

Retirement Savings Basics & Your 403(b) Plan

Brian's House 403(b) Plan

Presented by:

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What we'll cover today

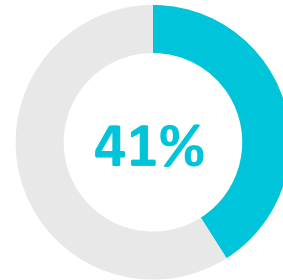
Why is it important to save for retirement?

- Importance of Saving for Retirement
- Your 403(b) Plan
- Retirement Saving Guidelines
- Investments
- Principal Website, Tools & Resources

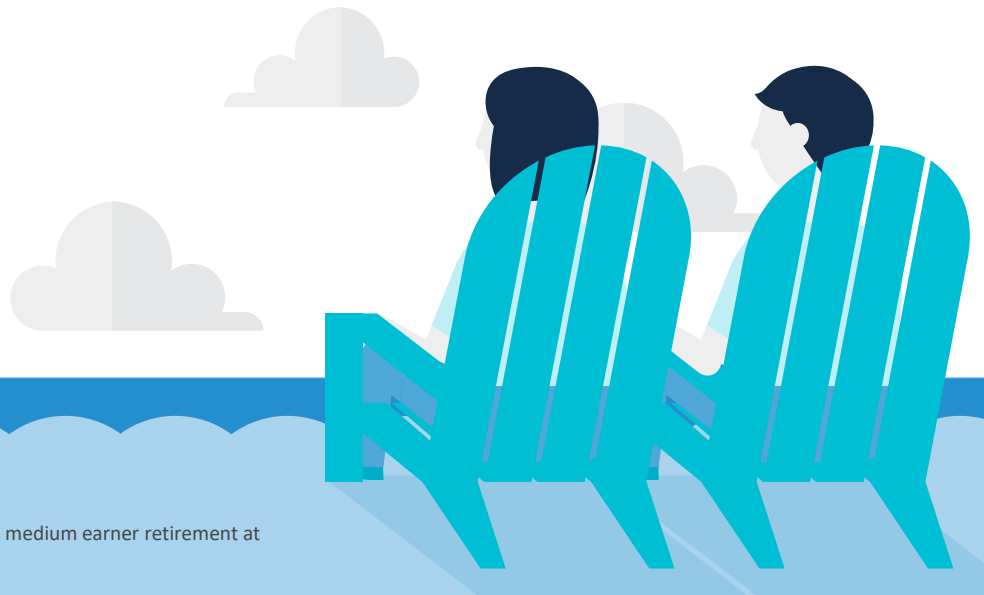


Why is it important to save for the future?

- Living longer lives
- Physically unable to work
- Risk of inflation
- Retirement plans have changed
- Family financial responsibilities



Social Security benefits will likely only replace about **41%** of your earnings during retirement¹



¹ Long-range constant pre-retirement earnings replacement rate for a scaled medium earner retirement at age 67 in 2030 or later, 2021 Social Security fact sheet, Feb. 2021.

Your 403(b) Plan

Eligibility:

- Immediate
- Automatic Enrollment at 3%

Deferral Limits:

- Pre-tax & Roth Contributions Allowed
- IRS 2023 Deferral Limits:
 - \$22,500
 - Age 50 catch-up: \$7,500

Employer Contributions:

- Eligibility: 1 year of service
- Non-elective Contribution: 2%
- Matching Contribution: 50% up to 4% (Contribute 4% to receive 2% match)

Vesting: 100% / Immediate Vesting

Distributions: Age 59½ Inservice, Hardship, Retirement, Death or Disability

Loans: Allowed.

Rollovers: Allowed.

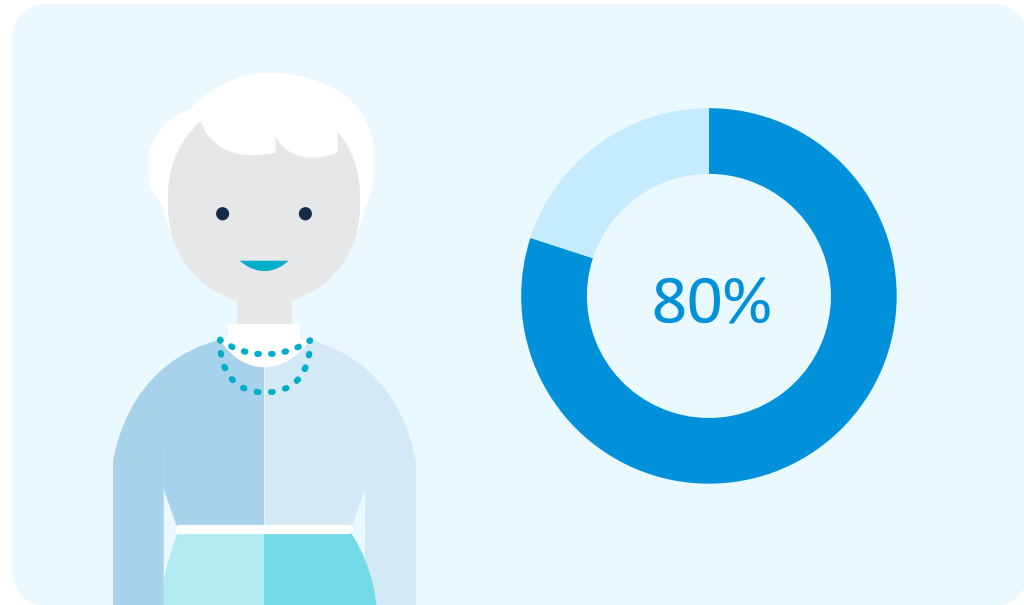
Roth Contributions

| | Taxed contributions | Taxed withdrawals |
|---------|---|--|
| Pre-tax |  |  |
| Roth |  |  * |

*A Qualified distribution is one that is made after a participant reaches age 59½, death or disability and must be made at least five years after the first Roth 401(k) contribution was made.

How much should we save?

Retirees may need to replace at least **80%*** of their **pre-retirement** income during retirement¹



*80%, Based on our industry experience and GAO Retirement Security Report to Congressional requestors. The estimated average total spending for post-retirement households was about 77% of the spending levels for pre-retirement households. GAO, 2013 CE Data; 16 242, Retirement Replacement Rates.

¹ Based on analysis conducted by the Principal Financial Group®, November 2019. The estimate assumes a 40-year span of accumulating savings and the following facts: retirement at age 65; a combined individual and plan sponsor contribution of 12%; Social Security providing 40% replacement of income; 4.5% withdrawal of retirement savings; 6% annual market returns; 2% annual inflation; and 3% annual wage growth over 40 years in the workforce. This estimate is based on a goal of replacing about 80% of salary. The assumed rate of return for the analysis is hypothetical and does not guarantee any future returns nor represent the return of any particular investment. Contributions do not take into account the impact of taxes on pre-tax distributions. Individual results will vary. Participants should regularly review their savings progress and post-retirement needs.

How much should we save?

Take small steps to reach 10%

Studies suggest you may need to save at least **10% of your pay plus employer contributions** throughout your career.



3% + 1% bump each year



6% + 3% employer match



11% + catchup contributions

Based on analysis conducted by the Principal Financial Group®, November 2019. The estimate assumes a 40-year span of accumulating savings and the following facts: retirement at age 65; a combined individual and plan sponsor contribution of 12 percent; Social Security providing 40 percent replacement of income; 4.5% withdrawal of retirement savings; 6 percent annual market returns; 2 percent annual inflation; and 3 percent annual wage growth over 40 years in the workforce. This estimate is based on a goal of replacing about 80 percent of salary. The assumed rate of return for the analysis is hypothetical and does not guarantee any future returns nor represent the return of any particular investment. Contributions do not take into account the impact of taxes on pre-tax distributions. Individual results will vary. Participants should regularly review their savings progress and post-retirement needs. 80%, Based on our industry experience and GAO Retirement Security Report to Congressional requestors. The estimated average total spending for post-retirement households was about 77 percent of the spending levels for pre-retirement households. GAO, 2013 CE Data; 16-242, Retirement Replacement Rates.

Save Early, Save Often

Potential savings

Diane begins to contribute 6% of her pay right away.

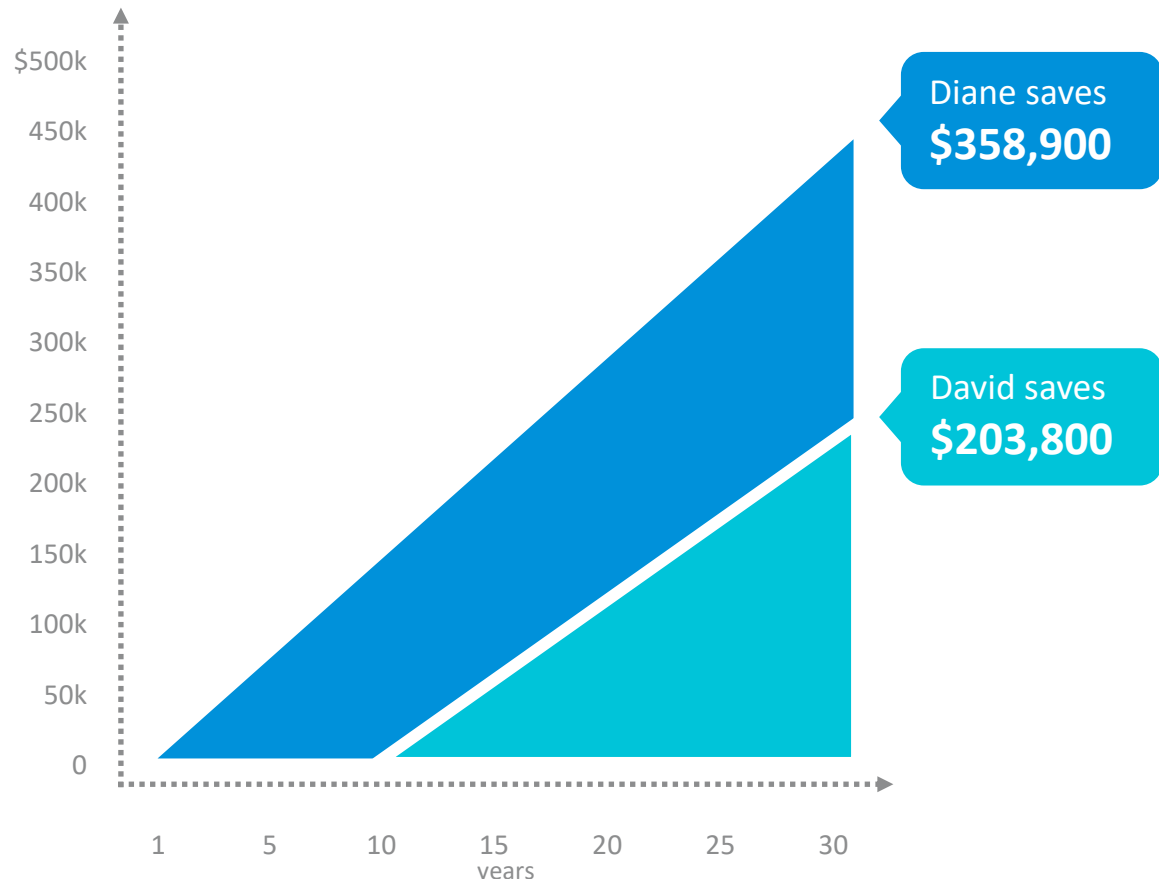
Total contributions

\$149,800*

David begins to contribute 6% of his pay after 10 years.

Total contributions

\$113,700*



This chart assumes a starting salary of \$35,000, 3% annual salary raise, a 50% organization match on up to 6% salary contribution (providing an additional 3%) and a 6% annual rate of return on investment, compounded biweekly. This example is for illustrative purposes only. The assumed rate of return is hypothetical and does not guarantee any future returns nor represent the return of any particular investment option. Amounts shown do not reflect the impact of taxes on pre-tax distributions. Individual taxpayer circumstances may vary.

*Total contributions include employee and organization match contributions.

Target Date Funds

For those who like a “do it for me” approach to investing

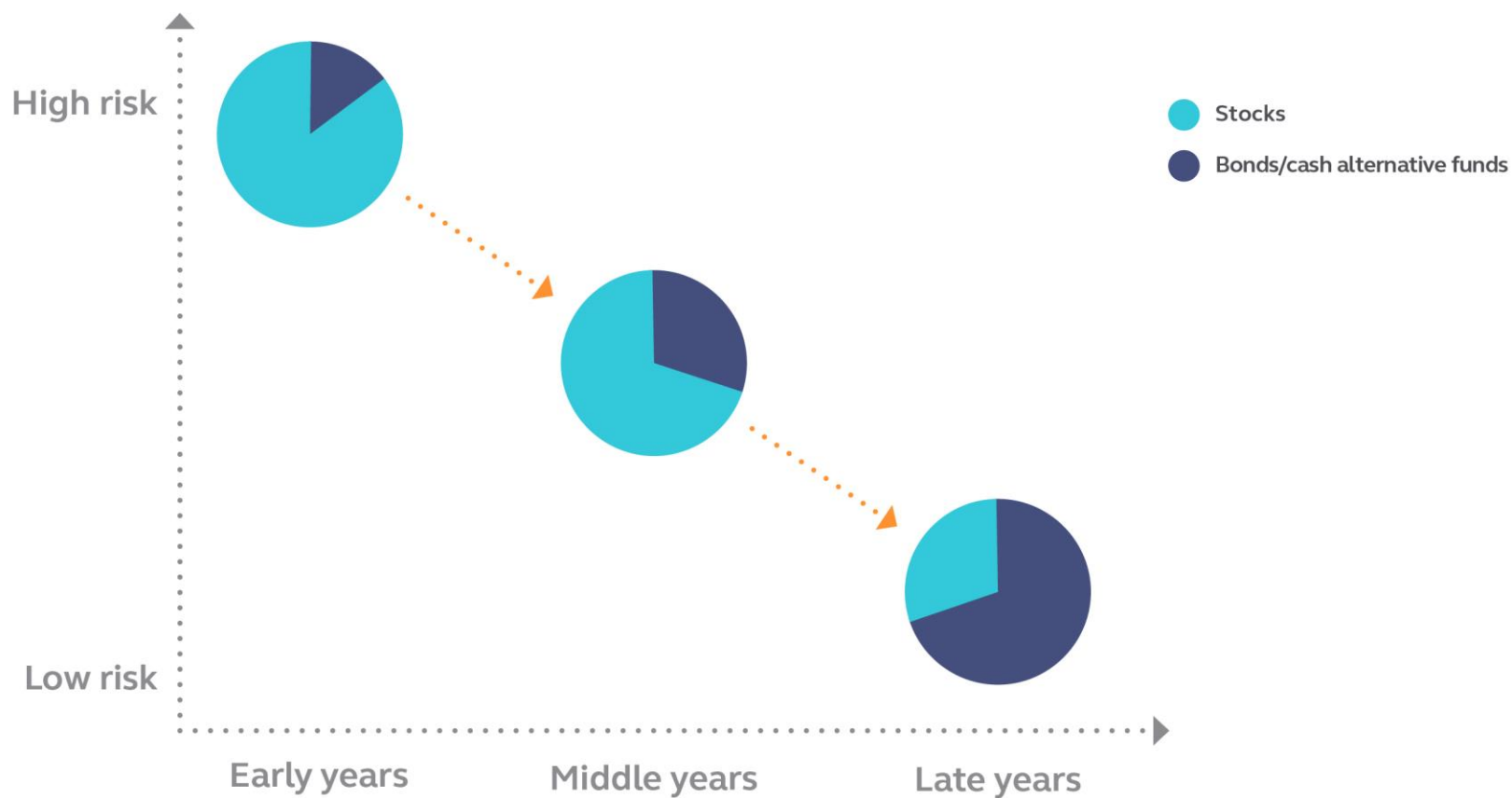


A single target date portfolio
with underlying investment
options from a variety of
asset classes



Professionally managed

How a target date fund changes over time

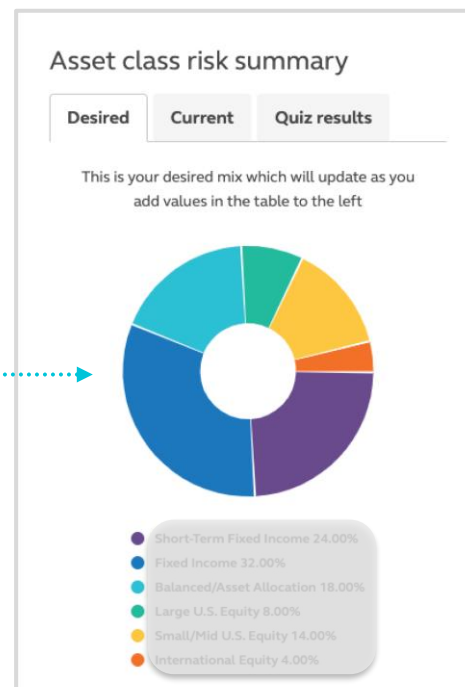
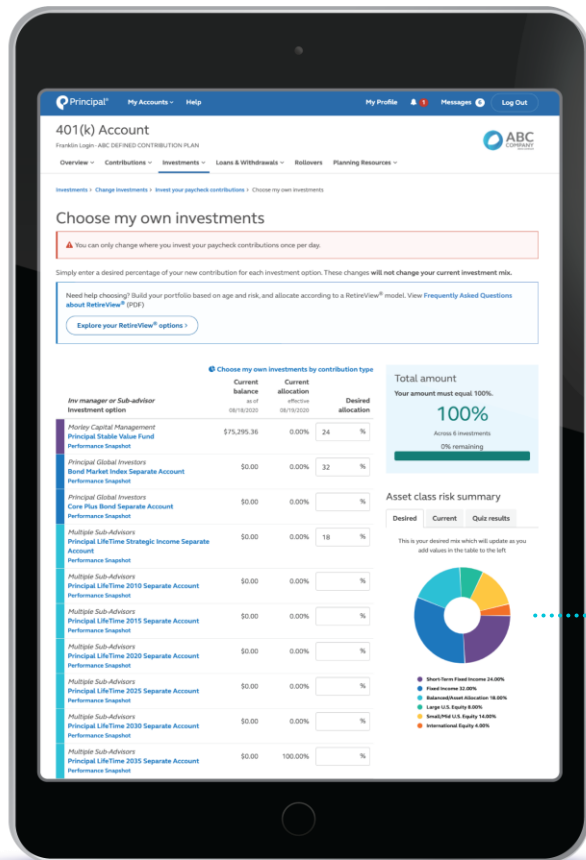


For illustrative purposes only.

Asset allocation and diversification do not ensure a profit or protect against a loss.

Build my own portfolio

For those who like a “do it myself” approach to investing



principal.com/BuildYourOwn


For illustrative purposes only.


Investing involves risk, including possible loss of principal.

Asset allocation and diversification does not ensure a profit or protect against a loss. Equity investment options involve greater risk, including heightened volatility, than fixed-income investment options.

Available Investment Options


 Short-Term Fixed Income



















 Fixed Income

 Balanced / Asset
Allocation

 Large U.S. Equity

 Small / Mid U.S. Equity

 Global/International
Equity

| | | | |
|--|----------------------------|---|----------------------|
|  | N/A | Principal Fixed Income Guaranteed Option  | Performance Snapshot |
|  | Vanguard Group | Vanguard Inflation-Protected Securities Admiral Fund  | Performance Snapshot |
|  | PIMCO | PIMCO Income Institutional Fund  | Performance Snapshot |
|  | Hartford Mutual Funds | Hartford World Bond R6 Fund  | Performance Snapshot |
|  | MassMutual | MassMutual High Yield I Fund  | Performance Snapshot |
|  | Federated Investment Mgmt. | Federated Hermes Total Return Bond R6 Fund  | Performance Snapshot |
|  | Vanguard Group | Vanguard 500 Index Admiral Fund  | Performance Snapshot |
|  | Dimensional Fund Advisors | DFA US Large Cap Value I Fund  | Performance Snapshot |
|  | MassMutual | MassMutual Blue Chip Growth I Fund  | Performance Snapshot |

| | | | |
|--|------------------------------|--|----------------------|
|  | Dimensional Fund Advisors | DFA Emerging Markets Small Cap I Fund  | Performance Snapshot |
|  | Dimensional Fund Advisors | DFA International Core Equity I Fund  | Performance Snapshot |
|  | Vanguard Group | Vanguard Total International Stock Index Admiral Fund  | Performance Snapshot |
|  | Vanguard Group | Vanguard Emerging Markets Stock Index Admiral Fund  | Performance Snapshot |
|  | Vanguard Group | Vanguard Mid Cap Index Admiral Fund  | Performance Snapshot |
|  | Vanguard Group | Vanguard Small Cap Index Admiral Fund  | Performance Snapshot |
|  | MassMutual | MassMutual Mid Cap Growth I Fund  | Performance Snapshot |
|  | Janus Henderson | Janus Henderson Triton N Fund  | Performance Snapshot |
|  | Allspring Global Investments | Allspring Special Mid Cap Value R6 Fund  | Performance Snapshot |

Available Investment Options



Short-Term Fixed Income



Fixed Income



Balanced / Asset
Allocation



Large U.S. Equity



Small / Mid U.S. Equity



Global/International
Equity

| | |
|-------------------------------------|---|
| <i>Capital Research and Mgmt Co</i> | American Funds Target Date Retirement 2010 R6 Fund ↗ Performance Snapshot |
| <i>Capital Research and Mgmt Co</i> | American Funds Target Date Retirement 2015 R6 Fund ↗ Performance Snapshot |
| <i>Capital Research and Mgmt Co</i> | American Funds Target Date Retirement 2020 R6 Fund ↗ Performance Snapshot |
| <i>Capital Research and Mgmt Co</i> | American Funds Target Date Retirement 2025 R6 Fund ↗ Performance Snapshot |
| <i>Capital Research and Mgmt Co</i> | American Funds Target Date Retirement 2030 R6 Fund ↗ Performance Snapshot |
| <i>Capital Research and Mgmt Co</i> | American Funds Target Date Retirement 2035 R6 Fund ↗ Performance Snapshot |

| | |
|-------------------------------------|---|
| <i>Capital Research and Mgmt Co</i> | American Funds Target Date Retirement 2040 R6 Fund ↗ Performance Snapshot |
| <i>Capital Research and Mgmt Co</i> | American Funds Target Date Retirement 2045 R6 Fund ↗ Performance Snapshot |
| <i>Capital Research and Mgmt Co</i> | American Funds Target Date Retirement 2050 R6 Fund ↗ Performance Snapshot |
| <i>Capital Research and Mgmt Co</i> | American Funds Target Date Retirement 2055 R6 Fund ↗ Performance Snapshot |
| <i>Capital Research and Mgmt Co</i> | American Funds Target Date Retirement 2060 R6 Fund ↗ Performance Snapshot |
| <i>Capital Research and Mgmt Co</i> | American Funds Target Date Retirement 2065 R6 Fund ↗ Performance Snapshot |

Next Steps:

Register for Online Access:

- Visit principal.com/welcome
- Select “Get Started”
- Follow prompts to set up Log-in Credentials

Review your Account:

- Review contribution rate
 - Auto-enrolled at 3% Pre-tax
 - Consider Pre-tax and/or Roth Options
 - Increase 1% to take full advantage of employer match
- Review Investments
- Set up/Review Beneficiary Designation:
 - Primary & Contingent

Beneficiary Designations:

Naming a Minor(s) as your Beneficiary:

- Minors cannot hold title to property.
- Property given to a Minor must be placed in a Trust established for the benefit of the minor or held by a Custodian or individual appointed by a court to serve as Conservator of the Property.
- If you list a Minor as a Beneficiary, Principal's website allows you to list a Custodian in addition.

Naming a Beneficiary that resides outside of the USA/a non-US citizen:

- You can name an individual that resides outside of the USA:
 - Principal will mail a death benefit payment to a foreign address.
- You can name an individual that is not a US citizen:
 - Nonresident alien beneficiaries are taxed based on the source of their income and whether or not their income is effectively connected with a U.S. trade or business.
 - A nonresident alien beneficiary should submit Form W-8BEN, which enables the beneficiary to take advantage of a lesser rate of withholding for federal income. In the absence of Form W-8BEN, distributions to nonresident aliens are subject to 30% federal tax withholding.

Contact Information:

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- principal.com
- 800-547-7754

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- Emily Kihara: ekihara@brianshouse.org

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- Jennifer Read: jennifer.read@frsadvisors.com



Website Demonstration

Important Information

Investing involves risk, including possible loss of principal.

Asset allocation and diversification does not ensure a profit or protect against a loss. **Equity** investment options involve greater risk, including heightened volatility, than fixed-income investment options. **Fixed-income** investments are subject to interest rate risk; as interest rates rise their value will decline. **International and global investing** involves greater risks such as currency fluctuations, political/social instability and differing accounting standards. These risks are magnified in **emerging markets**.

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