



Retirement Savings Plans

Update for 2018

Participate!

What if the expenses you have in retirement far outweigh the income that you expect to receive? You would probably consider some of these options below.

- **Spend less**
- **Keep working**
- **Move in with friends/relatives**
- **Sell your stuff**



- **Surf & Turf dinners are still rare**
- **You still work for the weekend**
- **You long for your privacy**
- **Goodbye awesome Star Wars collection**

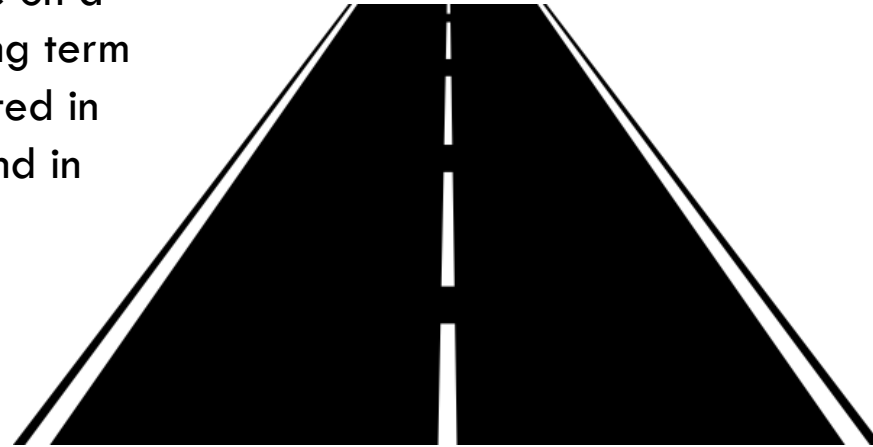
If these options are not appealing, then read on! We want you to be happy and keep that limited edition Luke Skywalker figure.



Luke with double telescoping lightsaber (\$1,000 on ebay!)

Retirement Savings Roadmap

Sections 403(b) and 457(b) of the IRS code allows employees of governmental organizations to save part of their income on a pre-tax basis. This lowers taxable income and helps long term savings grow faster. Contributions to the plan are invested in mutual funds, bond funds, or other investment vehicles and in some instances may grow tax free until withdrawn.



Which is your lane?

Lane 1

Not enrolled – uh oh ...
Will you have enough in retirement?

Lane 2

Enrolled – hooray!
Consider increasing your contribution

Lane 3

Enrolled and born before 1969
You can now contribute to a higher limit!

Lane 1
Not enrolled
(uh oh)
*Will you have enough
in retirement?*

Are you only relying on your pension plan? It might not be enough to cover your expenses in retirement.

Employees interested in saving more towards retirement are encouraged to contact the retirement counselor below.

Joel Romero
Retirement Plan Counselor
(619) 615-9653
joel.romero@empower-retirement.com

These plans are offered through the Fringe Benefits Consortium. For more detailed information and to access enrollment forms, please visit the following link www.fbcretire.com and choose 'Plan Forms' on the left hand column. This page also includes a short video on how to start your 403(b)/457(b) contributions.

Currently, you cannot enroll for these plans through Workday. You can only update current elections.

To enroll in these programs an employee must submit the appropriate paperwork to their selected vendor(s). Newly participating employees are required to complete a Salary Reduction Agreement form at their initial enrollment.

Once enrolled with the selected vendor, please contact the Benefits Department to start the election in Workday.

Lane 2 Enrolled (hooray!)

*Consider increasing
your contribution*

Time for a Retirement Savings Check-up!

A recent article from AARP estimates that retiree health care costs is projected to be \$275,000 per couple. Read the article here: [Retiree Health Care Costs](#). That's a significant portion of your retirement income that you need to plan for. Are you on track?

What can you do?

1. Log into your retirement savings account. Each vendor usually has a calculator tool that you can use to see if you are on track.
2. You can also make an appointment with our Retirement Plan Counselor. He can review your specific situation and help guide you through various options.

Joel Romero

Retirement Plan Counselor

(619) 615-9653

joel.romero@empower-retirement.com

3. Consider increasing your contribution. Workday makes it easy to change your payroll deduction at any time.

Lane 3

Enrolled

(and born before 1969)

You are so special that you can contribute to a higher limit

What's a Catch-Up Plan?

Participants age 50 or older in 2018 can contribute even more in their retirement savings account. This is called catch-up contributions. In Workday, it is set-up as a separate "bucket" for you to contribute towards.

Here is a great article: [Are You Caught Up on Catch-Up Contributions?](#)

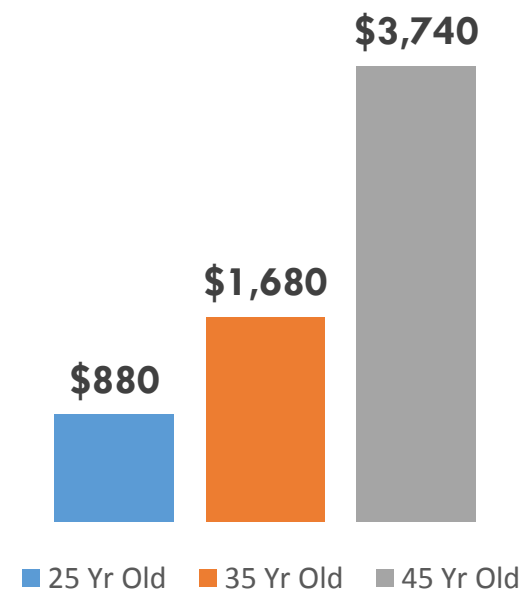
If you only had more time ...

Here are three employees who all begin to contribute on January 1, 2018. Notice the age that they start to contribute.

They each want to retire at age 60 and have \$1 million dollars in their retirement savings account. Assume that they have a consistent 5% rate of return on their investments.

The 45 year old only has 15 years to reach the \$1M goal. That employee needs to contribute **4x** more than the 25 year old.

Projected Monthly Contributions to Reach \$1M



Figures from Investopedia.com

IRS Annual Contribution Limits in 2018

What are these limits? If you participate, you can contribute up to \$18,500 in 2018. If you participate in both a 403(b) and a 457(b), you can contribute up to \$18,500 in each to a combined \$37,000.

If you are age 50 or older in 2018, you can contribute up to an additional \$6,000 under the “catch-up” provision. Again, if you participate in both plan types, you can contribute up to an additional \$12,000.

	403(b)	457(b)
Regular	\$18,500 (previously \$18k)	\$18,500 (previously \$18k)
Catch-Up	\$6,000	\$6,000

In 2018, the maximum contribution limit has increased an additional \$500 in both the 403(b) and the 457(b) plans.

Workday

If you are already contributing, you can easily change your contribution in Workday. Here are the quick steps:

1. Log in: www.gcccd.edu/workday
2. On your home page, click on the Benefits worklet
3. Click on “Retirement Savings” in the left box titled “Change”
4. Click “Edit”
5. Choose the correct event date
 - If you are trying to make your contribution change effective for the January 2018 paycheck, use date “01/02/2018”. Most employees already have January 1st taken up for open enrollment changes so Workday will not accept that date.
Rule of thumb:
 - If making a change to hit the current paycheck month, enter your change no later than the 10th of that month and make your event date the first of the month
 - Ex. Today is February 8, 2018 and I wish to make my change effective for February so I enter February 1, 2018 for the event date.
 - You can do the same thing for future dated changes. Just choose a future date to start the first of that month.
6. Scroll down and find your current plan(s) that you are electing in and change the amount. You can choose to do a flat amount or a percent of salary.
7. Submit



Note the following:

1. Contributions will come out of each paycheck.
2. If you do not want a contribution to come out, you can just log into Workday and change your election to Waive.
 - You can always update your election again in the future.
3. You can increase, decrease or waive your contributions at any time. Just keep in mind the event date you use and the physical date you are making the change in Workday.
4. If you are making a change in Workday after the 10th for the current month, there is no guarantee that your change will be captured as payroll may be processing already.

Contribution Examples

What's the calculation?

Take the annual amount you wish to contribute and divide by your expected number of paychecks.

Example: Paid 12 times a year and wish to contribute \$2,400

$\$2,400$ divided by 12 = \$200 per month

In Workday, you would enter \$200.

Want to contribute the maximum?

It's the same calculation if you wish to contribute \$18,500 (regular) and \$6,000 (catch-up). Here are the contributions if you are paid 12 times a year:

Regular: \$1541 per month

Catch-up: \$500 per month

If you are contributing into Catch-up, be sure to elect into that separate plan in Workday.

Resources

Employee Assistance Program (EAP)

If you are enrolled in a District medical plan through Kaiser or United Healthcare, then you are eligible for the Employee Assistance Program (EAP) through Optum.

Take advantage of a no cost 30-60 minute consultation for financial matters.



www.liveandworkwell.com

access code: veba

or

1-888-625-4809

Benefits Department



The Benefits Department is located in **Building 38E**.

Our door is to the right when facing the building.



Jenny Aquino
Benefits Technician
619.644.7643

jenny.aquino@gcccd.edu

Janet Snelling
Director, Human Resources
619.644.7046

janet.snelling@gcccd.edu