



THE INDEPENDENT SCHOOL
GROUP RETIREMENT PLAN

Planning for Retirement

Presented by:

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Agenda

WHY WE'RE HERE TODAY

- The “Core 4”
- Contribution Sources
- Saving and Investing in the Plan



What are the Core 4?



Savings Rate



Roth Vs. Pre-Tax

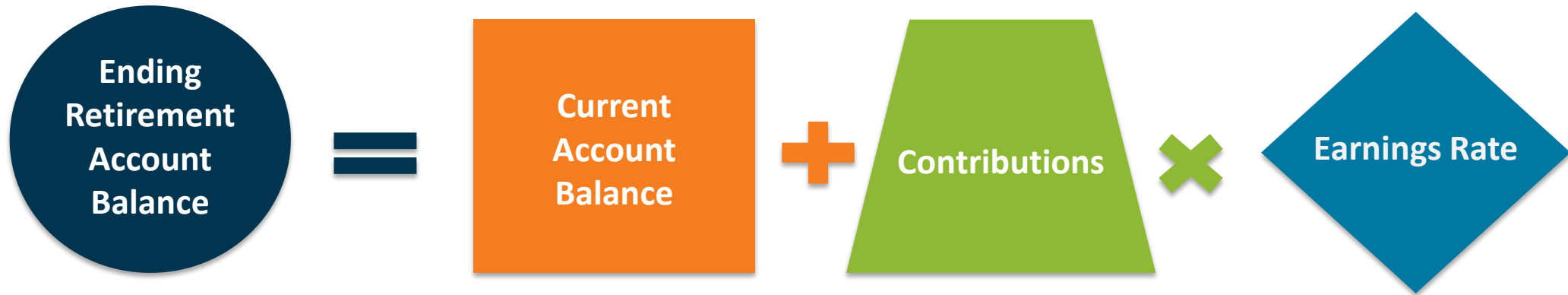


Investment Choices



Beneficiary

Your Retirement Account Equation



Simply put, there are two ways to increase the amount that you will have available to you in your retirement account:

1) Increase Your Contribution

- Experts suggest saving between 12-15% of your salary for retirement each year (counting any employer contributions).

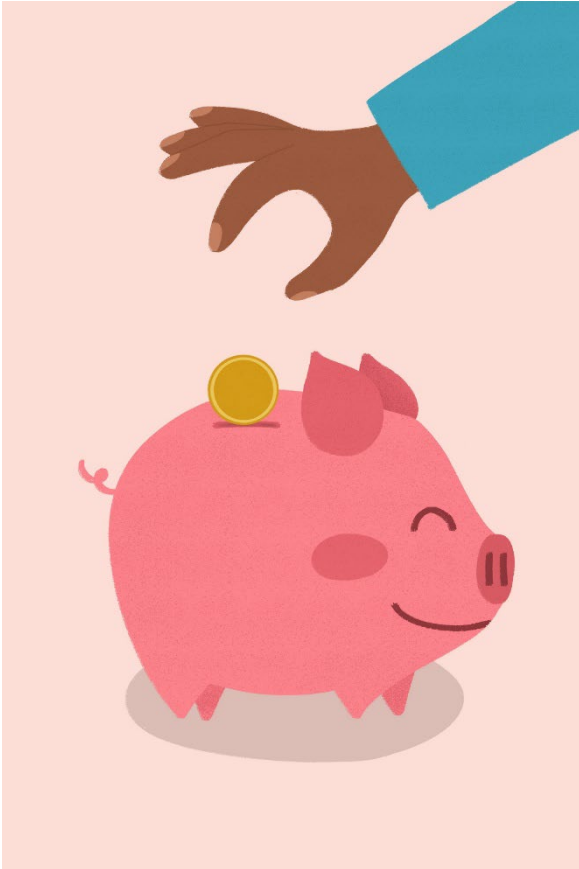
2) Ensure your investments are appropriate

- Understand your time horizon and choose an asset allocation that will help you meet your objective.

Traditional vs. Roth: Comparison

	Traditional 403(b)	Roth 403(b)
You invest	Pre-tax Dollars	After-tax dollars
Account Growth	Tax free	Tax free
Withdrawals	Taxed	Tax free if you're 59 ½ and have held the account for 5 years or more
Contribution Limits	\$24,500 in 2026 plus additional catch-up contributions if age 50 or older	\$24,500 in 2026 plus additional catch-up contributions if age 50 or older
Employer Contributions	Made with pre-tax dollars to accumulate in the same account	Made with pre-tax dollars to accumulate in the same account

Is this the same as a Roth IRA?



- **No** – IRA stands for “Individual Retirement Account,” which has nothing to do with your employer.
- Roth IRAs...
 - may be opened by an individual to save money for retirement (outside of their employer plan).
 - have lower limits than Roth limits in an employer-sponsored plan, like a 403(b).
 - have eligibility rules around income. Depending on how you file your taxes, if your income is above a certain threshold, you may be limited in how much, if at all, you may save in a Roth IRA.

Roth 403(b) Advantages

5 Factors to Consider:

1. No Income Ceilings

- Income restrictions placed on Roth IRAs do not apply to Roth 403(b) contributions.

2. Tax-Free Retirement Withdrawals

- You pay taxes on money going in and not on withdrawals.

3. Higher Contribution Limit

- In 2026, people under 50 can contribute up to \$24,500 per year and those over 50 can kick in an extra \$8,000 (or even more if you're 60-63). It's the same contribution limit as a traditional 403(b) plan and provides a potential advantage versus a Roth IRA (Limit: \$7,500/year, or \$8,600 if you are 50 years of age or older in 2026).

4. May Serve as a Great Retirement Investment Strategy

- May be a good option for people who will either be in the same or higher tax bracket when they want to retire.

5. Different Age Groups Can Benefit from Roth 403(b)

- Younger workers may benefit from investing in a Roth 403(b) because they will enjoy many years of tax-free growth.
- Older workers can still benefit from tax-free future withdrawals.



What Kind of Investor Are You?



Core Investment Options

STYLE	FUND LINE UP
Allocation – 30% to 50% Equity	Nuveen Lifecycle Index Retirement Income R6
Allocation – 50% to 70% Equity	American Funds American Balanced R6
Target Date Series	Nuveen Lifecycle Index R6
Large Cap	JP Morgan Equity Income R6 Fidelity 500 Index Vanguard FTSE Social Index Admiral AB Large Cap Growth Z
Mid Cap	MFS Mid Cap Value R6 Fidelity Mid Cap Index Invesco Discovery Mid Cap Growth R6
Small Cap	DFA US Targeted Value I Fidelity Small Cap Index Neuberger Berman Small Cap Growth R6
International	Fidelity International Index Fidelity International Sustainability Index ClearBridge International Growth IS DFA Emerging Markets Core Equity 2 I
Global Large-Stock Growth	American Funds New Perspective R6
Intermediate Core & Core Plus Bond	Fidelity U.S. Bond Index Allspring Core Plus Bond R6
Inflation Protected Bond	Fidelity Inflation-Protected Bond Index
High Yield Bond	BlackRock High Yield K
Multisector Bond	PIMCO Income Institutional
Real Estate	DFA Real Estate Securities I
Other	Transamerica Guaranteed Investment Option

Risk/Reward

Measuring the amount of risk, you want to take while remaining comfortable with your investments is very important and can vary as your situation changes or as you approach retirement.



CASH

Cash alternatives are assets that can generally be converted to cash quickly, such as money market deposit accounts and money market funds.



BONDS

A bond purchase lends money to the issuing entity and earns a specified rate of interest when it matures or comes due.



STOCKS

A stock is a share in the ownership of a company and represents a claim on the company's assets and earnings.

Index Funds

- Index funds are investment funds designed to replicate the performance of a specific market index, such as the S&P 500.
- They use a passive investment strategy, meaning they aim to match the index's performance rather than outperform it.
 - Diversification: By holding a broad range of securities, index funds provide diversification, reducing the risk associated with individual stocks.
 - Low Costs: They typically have lower fees and expenses compared to actively managed funds because they require less hands-on management.



Actively Managed Funds

- Actively managed funds are investment funds where a professional manager or team makes decisions about how to allocate assets in attempts to outperform the market or a specific benchmark.
- Fund managers actively buy and sell securities based on research, market conditions, and their investment strategies.
 - Higher Costs: These funds typically have higher fees and expenses compared to passive funds due to the active management involved.
 - Potential for Higher Returns: While they have the potential to outperform the market, they also come with higher risks and volatility.



Historical Returns of Popular Asset Classes

Different asset classes will return different average annual rates of return over time

Asset Category	(1926-2024)
Stocks/Equities	10.5%
Fixed Income	5.0%
20% Equity/80% Fixed income	6.4%
50% Equity/50% Fixed income	8.2%
80% Equity/20% Fixed income	9.7%

Different asset classes also carry different levels of risk (volatility).

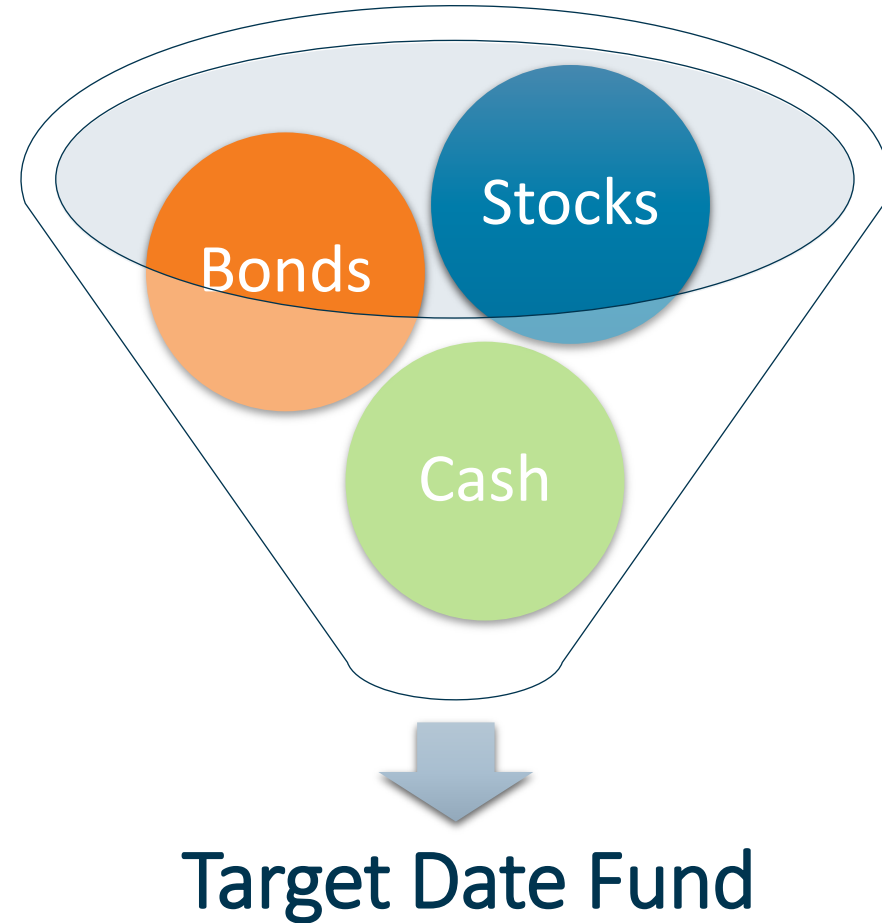
Sources: Vanguard Investment Advisory Research Center calculations through December 31, 2024, using data from FactSet.
Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

What Kind of Investor Are You?



What is a Target Date Fund?

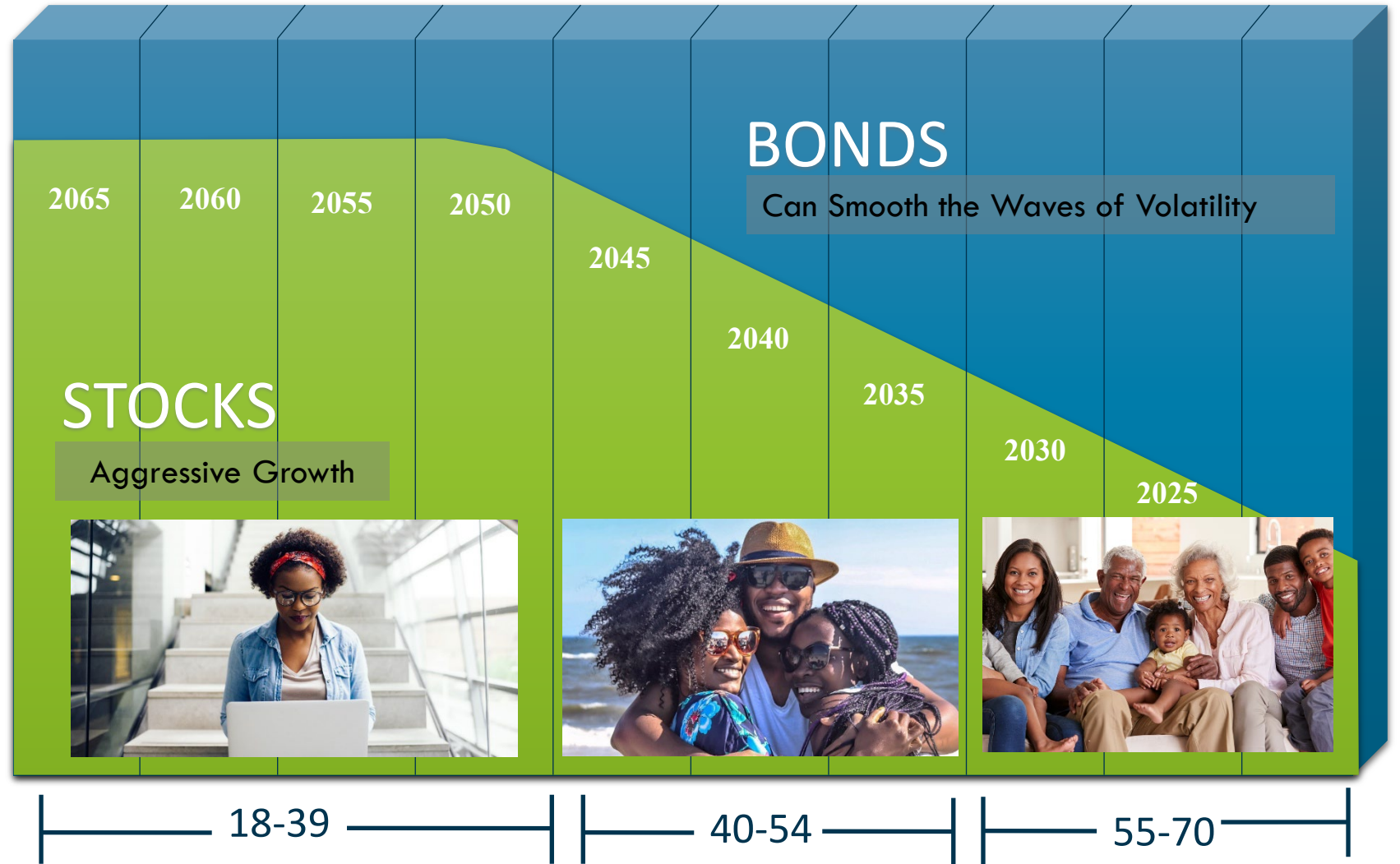
- An age-based fund of funds
- Allows you to set a date for when you want to retire
- Adjusts mixture of stocks and bonds as you get closer to retirement



Target Date Fund Strategy

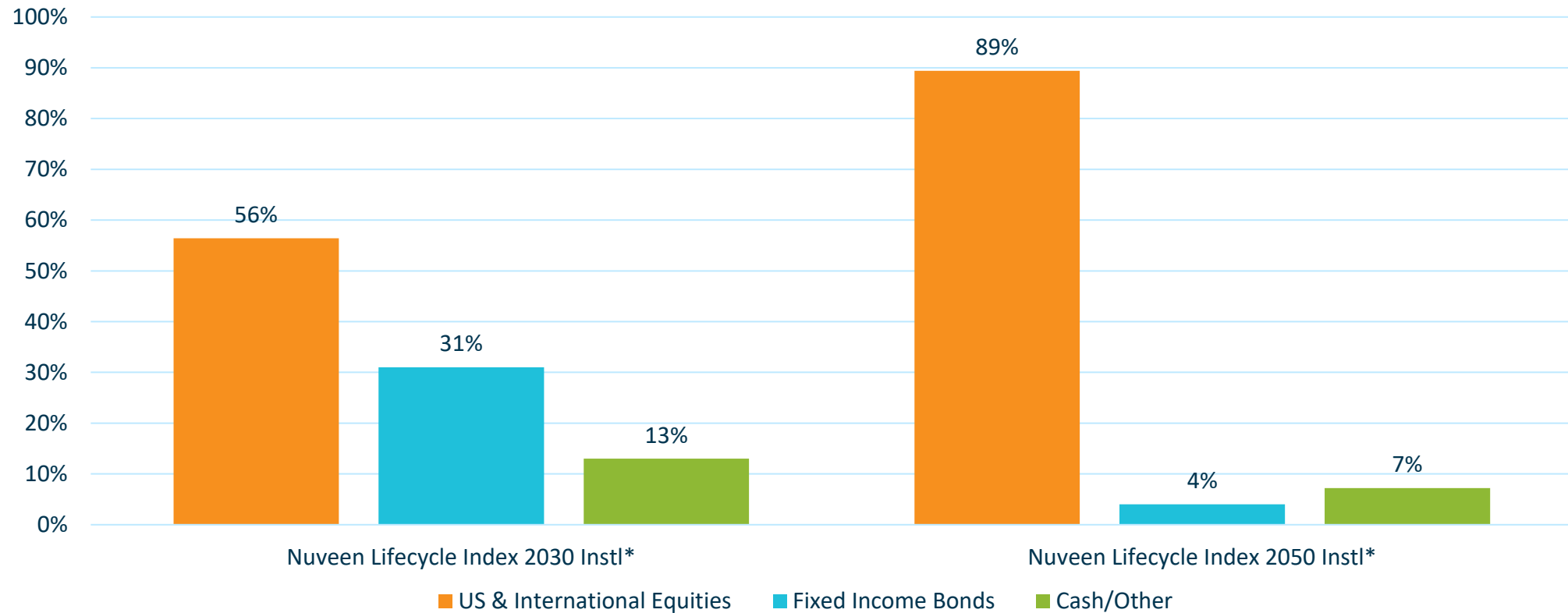
Target Date Funds create a risk appropriate portfolio based on your age.

This chart shows a sample of how target date funds start with higher risk (**more stock**) and gradually reduce in risk over time by adding **bond investments** to the portfolio.



Nuveen Lifecycle Index Retirement Series

Approaching Retirement vs Early Career



*Target allocations will change over time and actual allocations may vary up to ten percentage points from the targets



Chart the Course

- Create a budget
- Contribute to your retirement (403b, Roth IRA, etc.)
- Target contribution of 12-15%
- Try 1% annual increases
- Save for College (529 Plan, UTMA, other)
- Create an Estate Plan (Will, Trust, Durable Power of Attorney, etc.)
- Contribute to HSA* (requires eligible Health Care coverage)

Keys To Success

Start with what you can afford and increase each year until you are saving at least 12-15%, including any matching contributions.

Savings Rate



Use pre-tax to tackle your current tax obligation and Roth to build that tax-free bucket of money for retirement.

Roth Vs. Pre-Tax



Determine if you want to craft your own portfolio or use the do it for me option. Stay the course!

Investment Choices



Set your beneficiary initially and update each time you have a major life event.

Beneficiary



Let's head back to our
main meeting!