

Understanding Your 403(b)

Overview

The 403(b) is a Tax-Sheltered Account (TSA) that allows you to contribute pre-tax dollars to supplement your 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 The 403(b) offers school employees a way to bridge that gap while saving for retirement.

Taxes

Contributions are made to a 403(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 to take withdrawals from a 403(b) at age 59½. Penalties may apply to withdrawals taken before this time.

Loans

A loan may be taken against 403(b) funds while you're still employed. Repayment terms and interest rates are determined by your plan's vendor.

Contribution Limits

In 2025, you may contribute up to \$23,500 to your 403(b).

Catch-up Contributions

It's possible to contribute more than the maximum if you meet the following requirements:

- Age 50+ = an additional \$7,500.
- Age 60 - 63 = an additional \$11,250.
- With employer 15+ years = an additional \$3,000.

Here to help you

If you have questions about your retirement, or would like to open your 403(b) account, please contact:

Jasmine Murillo

Financial Representative

714-659-0251

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The Pre-Tax Savings Advantage

Based on a teacher's annual income of \$45,000

	403(b) Contribution		
	\$100/month	\$300/month	\$500/month
Monthly gross income	\$3,750	\$3,750	\$3,750
Net paycheck	\$2,786	\$2,652	\$2,518
Change in paycheck	\$67	\$201	\$335

This is a hypothetical example used for illustrative purposes only and is not indicative of any specific investment. It doesn't reflect any fees or charges that may apply.



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- 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 questions you may have about your pension and retirement savings.



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



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May Lose Value

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

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