

RETIREMENT CHECK-UP



ANNE ARUNDEL
COUNTY PUBLIC SCHOOLS

Saving Strategies for Retirement

Saving for retirement now can help ensure you have the money you need later. Through the AACPS Supplemental Retirement Program (SRP), you can build your retirement savings while you work so that you can focus on enjoying your retirement when that time comes. Consider the following tips to help you build your retirement savings.



Maximize Your Contributions

The AACPS SRP includes both a 403(b) plan and a 457(b) plan, and you have the option to contribute to one or both if you choose. One of the best ways to build your retirement savings is to contribute the maximum amount allowed – through pre-tax dollars – each year.

For 2018, you can contribute up to \$18,500 per year, per plan. If you are 50 years old or older, you can contribute an additional \$6,000 per year, per plan, known as “catch-up” contributions.

You can have your contributions to the SRP deducted automatically from your paycheck – pre-tax. You have the option of starting, stopping or changing your contributions at any time.

Even if you’re unable to contribute the max, contributing as much as you can now can go a long way toward meeting your retirement needs.



Consolidate Accounts

With each account, you will pay an administration fee. Review the fees you are paying for each account and look for ways to decrease the fees you are paying by consolidating former employer plan accounts administered by other vendors or AACPS deselected vendors.

**Note: The IRS now permits consolidating funds invested in a 401(k) with your 403(b) or 457(b) account.*



Consider Target Date Funds

You can put your investments on autopilot by investing in target date funds. These funds adjust your asset allocations based on your planned retirement date and risk tolerance. The further you are from retirement, the more likely you are to be placed in higher risk, higher reward potential investment options. As you near retirement, those investments are typically shifted to less risky options.

All three SRP providers – Lincoln, VALIC and Voya – offer target date funds.



Use Available Tools

Your SRP providers have various tools, such as retirement calculators and portfolio managers, to help you invest and save for retirement. Depending

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on the tools you use, you may pay some additional fees. Contact your investment advisor or visit your provider’s website to learn more about the tools and resources available to you.



Remember Tax Saver’s Credit

Depending on your age and income, you may be eligible for what is known as the tax saver’s credit. The amount of the credit is 50%, 20% or 10% of your SRP account balance, up to \$2,000 if you file your taxes solo or \$4,000 if you are married and filing jointly, depending on your adjusted gross income (AGI). You must be at least age 18 and may not be a full-time student or claimed as a dependent on someone else’s tax returns. See the chart for additional information.



Avoid Loans and Withdrawals

Loans are not available through the AACPS SRP 457(b) plan; however, you may be able to borrow up to \$50,000 from your 403(b) plan. Hardship withdrawals under certain defined circumstances are also available.

While you may be able to take out a loan or receive a distribution from the plan due to a hardship, doing so can reduce your retirement savings. You are unable to make new contributions to your 403(b) plan account for six months after a hardship withdrawal. Hardship withdrawals can be more detrimental than loans to your retirement savings as withdrawals are permanent reductions in your retirement accounts. If possible, avoid taking funds out now so that retirement dollars are available during retirement.

To reach your provider:

- **Lincoln:** Call 410-987-3590 or go online to www.lincolnfinancial.com/retirement
- **VALIC:** Call 410-850-2480 or go online to www.valic.com
- **Voya:** Call 800-454-1099 or go online to www.voyaretirementplans.com

See more information about the AACPS SRP, including the funds available through each vendor, each fund’s performance and past Retirement Check-Up newsletters on the AACPS Internet site under “Benefits.”

What do new tax laws mean for your retirement?

Congress passed the Tax Cuts and Jobs Act in late 2017, and you may be wondering how this new tax law affects your retirement benefits. Many of the new law’s features are targeted more toward corporations than individuals. However, there are some areas related to charitable giving and itemized deductions that may affect you – and, therefore, you may want to make adjustments to your retirement plan contributions. Consult a qualified tax advisor to determine what is right for you.

2018 Tax Saver’s Credit

CREDIT RATE	MARRIED FILING JOINTLY	HEAD OF HOUSEHOLD	ALL OTHER FILERS*
50% of your contribution	AGI not more than \$38,000	AGI not more than \$28,500	AGI not more than \$19,000
20% of your contribution	\$38,001 - \$41,000	\$28,501 - \$30,750	\$19,001 - \$20,500
10% of your contribution	\$41,001 - \$63,000	\$30,751 - \$47,250	\$20,501 - \$31,500
0% of your contribution	more than \$63,000	more than \$47,250	more than \$31,500

For more information on how the tax saver’s credit may apply to you, visit www.irs.gov/retirement-plans/plan-participant-employee/retirement-savings-contributions-savers-credit.

