How to build a secure financial future.

CTA

You spend your career helping students prepare for their future.

CTA wants to help you prepare for yours.

Saving for retirement is hard to think about. And if you are like most people, you probably don't want to.

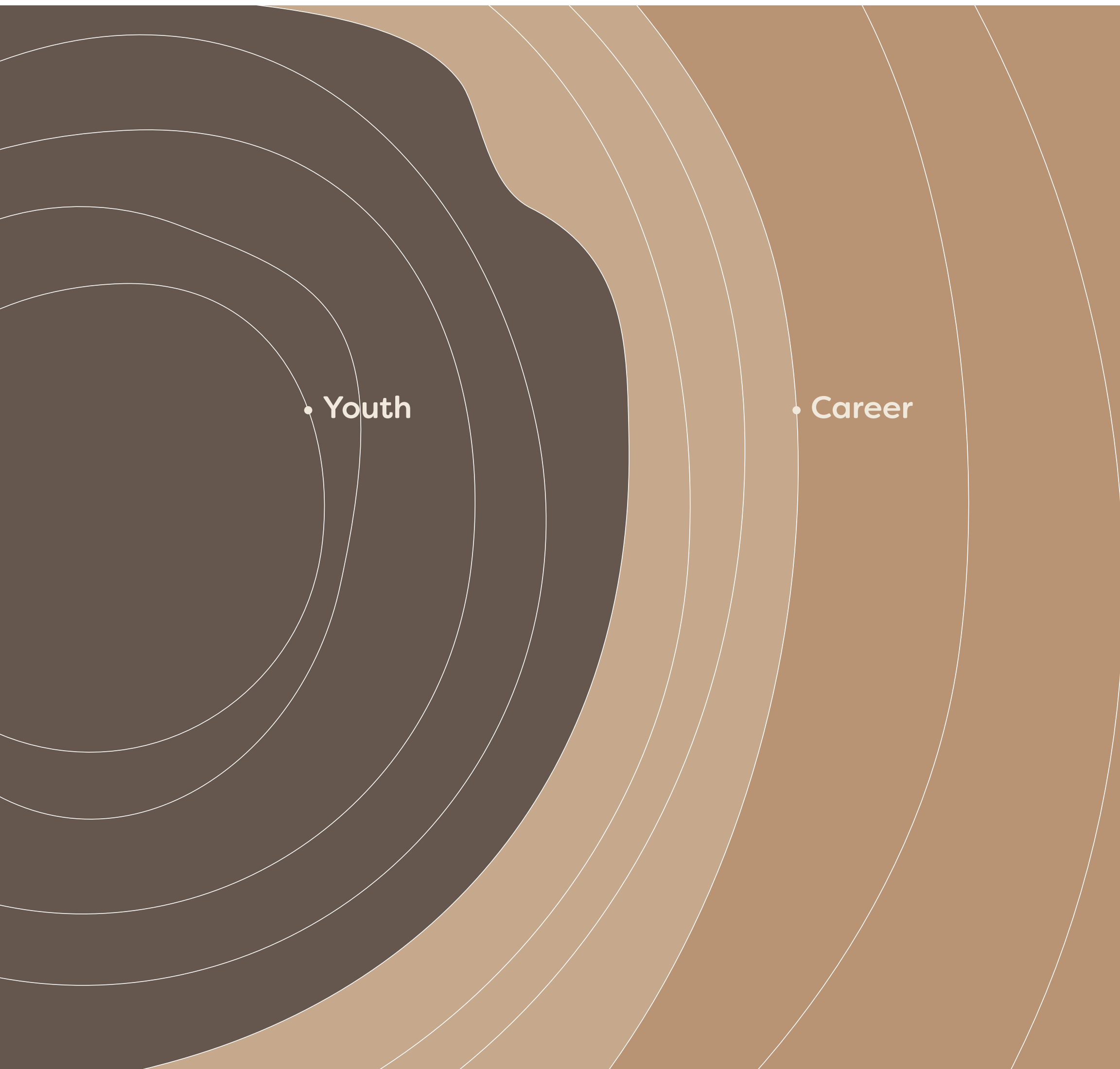
But, what you do next can help you take care of yourself, and those you care about. This will matter a lot in the long run.

At CTA, we want you to have a long, happy retirement, so we've put important tips into this simple guide.

Contents

1

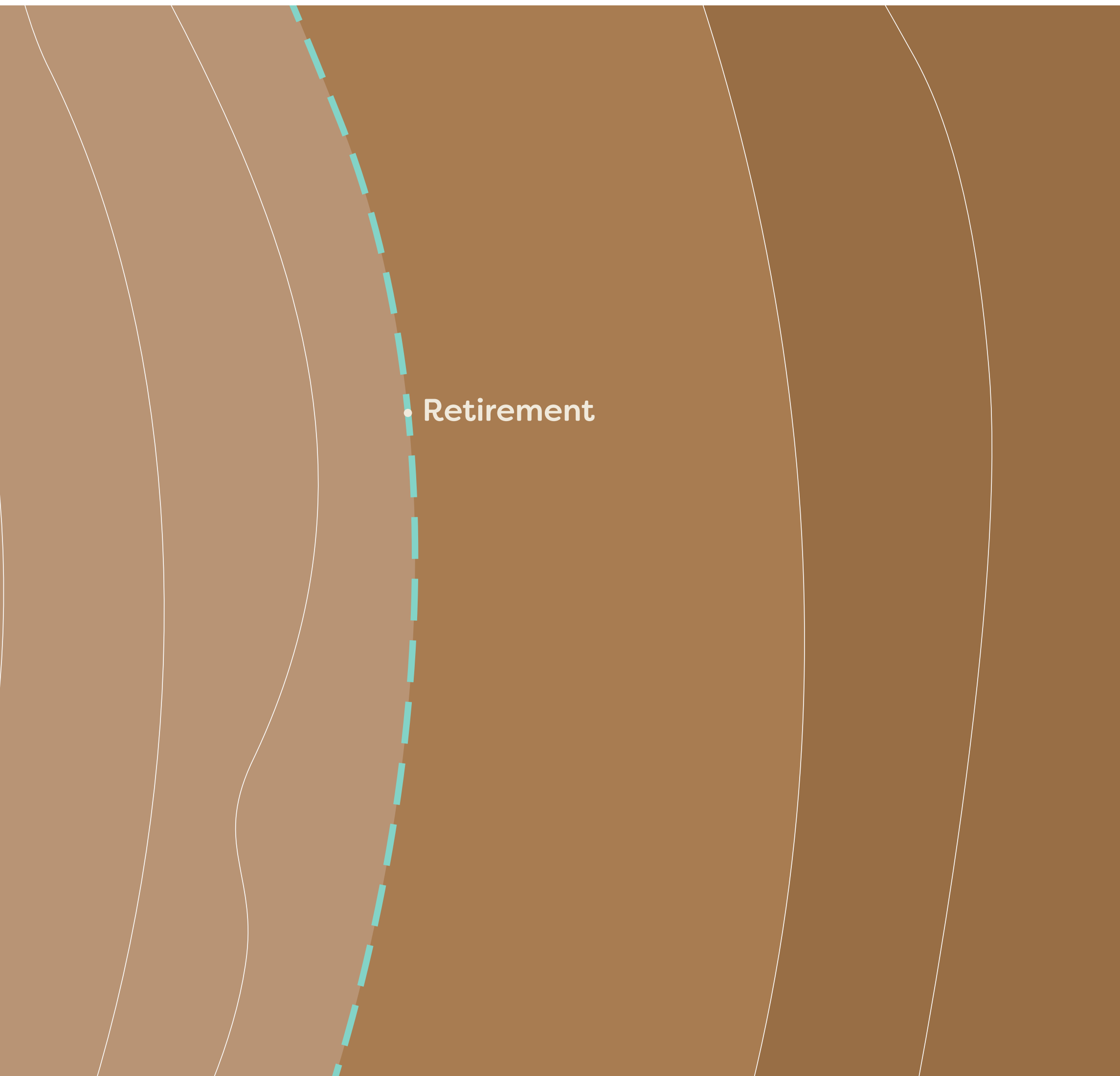
Where are you in your retirement savings journey?


Youth
Career

Think about the big picture.

We are all living longer, which means your life in retirement can be almost as long as your career.

Your retired years can be the best of your life, and the decisions you make about your finances now can make a big impact on your financial future.

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Your sources of retirement income.

Plan on your pension.

Simply put, when you retire, you'll need income. For most educators, retirement income will come from your savings and your pension.

On average, CalSTRS members retire at age 61.5 after 27 years of service, with a retirement benefit that replaces on average 50% to 60% of their salary.[1]

CalPERS members generally retire at age 62 with 18 years of service.[2] Although, your CalPERS pension will cover a portion of your pre-retirement income, it may not be enough. For additional information, go to the CalPERS Retirement Benefits for School Members webpage.[3]

Which means that even with your CalSTRS or CalPERS benefit, it may not supply 100% of what you'll need.

1 CalSTRS Member Handbook 2023
2 CalPERS facts at a glance fiscal year 2021-2022
3 Go to tinyurl.com/CalPERS-school-members, under Forms & Publications on the right, click Welcome to CalPERS: A Benefits Guide for School Members (PUB 3).

Don't count on Social Security benefits—you may not qualify.

Educators do not pay into Social Security while they have CalSTRS.

This means you will not receive Social Security benefits for this period of employment.

However, you may still qualify for Social Security benefits based on other employment or as a spouse, widow, or widower of someone who does.

Important Social Security issues.

The Windfall Elimination Provision affects Social Security benefits that are based on your earnings. Social Security uses a different formula to calculate benefits for people who receive a pension from work where Social Security taxes were not taken out of their pay, generally resulting in a lower Social Security benefit.

The Government Pension Offset affects the spousal, widow, or widower Social Security benefits that are based on your spouse's earnings. The Offset reduces the amount of your Social Security spouse's, widow's or widower's benefits by two-thirds of the amount of your CalSTRS pension.

For CalPERS Participants: Generally, CalPERS participants do pay Social Security taxes and are entitled to receive Social Security at retirement. If you have always paid Social Security tax and contributed to your CalPERS pension for all earnings upon which your CalPERS (or any other pension) is based, your Social Security retirement benefit should not be affected.

How much income will I need?

Most educators retire at around age 63 and are living long lives in retirement. Many people live 20 to 30 years after they stop working.

Experts recommend you'll need at least 80% of your pre-retirement income every year.

Supplemental nest egg savings you may need

Ending salary	Desired income replacement				
	60%	70%	80%	90%	100%
$55,000	$720,000	$840,000	$960,000	$1,080,000	$1,200,000
$65,000	$851,000	$993,000	$1,135,000	$1,276,000	$1,418,000
$75,000	$982,000	$1,145,000	$1,309,000	$1,473,000	$1,636,000
$85,000	$1,113,000	$1,298,000	$1,484,000	$1,669,000	$1,854,000
$95,000	$1,244,000	$1,451,000	$1,658,000	$1,865,000	$2,072,000

The example above prepared by RVK, one of the largest fully independent and employee-owned investment consulting firms in the U.S., assumes annual withdrawals in retirement are equal to the desired income replacement, increased by 2.5% per year to account for inflation; 4% investment return in retirement; and savings that last until age 90. Does not take additional income you may have into consideration.

To make sure you have enough income in retirement, you'll need a high-quality savings plan.

Our goal is to help make sure that you have a financially secure future.

This is why we developed the CTA Retirement Savings Plan to help all California educators enjoy a long, happy retirement.

There are a lot of savings plans you can use, but many have high fees, surrender charges, and commissions.

The CTA Plan has none of these drawbacks.

CalSTRS and CalPERS + 403(b) Savings = Income for when you stop working

Start early, save often, and you could build yourself a very happy retirement.

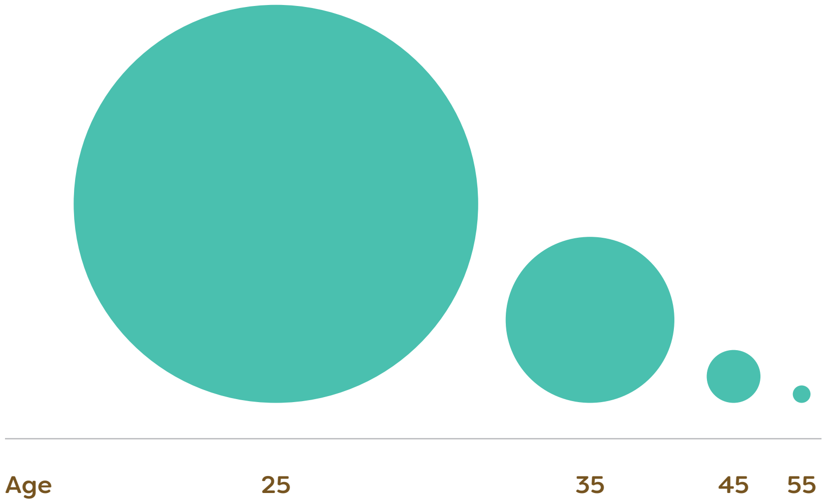
When saving, time and compounding are your friends.

Compounding is a powerful force that works for you when you save and invest over many years.

This means the money you save today earns more money in the future.

Those earnings are added to your original investment, so the total amount of your investment grows over time.

In fact, the added earnings can actually surpass your original investment.



This illustration shows how tax-deferred savings can multiply with the power of compound interest, especially when you start at an early age.

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The CTA Retirement Savings Plan is designed for educators.

CTA has built a high-quality, easy-to-use retirement savings plan that's backed by experts.

YOUR CTA RETIREMENT SAVINGS PLAN INCLUDES:

1.

High-quality investments. The CTA Retirement Savings Plan is monitored by RVK, an expert in investment consulting. RVK reviews each fund's performance, fees and stability.

2.

No commissions or commissioned salespeople. All plan representatives are salaried, not paid on commission.

3.

Responsibility. CTA follows fiduciary standards that ensure all recommendations and plan decisions are made solely in your best interests.

4.

Low transparent fees.* There are no hidden fees and the plan is designed to keep administrative and investment management costs low.

5.

CTA Endorsed. Your CTA Retirement Savings Plan is the only one that is built for—and endorsed by—the California Teachers Association.

6.

People to help you get started. If you have any questions about the CTA endorsed Retirement Savings Plan, please call CTA Enrollment Center at 916-235-9800.

You're in good hands, and your money is, too.

All CTA Retirement Savings Plan funds are recommended and monitored by RVK, one of the largest fully independent and employee-owned investment consulting firms in the country.

Both RVK and CTA are acting as fiduciaries. This means you don't need to spend money on a financial advisor to help you manage your retirement plan.

*Administrative fees include a flat annual record keeping fee of $95.00 and 0.05% for custodial services based on the assets in your account.
There is a one-time enrollment fee of $10.00.

**CTA members who are new to teaching or have not opened a 403(b)/457 governmental plan may be eligible for lower administrative fees for two years to help them get started with their retirement plan.

***To find out if you qualify, please visit enroll.CTAretirementplan.org.*

There are options for selecting and managing the investments in your portfolio:

1.

Portfolio managed by experts: A LifePath target date fund.

2.

Portfolio managed by you: Selecting and managing your investment mix.

Investment option 1
The expert-managed target date fund.

Over 90 percent of educators choose this option, because it’s simple, easy, and puts financial experts to work for you.

It’s a great option if you do not have the time or interest to become your own investment manager.

With this option, your savings will be invested in the BlackRock LifePath target date fund that corresponds to your age.

BlackRock is one of the world’s largest investment managers—guiding individuals, financial professionals and institutions to build better financial futures.

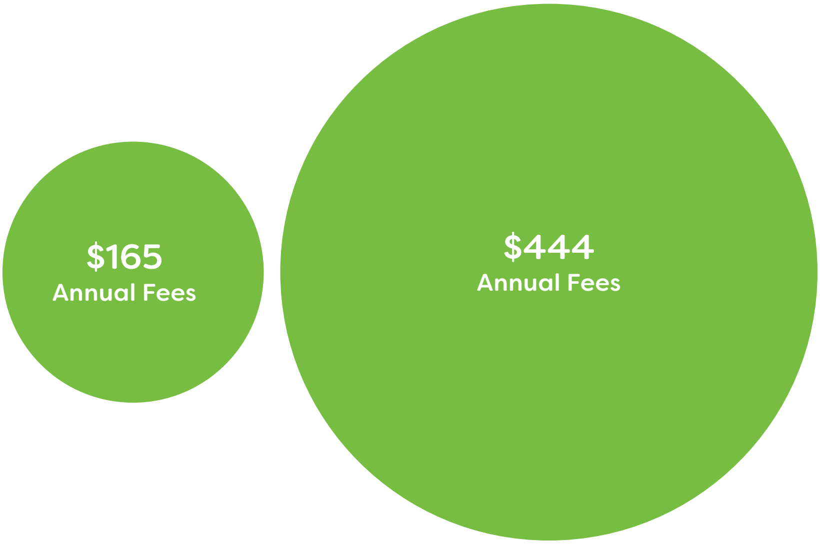
BlackRock LifePath target date funds.

When you sign up for the CTA Retirement Savings Plan you will be automatically enrolled into a target date fund that corresponds to your age.

You can opt-out of the target date fund at any time and create your own portfolio. The CTA Retirement Savings Plan offers a variety of fund options.

LifePath fund menu (fund name)	Suggested range of birth years for LifePath funds			Asset-based fees*
BlackRock LifePath Index Retirement	Born before 1960			0.09%
BlackRock LifePath Index 2025	Born Jan. 1, 1960	–	Dec. 31, 1964	0.09%
BlackRock LifePath Index 2030	Born Jan. 1, 1965	–	Dec. 31, 1969	0.09%
BlackRock LifePath Index 2035	Born Jan. 1, 1970	–	Dec. 31, 1974	0.09%
BlackRock LifePath Index 2040	Born Jan. 1, 1975	–	Dec. 31, 1979	0.09%
BlackRock LifePath Index 2045	Born Jan. 1, 1980	–	Dec. 31, 1984	0.09%
BlackRock LifePath Index 2050	Born Jan. 1, 1985	–	Dec. 31, 1989	0.09%
BlackRock LifePath Index 2055	Born Jan. 1, 1990	-	Dec. 31, 1994	0.09%
BlackRock LifePath Index 2060	Born Jan. 1, 1995	-	Dec. 31, 1999	0.09%
BlackRock LifePath Index 2065	Born after Dec. 31, 1999			0.09%

*Fees shown as of 12/31/2023.



CTA Retirement Savings Plan

Average from 403bCompare.com

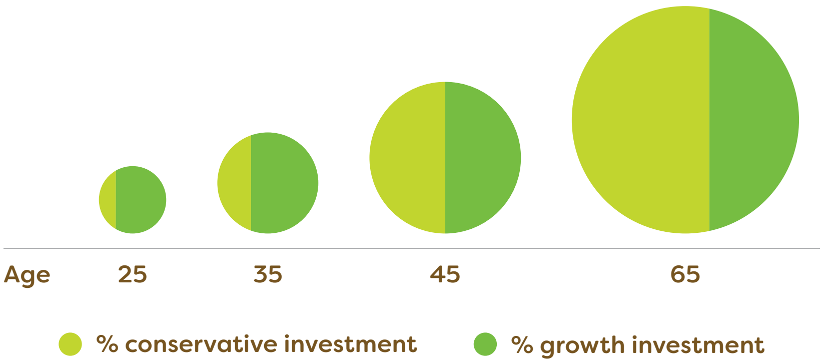
A 30-year old educator with an account balance of $50,000 would pay $165 annually in fees to invest in the 2055 target date fund offered by CTA. This is 63% lower than the $444 average annual fee to invest in a 2055 TDF listed on 403bCompare.com. Fee references include management and administrative/custodial fees, as of 9/30/2023 and are subject to change.

What you need to know about target date funds.

A LifePath target date fund is a mix of investments that is selected by professionals based on your target (planned) retirement date.

As that date gets nearer, the fund's mix of investments automatically adjusts. It favors growth (more stocks) in the early years, and becomes more conservative (more bonds and income funds) as you near retirement.

Using a LifePath target date fund means you don't have to worry about diversifying and rebalancing your portfolio; it's all done for you.



Provided for illustrative purposes only.

Investment Option 2

You choose and manage the funds in your portfolio.

If you have the time, interest, and knowledge to research your investment options, you can create your own portfolio and then manage it. You are encouraged to first create a financial plan that defines your investment strategy and retirement income goals.

To do it yourself, you can choose from these core funds.

When you choose to manage your own investment mix in your CTA Retirement Savings Plan, you can select from these core funds, and decide how much you want to invest in each.

The core funds, recommended by RVK, a national investment advisory firm, offer additional choice and flexibility.

Visit CTAretirementplan.org for details about these investment options, annual fee disclosure statements, and options to roll over or exchange 403(b) plans you already have.

Core fund type	Core fund name	Asset-based fees*
Money Market	Vanguard Federal Money Market Fund	0.11%
Inflation Protection	Vanguard Inflation-Protected Securities Fund	0.10%
Bond	Vanguard Total Bond Market Index Fund	0.05%
Bond	PIMCO Diversified Income Fund	0.76%
Small-Mid U.S. Equity	Vanguard Extended Market Index Fund	0.06%
Large U.S. Equity	Vanguard 500 Index Fund	0.04%
International Equity	Vanguard Total International Stock Index Fund	0.11%

*Fees shown as of 12/31/2023.

What you need to know about taxes and savings.

You can contribute pre-tax earnings in a traditional 403(b). You pay the taxes later, when you make withdrawals in retirement.

With a Roth 403(b), your contributions are made after you have paid taxes. By paying taxes while you're working, you won't pay taxes when you make withdrawals in retirement.

The CTA Retirement Savings Plan allows you to use either the traditional or Roth option. Check to see if your district allows Roth options.

How contributing to a 403(b) impacts your taxes

Regular semi-monthly paycheck with no plan contribution:

$2,100	Gross pay
-33%	Federal and state income tax
$1,407	Net pay

With a pre-tax contribution to a 403(b) plan:

$2,100	Gross pay
-$100	Contribution
$2000	
-33%	Federal and state income tax
$1,340	Net pay

Note that no local or other taxes are considered in this simple calculation. Actual tax rules will vary depending on income, number of dependents claimed, amount of contribution, etc.

How much should you save every month?

With the CTA Retirement Savings Plan, there's no minimum amount required to start.

So, even if you can only contribute $100 a month now, it will get you started.

And the truth is that the sooner you start, and the more you save now, the better off you'll be in retirement.

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How to enroll in the CTA Retirement Savings Plan.

There are two easy steps:

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1. Enroll in the CTA 403(b) Retirement Savings Plan.

Enrolling online is simple and only takes 5 to 10 minutes to complete. For convenience, here is a QR code to begin the enrollment process through our secure portal:

After you enroll, saving is easy and automatic because contributions are made from your paycheck to your CTA 403(b) Account.

CTA has partnered with Prudent Investor Advisors to offer enrollment help for participants. For assistance, please contact the CTA Enrollment Center at 916-235-9800 (5:00 am - 5:00 pm PST, M-F).

2.
Complete your Salary Reduction Agreement (SRA).

After you enroll, you must also complete and sign the agreement that actually makes your investments happen—a Salary Reduction Agreement (SRA) form.

Many of the SRAs are integrated into our enrollment portal, so you will not need to complete a separate SRA form. However, if your district's SRA is not integrated, you can obtain it from your district's retirement plan administrator.

This form allows a portion of your pay to be placed into your retirement account.

Without filling out this form, you won't be able to fund your retirement account.

If you need help locating or completing your SRA, please call our enrollment support team at
916-235-9800.

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Important details.

Annual contribution maximums.

You can contribute any amount up to $23,000 annually to the CTA Retirement Savings Plan.

If you are over 50 years old, you can contribute up to $30,500.

Contribution maximums shown are for calendar year 2024 and may be adjusted in subsequent years.

No minimum contributions are required to open your CTA Retirement Savings Plan.

There is no minimum amount required to start.

Even if you can only contribute $100 a month, that can go a long way.

Using a LifePath target date fund in retirement.

When you're invested in a LifePath target date fund, you can withdraw money in the same way you would with any other fund.

In fact, there's no requirement that you begin withdrawing in the year designation of the fund. For example, if you are invested in a 2040 LifePath target date fund and you retire in 2037 or 2043, you can withdraw savings as soon as you retire.

Using your 403(b) savings.

You can start making withdrawals from your 403(b) account once you have reached age 59½. If you have an unexpected emergency, you can take a loan or hardship withdrawal from your 403(b).

If you withdraw from a 403(b) plan before reaching age 59½, it is considered a premature distribution. It will also be subject to ordinary income taxes, as well as an additional 10% early withdrawal tax, unless an exemption applies.

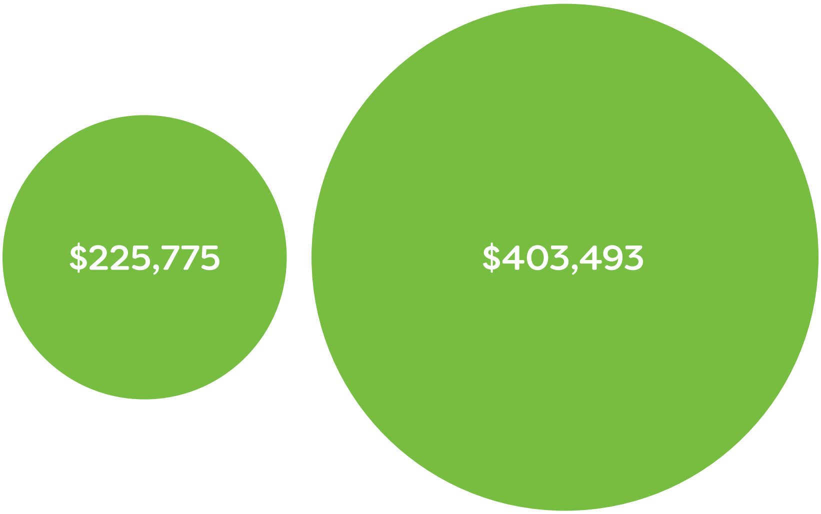
Why annuities are not offered as CTA Plan options.

Compared to options in your CTA Plan, annuities tend to have higher fees, less transparency, and often, difficult-to-understand fee and liquidity terms.

These fees may make it harder to grow your savings.

Worse, annuities typically underperform compared to stocks, bonds and other assets over the long-term.

You'll be glad to know that your investment in a target date fund is projected to result in a significantly larger nest egg after 25 years as opposed to investing the same amount in a typical annuity.



Fixed Annuity

LifePath Target Date Funds in the CTA Plan

Contribution rate is assumed to be 10%. Contributions are based on a starting salary of $54,020 (average beginning educator salary of medium elementary and high schools statewide for the 2021-2022 school year according to California Department of Education Average Salaries & Expenditure Percentage – CalEdFacts as of October 19, 2023). with an assumed annual salary growth rate of 2.25%. Assumed annual rate of return for an annuity is 2.0%. Assumed annual rate of return for a target date fund is 6.5%. Assumed length of service is 25 years.

Assumed annual rate of return for a target date fund is for illustrative purposes only, actual performance may vary.

6

Managing your other (old) retirement plans.

Questions to ask if you already have a retirement plan.

Some people are taking an unfair advantage of educators.

You might find yourself involved in such a plan.

We can help with that.

Start by getting answers to these very important questions. To do this, call the company managing your plan. You can find their phone number on your statement or their website.

1.
What type of plan do I have?

2.
How much are you charging me in total fees? Can you break down those fees for me?

3.
Where is my money being invested?

4.
Are there surrender or early withdrawal fees on my investments?

How to move accounts you already have into your new CTA Plan.

If you have other retirement savings accounts either currently or from former employers, you may be able to rollover or 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 employers' plan, and possible tax implications.

Our CTA Retirement Savings Plan team can help you with the exchange or rollover process. Schedule a live Zoom meeting with an enrollment specialist using the below QR code or you can email us at team@ctaretirementplan.org

Steps for making a direct rollover.

1.
You need to have opened a CTA Retirement Savings Plan account before you can do the rollover.

2.
Rolling over funds from your previous employer will require taking a cash distribution from your previous employer's plan and placing those funds into your CTA Plan. Contact your former employer's plan administrator to request a rollover.

3.
Contact the CTA Enrollment Center at 916-235-9800 to get started. Our enrollment team can help you.

4.
Contact your district's third-party administrator for their form or processing steps.

Check for fees that may apply. If you have questions or need help on making a rollover, please call the CTA Enrollment Center at 916-235-9800.

Steps for making an exchange.

You can make an exchange into the CTA Retirement Savings Plan from another 403(b) or 457 plan provider under your district's plan.

1.
You need to have opened a CTA Retirement Savings Plan account before you can do the exchange.

2.
Request an exchange out from your current plan provider. Make sure you ask about surrender fees, loads, and any other fees that may apply.

3.
Contact the CTA Enrollment Center at 916-235-9800 to get started. Our enrollment team can help you.

4.
Contact your district's third-party administrator for their form or processing steps.

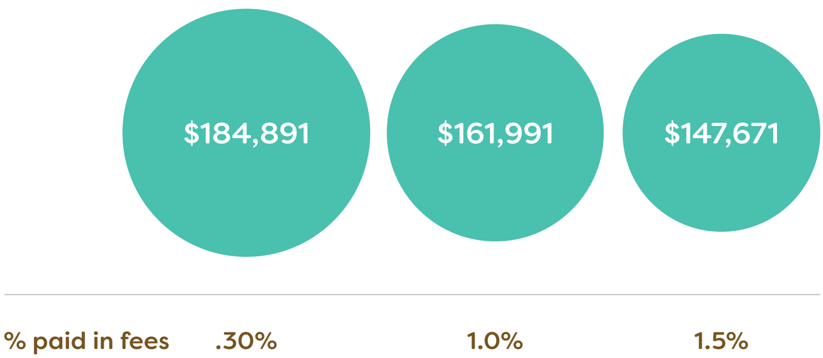
If you have questions or need help please call the CTA Enrollment Center at 916-235-9800.

The hidden costs of high fees.

There are a lot of savings plans you can use, but many have high fees, surrender charges, and commissions.

High fees have a corrosive effect on your savings. This chart illustrates the impact of fees on your total savings.

See how various fees reduce the ending balance of a portfolio. This assumes you invest $200 a month for 30 years and earn an annual average return of 6%.



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Financial advisors: What you need to know.

What you need to know about financial advisors.

The first question is one you have to answer: Do I need a financial advisor?

Many people can find answers to their financial questions in books, blogs, and by using other resources such as calculators and budgeting tools.

If you have a complicated financial picture, then consider a financial advisor. The cost of an advisor can be prohibitive, so it's important to understand their role and the fees they charge.

To start, you want to make sure your advisor acts as a fiduciary, meaning that he or she will be putting your interests first—ahead of his or her own.

Not all advisors act as fiduciaries, but your CTA Retirement Savings Plan does, eliminating the need to hire an outside advisor.

Second, a critical distinction among advisors is how they get paid. Some advisors charge a fee for their services, while others receive commissions on products they sell.

You should always ask about fees and commissions because you could end up paying a significant amount of your savings to the advisor.

Questions to ask a current or potential financial advisor.

1.
Do you get paid commissions on the products you sell?

2.
How much are those commissions?

3.
If you are paid a flat fee, how much is it, and what does it include?

4.
Will you be acting as a fiduciary?

5.
Do you represent a specific mutual fund company or insurance company?

6.
What are the total fees I will pay on the product you are recommending?

8

Comparing retirement plan types.

Retirement Plan Comparison.

Plan	401(k) (For comparison only)	403(b)
Who is eligible?	Employees whose employers offer the plan (private employers, some nonprofit employers)	Employees of nonprofits such as public schools and some hospitals, charitable organizations
Before-tax contributions?	Yes	Yes
Limits on employee contributions (2024)	Up to $23,000	Up to $23,000
Age 50+ catch-up contributions	$7,500	$7,500
Other catch-up	No	Yes – 15-year rule[1]
Distributions while still employed (in-service distributions)	Only on hardship if under age 59 ½	Only on hardship if under age 59 ½

1 Eligible employees with 15 or more years of full-time service may be able to contribute up to $3,000 more for five years or a maximum of $15,000.

2 May be eligible to defer up to two times the contribution limit in effect for the final three years of service. Employees cannot participate in the 3-year catch-up and the 457 plan age 50+ catch-up during the same tax-year.

457	Roth 403(b)	Roth 457
State and local government employees	Employees of nonprofits such as public schools and some hospitals, charitable organizations	State and local government employees
Yes	No	No
Up to $23,000	Up to $23,000	Up to $23,000
$7,000	$7,000	$7,000
Yes – final 3-year provision[2]	Yes – 15-year rule[1]	Yes – final 3-year provision[2]
Only on account of unforeseeable emergency	Only on hardship if under age 59 ½	Only on account of unforeseeable emergency

Retirement Plan Comparison.

Plan	401(k) (For comparison only)	403(b)
Distributions without tax penalties	Retirement after age 55 Death or disability Payments after age 59½ Lifetime annuity or installments Rollover to other qualified plan or IRA	Retirement after age 55 Death or disability Payments after age 59½ Lifetime annuity or installments Rollover to other qualified plan or IRA
Distributions with penalties[4]	10% prior to age 59½, except as above	10% prior to age 59½, except as above
Required minimum distributions	April 1 following the year participant reaches age 70½	April 1 following the year participant reaches age 70½
Tax treatment of distributions	Ordinary income tax	Ordinary income tax
Loans	Yes, if plan permits	Yes, if plan permits
Rollovers to other plans[5]	Yes – to 401(k), 403(b) or 457 plan Yes – to IRA	Yes – to 401(k), 403(b) or 457 plan Yes – to IRA

3 Ordinary income taxes may be due if not a qualified distribution, generally after age 59½ and have held an account at least five years.

4 May also be subject to ordinary income taxes as noted below.

5 Rollover may be subject to restrictions by vendor and the school district plan sponsor.

457	Roth 403(b)	Roth 457
Termination of employment at any age Death or disability Unforeseeable emergency Rollovers	Age 59½ and have held account for at least five years Death or disability Other provisions same as 403(b)	Termination of employment at any age[3] Unforeseeable emergency[3] Death or disability Rollover to another designated Roth account or Roth IRA
None while employed, and no 10% penalty upon termination	Same as 403(b)	None
April 1 following the year participant reaches age 70½	Same as 403(b)	Same as 457
Ordinary income tax	Tax-free if qualified distributions	Tax-free if qualified distributions
Yes, if plan permits	Yes, if plan permits	Yes, if plan permits
Yes – to 401(k), 403(b) or 457 plan Yes – to IRA	To another designated Roth account, but only by direct rollover	To another designated Roth account, but only by direct rollover

9

Glossary

401(k) Plans

A 401(k) is a retirement savings plan sponsored by an employer. It lets workers save and invest part of their paychecks before taxes are taken out. Taxes aren't paid until the money is withdrawn from the account, often in retirement. 401(k) plans may also offer Roth for people who would like that option.

401(k) plans, named for the section of the tax code that governs them, began during the 1980s as a supplement to pensions. Most employers used to offer pension funds. The employer managed pension funds and they paid out a steady income over the course of retirement. But as the cost of running pensions escalated, employers started replacing them with 401(k) plans.

403(b) Plans

A 403(b) plan is a retirement savings plan with tax advantages that are similar to a 401(k) plan, but 403(b) plans are only available to employees of public schools and other eligible tax-exempt organizations.

To save in a 403(b) plan, you need to complete and submit an enrollment form to the vendor of your choice. You will also need to submit a salary reduction agreement that will authorize your employer to make contributions to your plan. You decide how much to contribute each pay period on a before-tax basis (unless you contribute to a Roth account), up to the IRS annual limits.

You also decide how to invest your account by choosing from various investment funds or annuities available through your plan.

The amount you accumulate for retirement will depend on how much you save, how long you participate in the plan, the types and performance of the investment funds you select, and the fees charged by your plan.

If you leave your job, you can roll over your balance to another employer sponsored retirement plan, as long as the new plan accepts rollovers or roll it into an Individual Retirement Account (IRA).

You will find more detail about how a 403(b) plan works in the plan's formal documents. Visit 403bcompare.com to find approved vendors in your district's plan.

457(b) Plans

457(b) plans are similar to 403(b) plans, but they are intended for state and government employees. The basic features of a 457 plan are the same as a 403(b) plan, but there are differences:

→ There are no distributions available while employed except in emergencies.

→ There is no 10% penalty for a distribution upon termination, as there is with a 403(b) plan.

→ There is no requirement that the 457 plan be offered to all employees, as there is with a 403(b) plan.

Annuities

An annuity is an insurance product that pays out income. Here's how it works: you make an investment in an annuity, and then that investment makes payments to you at a future date. The size of the payments you receive is determined by how much you put in and the length of time you contribute to the annuity.

Annuity products are some of the most expensive and complicated investments in the marketplace.

Many people think annuities are a good addition to their retirement plan, but there are some downsides to them. It's important to realize that the benefits you receive with an annuity come at a price. Annuities typically have higher fees than other retirement-savings vehicles, often including a mortality and expense charge, surrender charge for early withdrawal, administrative fees, and investment management fees. It's important to have a solid understanding of annuities before investing in them.

ALL ANNUITIES ARE NOT THE SAME

There are different types of annuities, all with different features, costs, provisions, restrictions, and fees. What is true in all cases is that you are handing over the control of your money. It can be very difficult and expensive to change your mind and get your money back.

TYPES OF ANNUITIES

Fixed Annuity This is offered by insurance companies through an insurance contract. The insurance company guarantees a minimum rate of return on your funds and the payout. These contracts are regulated by the California Department of Insurance. Check with your vendor about any surrender fees and rates of returns or check 403bcompare.com for more information.

Variable Annuity This is offered by insurance companies and allows you to invest in mutual funds through an insurance contract. As the name implies, the rate of return is variable meaning it varies with the returns of the mutual fund(s) you have selected. These contracts are regulated by the SEC and FINRA. Fees are paid to both the mutual fund company and the insurance company for insurance provisions.

Equity Indexed Annuity This is offered by insurance companies through an insurance contract. These investments provide a minimum guaranteed interest rate combined with an interest rate linked to a market index. These are complex investment vehicles with often opaque interest and payout calculations and surrender fees. Equity indexed annuities are not regulated by the SEC or FINRA. Read the FINRA investor alert on equity-indexed annuities at www.finra.org

Aspire

Aspire Financial Services is the current recordkeeper to the CTA Retirement Savings Plan. Recordkeepers process and record transactions and are responsible for coordinating with your TPA and the Plan's custodian, Matrix Trust Company. Aspire was established in 2002 with the vision of being the most trusted and reliable service provider of smart retirement solutions.

Automatic Contributions

These are the automatic savings payments you make from your paycheck into a retirement savings plan.

Back-End / Front-End Fees

Some mutual fund companies charge fees if you move or withdraw your money during a stated period. A back-end load, also known as a "contingent deferred sales load," may apply if you withdraw or exchange your money out of the mutual fund, typically during the first five years. Conversely, some mutual fund companies charge you a front-end load or commission on each contribution you make. Be sure to ask your vendor or check 403bcompare.com.

Bonds

When you invest in bonds, you are lending money to an entity (typically a company or government) for a defined period of time at a variable or fixed interest rate. Historically, bonds have provided a lower return than stocks, but typically haven't been quite as volatile.

California Department of Insurance (CDI)

This agency regulates insurance products and agents who sell to consumers in the state of California. As the largest protection agency in the state, it serves consumers by overseeing insurer solvency, licensing agents and brokers, conducting market reviews, resolving consumer complaints, and investigating and prosecuting insurance fraud. If you have a complaint with a fixed or equity indexed vendor, you can make a complaint by calling 1-800-927-4357 or on-line at http://www.insurance.ca.gov.

CalPERS

This is the acronym for The California Public Employees' Retirement System, an agency in the California executive branch that manages pension and health benefits for more than 1.6 million California public employees, retirees, and their families.

CalSTRS

This is the acronym for The California State Teachers' Retirement System. It provides retirement, disability and survivor benefits for California's almost one million prekindergarten through community college educators and their families. It is the largest teachers' retirement fund in the United States.

CTA

This is the acronym for the California Teachers Association.

The preeminent voice for educators in California's public schools and colleges, CTA is also a powerful and passionate advocate for students and public education. Our 325,000 members not only make us strong, they make us the state's largest professional employee organization.

Founded in 1863, CTA has become one of the strongest advocates for educators in the country. CTA includes teachers, counselors, school librarians, social workers, psychologists, and nurses. These educators in the K-12 school system are joined by community college faculty, California State University faculty, and education support professionals to make CTA the most inclusive and powerful voice of educators in the state.

Compounding

Compounding simply means that when your original investment earns money (in the form of interest and dividends), the money earned can earn money too. Basically, your earnings are added to your original investment and the total size of your investment grows.

Diversification

This refers to the ways you distribute your money among several different investments to spread out your risk. That way, if one of your investments decreases in value, your other investments may be increasing to offset it. Diversification can minimize risk, even if you're investing in several higher-risk funds.

Dollar Cost Averaging

Dollar cost averaging is the practice of investing your money regularly, a little at a time. By spreading your contributions evenly over a period of time, you acquire more shares when the cost per share is down, and fewer shares when the cost is up. This reduces the risk of buying all your shares at the higher price and selling all of them at the lower price. Your 403(b) or 457 plan contributions are a percentage of your earnings that is deducted in equal amounts from each paycheck. And that means you are automatically practicing dollar cost averaging.

Financial Industry Regulatory Authority (FINRA)

FINRA is dedicated to investor protection and market integrity through the regulation of broker-dealers. FINRA is not part of the government. It is a not-for-profit organization authorized by Congress to protect America's investors by ensuring the broker-dealer industry operates fairly and honestly. FINRA oversees some agents that sell plans to educators. You can check the background of an agent at www.finra.org/brokercheck or call 800-289-9999. If you feel you've been treated unfairly, you can make a complaint at www.finra.org/complaint.

Investment Risk

This is the chance of losses relative to your chance for gains. To grow your investments, you must be willing to take on some amount of risk, so it's important to understand two kinds of risk: market risk and inflation risk.

→ Market risk refers to the value of your investments going up or down over time. Generally, the more money an investment can potentially make for you, the more it also is subject to loss at any given time. And lower-risk investments tend to have lower potential for return.

→ Inflation risk refers to the likelihood your investments won't keep up with inflation over the long term. Inflation eats away the buying power of your paycheck and investments. You'll need to stay ahead of the rate of inflation over time just to break even. So, if inflation averages 2.5% each year, you need an annual investment return over 2.5% just to beat inflation.

IRA Accounts

An individual retirement account, or IRA, is a form of retirement plan that provides certain tax advantages for retirement savings. You can contribute up to $7,000 to an IRA for 2024. People over age 50 can make an additional $1,000 catch-up contribution.

Matrix

Matrix Trust Company is the current custodian for the CTA Retirement Savings Plan. Custodians are responsible for safeguarding the assets you invest in the Plan. In conjunction with the recordkeeper, they ensure that your hard-earned retirement savings remain secured. Matrix Trust Company, a subsidiary of Broadridge, provides custodial services within a single, secure platform.

Money Market Instruments

Money markets are interest-bearing accounts that typically pay a higher interest rate than a savings account. Historically, money markets have been the most stable type of investment, but they are also expected to provide the lowest long-term return.

Mutual Funds

A mutual fund is a collection of stocks, bonds, and/or money market instruments purchased by a professional fund manager with money pooled from individual investors.

Mutual funds provide the opportunity to directly invest in a wide variety of investment types, allowing the investors to boost their buying power. The combined holdings of a mutual fund are called a portfolio.

Mutual funds may invest in a wide variety of stocks and bonds, which helps to manage investment risk. To help you make informed decisions when choosing the mutual funds for your 403(b) or 457 plan, review each mutual fund's disclosure document (prospectus). Also identify any fees, sales charges, and the expense ratio of the fund before investing.

403(b)(7) or 457 mutual funds are investments made directly to mutual funds through a custodial account offered by insurance company vendors, banks or mutual fund companies (e.g., Vanguard, Fidelity) that can be sold by brokers, independent agents, insurance agents or offered as direct investment options. This type of mutual fund does not require an insurance contract or insurance fees—fees will be paid to the mutual fund company, custodian and record keeper. CTA offers a 403(b)(7) direct invest option, which allows you to invest directly in mutual funds.

Pension Plans

These are retirement plans that require an employer to make contributions into a pool of funds set aside for a worker's future. These funds are invested on the employee's behalf, and the earnings on the investments generate income for the worker throughout retirement.

Prudent

Prudent Investor Advisors is the enrollment support and participant education provider to the CTA Retirement Savings Plan and have more than fifty years of experience in the retirement plan industry. Prudent Representatives can help you understand what the Plan offers and can support you throughout the enrollment process.

Roth Accounts

These are retirement plans that allow you to make contributions to your retirement plan after you have paid taxes on that income. Roth accounts are useful if your tax bracket will be higher after you retire.

Security and Exchange Commission (SEC)

The U.S. Securities and Exchange Commission (SEC) is an independent, federal government agency responsible for protecting investors, maintaining fair and orderly functioning of securities markets, and facilitating capital formation. Additional resources can be found at Investor.gov and sec.gov/teachers.

Stocks

A stock investment represents partial ownership of a company. Historically, stocks have provided the highest long-term investment return, but they have lots of up and down variability in the short term.

Surrender Fees

Surrender fees are often found in 403(b) fixed and variable annuity products. It is important to determine if this applies to you before making an investment change. It is a fee that you must pay when you move your funds to another vendor during the "surrender period," which generally ranges from 5-10 years. The fee is generally a percentage of the amount you want to withdraw and can cost anywhere from 1% to 10%. Check with your vendor or 403bcompare.com to identify any surrender fees in your plan.

Time Horizon

This is the amount of time you have before you retire or plan to use the money in your account. Generally, if you have a lot of time before you retire, you can tolerate more risk than older savers who are investing for the short term.

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for example, equity in a home, cash value of insurance policies, IRAs, savings accounts, investments, and retirement plan assets, and consulting a financial professional. In no event shall the CTA, CTA VRPE or CTA Economic Benefits Trust, or any of its sponsors or affiliates, be liable for any loss or damages of any nature resulting from, arising out of or in connection with the use of, or inability to use, this guide or its content. By reading and using this guide you agree to be bound by the terms set forth above. If you do not agree to all these terms, you should not use this guide.

CTA wants you to have a long and happy retirement. It can be time consuming to sort through all the various 403(b) options and you may not know who to trust. That's why we created this guide to help get you started.

We have also created CTAMemberBenefits.org/financial-ed, a fun and engaging education investment website created for educators. Here you will find stories from other educators, calculators and other resources to help you on your journey to financial security.

If you have questions, call the CTA Enrollment Center at 916-235-9800 (5 am - 5 pm, M-F) for help. If you have questions regarding your account, call our record keeper, Aspire/PCS Customer Service Center at 855-621-4179 (5am - 5 pm, M-F). We're here to help you!

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