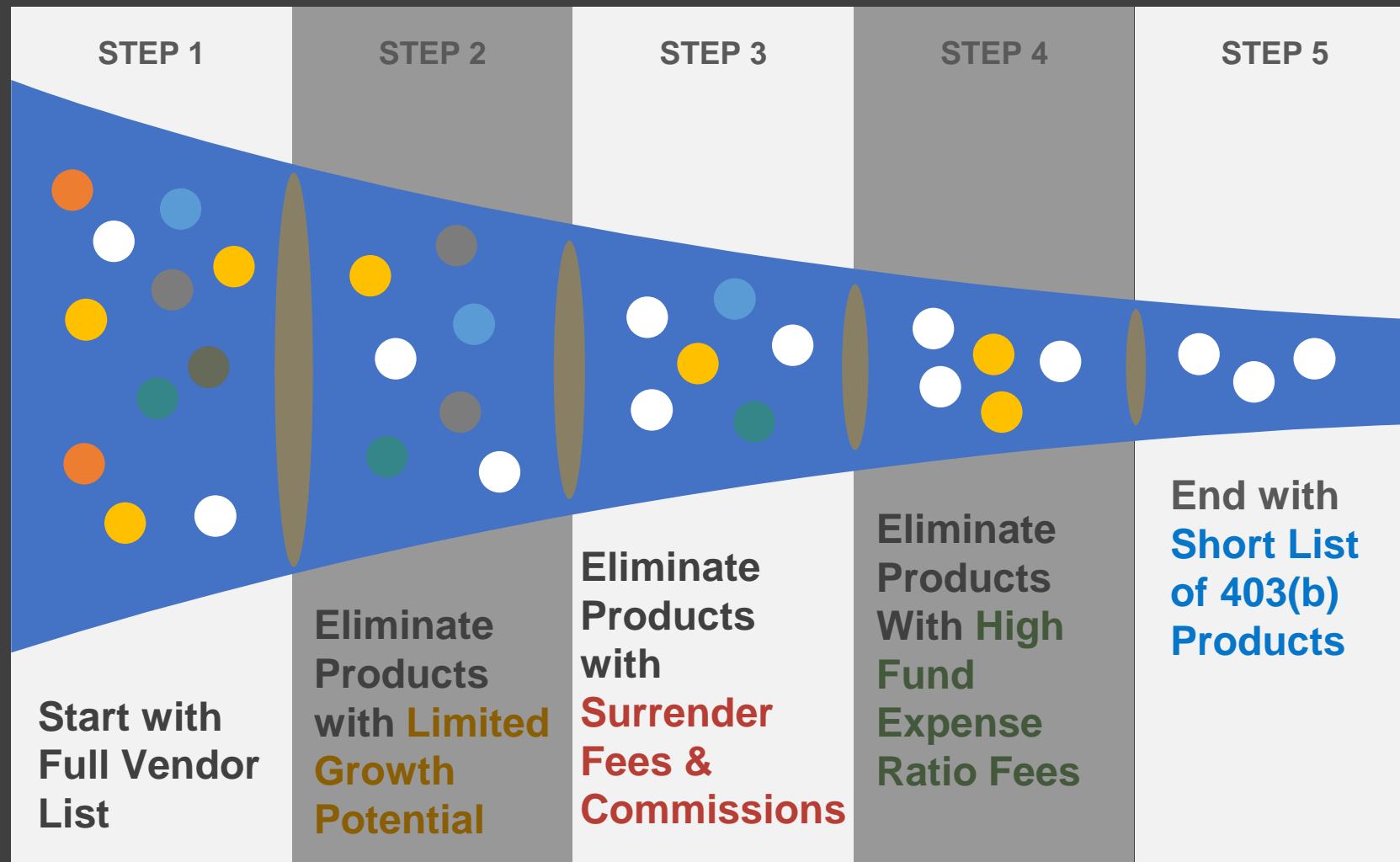
Hypothetical Return	8%	6%	4%	3%	2%	1%
Ending Account Balance	<b>\$229,300</b>	\$178,975	\$140,902	<b>\$125,469</b>	\$112,012	\$100,266
Contributions	-\$90,000	-\$90,000	-\$90,000	-\$90,000	-\$90,000	-\$90,000
Growth of Account	<b>\$139,300</b>	\$88,975	\$50,902	<b>\$35,469</b>	\$22,012	\$10,266

**Growth Oriented**

**Low Risk / Low Return**

This slide provides a hypothetical comparison of returns over 25 years. It does not represent any particular investment and does not represent the return of any actual investor. This comparison is offered to illustrate the potential or hypothetical difference in returns over a longer period of time.

# WHAT TO CONSIDER WHEN EVALUATING 403(b) PLANS:





# The Hypothetical Fees of an Average 403(b) Product Over a Career\*



CTA Cindy

She works 25 years

Saves \$300 per month into 403(b)



Average product sold in CA\*

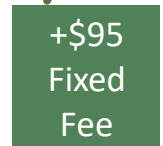


1.75%  
Variable  
Fee

CTA 403(b) RSP



.18%  
Variable  
Fee



+\$95  
Fixed  
Fee

\* Average 403(b) expense ratio of 1.75% per year based on a survey of variable annuity and mutual fund products on [www.403bcompare.com](http://www.403bcompare.com) as of 12/31/2020. The CTA program fees calculated on an annual fee of \$95 per year plus an average expense of 0.18%. Assumes a 6% rate of return on account balance annually.

Sacramento City USD: 39 Vendors\*

**Vendor Name**

1062	American Fidelity Assurance Company
1057	American Funds Distributors, Inc. (AFD)
1128	American United Life (AUL), a OneAmerica Financial Partner
1035	Americo Financial Life and Annuity Insurance Company/Great Southern Life Insurance Company
1041	Ameriprise Financial Inc.
1967	Aspire (Advisor Trust)
1073	Brighthouse Financial
1097	CalSTRS Pension2
1117	Corebridge Financial
1926	CTA Voluntary Retirement Plans for Educators, LLC
1067	Equitable Financial Life Insurance Company
1133	Fidelity Investments
1025	Franklin Templeton
1113	GWN Securities, Inc
1963	Horace Mann Investors, Inc.
1014	Horace Mann Life Insurance Company
1135	Industrial-Alliance Pacific Life Ins Co, US Branch
1121	Invesco (formerly OppenheimerFunds)
1966	IPX Retirement

**Vendor Name**

1108	Jackson National Life Ins. Co.
1068	Lincoln Investment, LLC
1029	Lincoln Nat'l Life Ins Co (Lincoln Financial Group), The
1024	Metropolitan Life Insurance Company
1043	Midland National Life Insurance Company
1015	Modern Woodmen of America
1036	National Life Group through member company Life Insurance Company of the Southwest
1144	Nationwide Life Insurance Company
1083	New York Life Ins. & Annuity Corp.
1472	North American Company for Life and Health
1148	Orion Portfolio Solutions (Formerly FTJ FundChoice LLC)
1130	Pacific Life Insurance Company
1030	PFS Investments Inc
1127	PlanMember Services Corp
1145	Putnam Investments
1022	Security Benefit
1038	Thrivent Financial AKA Thrivent Financial for Lutherans, Thrivent Mutual Funds
1102	Vanguard Group, The
1060	Voya - ReliaStar Life Insurance Company
1961	Voya Retirement Insurance and Annuity Company

Irvine USD: 41 Vendors\*

**Vendor Name**

1164	American Century Investments
1062	American Fidelity Assurance Company
1057	American Funds Distributors, Inc. (AFD)
1128	American United Life (AUL), a OneAmerica Financial Partner
1035	Americo Financial Life and Annuity Insurance Company/Great Southern Life Insurance Company
1041	Ameriprise Financial Inc.
1967	Aspire (Advisor Trust)
1073	Brighthouse Financial
1097	CalSTRS Pension2
1117	Corebridge Financial
<b>1926</b>	<b>CTA Voluntary Retirement Plans for Educators, LLC</b>
1067	Equitable Financial Life Insurance Company
1133	Fidelity Investments
1025	Franklin Templeton
1113	GWN Securities, Inc
1963	Horace Mann Investors, Inc.
1014	Horace Mann Life Insurance Company
1135	Industrial-Alliance Pacific Life Ins Co, US Branch
1121	Invesco (formerly Oppenheimer Funds)
1966	IPX Retirement
1068	Lincoln Investment, LLC

**Vendor Name**

1029	Lincoln Nat'l Life Ins Co (Lincoln Financial Group), The
1024	Metropolitan Life Insurance Company
1043	Midland National Life Insurance Company
1015	Modern Woodmen of America
1036	National Life Group through member company Life Insurance Company of the Southwest
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1083	New York Life Ins. & Annuity Corp.
1472	North American Company for Life and Health
1148	Orion Portfolio Solutions (Formerly FTJ FundChoice LLC)
1130	Pacific Life Insurance Company
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1127	PlanMember Services Corp
1145	Putnam Investments
1022	Security Benefit
1038	Thrivent Financial AKA Thrivent Financial for Lutherans, Thrivent Mutual Funds
1053	USAA Life Insurance Company
1102	Vanguard Group, The
1142	Victory Capital Management, Inc.
1060	Voya - ReliaStar Life Insurance Company
1961	Voya Retirement Insurance and Annuity Company



Welcome to the 403(b) Cost Calculator



<https://review.ctaretirementplan.org/>



# The CTA 403(b) Retirement Savings Plan

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A low-cost program designed to outpace inflation and build wealth so you can enjoy a great retirement.





# A Long History of Questionable 403(b) Products and Sales Tactics



The articles above were found using a google search with the following search words, "bad 403b products articles". For further information please search google to find direct links to these articles and others. The opinions of the authors of these articles are their own and do not necessarily represent the opinions of the California Teachers Association, CTA, VRPE or Prudent Investor Advisors, LLC.

# The CTA 403(b) Retirement Savings Plan

- ✓ The ONLY 403(b) Program Designed and Endorsed by the California Teachers Association
- ✓ Low Cost (fixed fee)
- ✓ World Class Investments
- ✓ No Commissions
- ✓ No Surrender Fees
- ✓ Fiduciary Advisors







Did you know?

# The CTA 403(b) Retirement Savings Plan

Designed by CTA

with its mission in mind... *to protect and promote the well-being of its members.*

<p><b>World-Class Money Management</b></p> <p><b>BLACKROCK</b></p> <p><b>Vanguard</b></p> <p>P I M C O</p>	<p><b>Low Cost</b></p> <p> Fixed Fee</p> <p> No commissions, no surrender fees</p>	<p><b>Union Advocacy</b></p> <p> Fiduciary Hotline</p> <p> Free Review or Second Opinion</p>
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# The CTA 403(b) Retirement Savings Plan

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## ***Fiduciary Advisors***

*Always Advice in Your best Interest*





# The CTA 403(b) Retirement Savings Plan

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- Flat Annual Fee: \$95
- About \$8 per month
  
- Plus, low-cost mutual fund expenses, about \$18 per year for every \$10,000 invested.





# New Saver Discount

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- CTA Member in Good Standing and...
  - New Member 3 years or less; or
  - Any member who does not have a 403(b) or 457
- 
- About \$4 per month or \$47.50 per year for the first two years.
  - Then it returns to regular fee of \$95 flat per year



# CTA 403(b) Enrollment is Simple

1



## Quick online enrollment



5-7 minutes online.

[enroll.ctaretirementplan.org](https://enroll.ctaretirementplan.org)

2



Complete a **Salary Reduction Agreement (SRA)**

You only need to complete this if your district is not integrated with the CTA 403(b)



Helping Educators Plan For Retirement

# FREE CTA 403(b) CONSULTATION SERVICE

Do you have concerns about your current 403(b) plan?

- ✓ Don't understand your plan
- ✓ Don't know what plan fees you are paying
- ✓ Don't know what kind of investments are in your plan
- ✓ Poor service or no service at all from your current advisor
- ✓ General trust issues with your current advisor or financial company

**Schedule a 1:1 Virtual Appointment**





# CTA 403b Retirement Savings Plan

Questions?

Remember the  
New Saver  
Discount!



**Gary Allen**

CTA 403(b) Retirement Savings Plan

Tel: 916.235.9800

Email: [team@ctaretirementplan.org](mailto:team@ctaretirementplan.org)

# FREQUENTLY ASKED QUESTIONS



## **Moving to the CTA 403(b) RSP**

If you have other retirement savings accounts, either currently or from a former employer, you may be able to exchange those plans and consolidate them into the CTA plan. There are important things to consider before making an exchange or rollover, including surrender fees, the regulations governing your former employer's plan, and possible tax implications.

## **Does the CTA 403(b) RSP give me a choice of where to invest my money?**

When you sign up for the CTA Plan using the quick enrollment option, you will be automatically enrolled in a LifePath target date fund that corresponds to your age. This fund is managed by BlackRock, one of the largest mutual fund managers in the world. If you prefer to create your own investment mix the CTA Plan has a variety of fund options. You can find them at [enroll.CTaretirementplan.org](http://enroll.CTaretirementplan.org). And, you can change your investment options at anytime.

## **What is a LifePath target date fund?**

A target date fund is a mix of investments that automatically adjusts over time to help make sure you are in a diversified portfolio that corresponds to your age. This is a very popular choice with educators. About 90% of educators in the CTA 403(b) Plan are using the target date fund.

## **What happens if I change school districts?**

The money you have saved is yours and will stay in your account. When you start your new job, you will need to open a new account and complete a new salary reduction agreement so new money can be invested in the plan. You can roll over the original account into the new district account or keep them separate. Unlike some 403(b) plans, there are no fees or charges for rolling over your CTA Plan to a new CTA account.

## **How much money should I set aside from each paycheck?**

One of the smartest things you can do is to start saving at an early age, that way you have the power of compound interest to help your money grow. If you are not sure how much to start with, try \$100 per month as a starting point. You can always increase your savings rate as your situation changes, the important thing is to just start.

## **Contacting STRS**

[www.calstrs.com/contact-us](http://www.calstrs.com/contact-us)

## **Contacting PERS**

[www.calpers.ca.gov/page/contact](http://www.calpers.ca.gov/page/contact)



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CALIFORNIA  
TEACHERS  
ASSOCIATION

Helping Educators Plan For Retirement

# The CTA Retirement Savings Plan



SHARE THE STORY....

The only 403(b) plan endorsed by your union.

# Beware 403(b) Sales Tactics

1

**Our 403(b) product is endorsed by the union and/or district.**

2

**Offer of STRS/PERS pension review to set appointment to sell 403(b) product**

3

**Lack of disclosure regarding surrender fees/penalty periods.**

4

**Unreasonable illustrations concerning potential investment returns (insurance products).**

5

**The use of "bonus" returns to entice members to purchase an insurance product.**

6

**Recommendation by Agent/Advisor to transfer funds from one product to another (fee churn).**

7

**Our 403(b) program is the only choice available in the district.**