

OMNI Updates

3rd Quarter 2018

Providing a Better Understanding of Your Tax Deferred Retirement Benefit

The (b)asics of a 403(b)

What is a 403(b)

Tailored to the unique needs of non-profits, churches, and public employees, the 403(b) is designed for flexibility in helping participants meet their retirement planning needs by allowing them to invest a portion of their income on a pre-tax basis. While all investments are subject to a degree of risk, historically speaking, they have outperformed a general savings account, CD, etc.

The opportunity

You have the opportunity to save for retirement by participating in your employer's 403(b) plan ("Plan"). We recommend that all employees view a brief, 3 minute video, entitled "403(b) Why me" (highlighted on the back explaining what a 403(b) plan is, and how to contribute).

How does it work?

First, you establish an account with one of your employer's service providers and submit a Salary Reduction Agreement (SRA) online at <http://www.omni403b.com/>.

After establishing a 403(b) account with one of your employer's participating service providers, money is withheld from your paycheck, and invested according to your direction.

Your contributions are generally not treated as taxable income, which can greatly reduce the impact on your annual tax liability.



Where does your money go?

Your contributions flow through OMNI to your chosen service provider, where it is in turn deposited into one or more investment vehicles. Investment vehicles may include fixed index annuities, variable annuities, and mutual funds.

How much can I contribute annually?

You may contribute up to \$18,500 in 2018; this amount is subject to change annually. If you have at least 15 yrs. of service with your employer or you are at least 50 years old, you may also be able to make additional catch-up contributions. For appropriate limits for your particular circumstances, please visit our website www.omni403b.com or contact OMNI's Customer Care Center at 877.544.6664.

When do I get my money?

Distribution is permissible after you reach age 59 1/2 or separate from service with your employer. Some participants may instead opt to rollover their deferrals into an Individual Retirement Account (IRA) at this point. If you are facing financial hardship or need to access some of your 403(b) funds, many plans offer hardship withdrawals and loans, subject to IRS regulations.

What If I already have an account?

If you are already contributing to the Plan, and you want to change your contribution amount, simply complete and submit a new Salary Reduction Agreement.

What if I do not want to contribute?

If you do not want to take advantage of this program, simply submit an SRA with the option "I do not want to participate at this time" selected.



Online Transactions and Tools

Our website was built for you, and our Customer Care Team is available to assist you Monday – Friday 7:30 am to 8:00 pm EST. >>> 1.877.544.6664 <<<

The team operates directly out of our headquarters in Rochester, New York. OMNI is staffed to provide assistance with all your questions on your 403(b) and 457(b) accounts, or questions you may have about establishing a new account with your employer's plan.

In addition to our expert Customer Service Team, OMNI's website allows 403(b) participants to accomplish an array of plan actions- including establishing an account, researching their investment options, and executing common plan transactions- all at a substantially reduced turn-around time, in comparison to faxing/mailing paperwork. If you'd like to learn more, visit your Employer Plan Page at:

<https://www.omni403b.com/PlanDetail.aspx?tml=51>



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403(b), Why me?

Meet **Harry** and **Sally**. Harry and Sally both began working for the same school district at the same time. Sally immediately begins contributing to her 403(b) plan while Harry decides to put it off, not recognizing the importance of retirement savings during the early stages of his career.

Sally reaps the tax benefits from her 403(b) contributions, while building a nest egg through her first years of employment. Eventually she chooses to become a full-time mother after seven years of working and saving. Harry meanwhile, ends up working longer than he planned due to neglecting voluntary retirement benefits.

Harry

Does not start account at age 23.

Waits, and starts an account at age 30.

Saves \$4000/year for 30 yrs. = \$120,000.

Value of his account at age 60: \$404,292.00



Sally

Age 23 - starts a 403(b) account and saves 10% of her salary.

Saves \$4000/year for 7 years = \$28,000.

Gets married, goes home to start a family. Never returns to the workplace.

Value of her account at age 60 (assumes 7% annual investment return): \$318,989.00.

\$85,000

difference in account values... and Harry "spent" \$92,000 more to accomplish this

What is missing in this equation?

Harry

Invested \$120,000, to grow his nest-egg to \$404,292.00

a \$284,292.00 investment return

Sally

Saved \$28,000 to grow her nest-egg to \$318,989

a \$290,989.00 investment return

Saving almost **FOUR TIMES** the amount as Sally, did not result in **ANY** additional investment return.

The key is TIME not TIMING!

Want to learn more?

OMNI offers a video featuring the benefits of a 403(b) as well as two different scenarios of HOW and WHEN to begin saving.

Click here for a video worth YOUR time:

www.403bwhy.com

Hamilton-Fulton Montgomery BOCES

New accounts may be opened with the following approved service providers:

AXA EQUITABLE LIFE INSURANCE COMPANY
BRIGHTHOUSE LIFE INS (METLIFE CT/TRAVELERS)
OPPENHEIMER SHAREHOLDER SVCS.
VOYA FINANCIAL (NATL NY)