

Luzerne County Head Start Retirement Plan

Howell Benefit Services, Inc.

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Luzerne County Head Start Retirement Plan

Eligibility

- ❖ You must be 18 years old and have completed 1 year of service.
- ❖ Substitute and Replacement Employees are not eligible.
- ❖ Once you meet the eligibility requirements, you may enter the Plan on the first day of the next month.

Luzerne County Head Start Retirement Plan

The Retirement Plan is also called a 401(k) Plan

- ❖ Luzerne County Head Start currently contributes 7% of pay to your account
- ❖ Through payroll deduction, you may contribute your own money to the Plan.

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Vesting

- ❖ You are always 100% vested in your own money
- ❖ You are vested in the employer contributions based on years of service as shown below:

Years of service:	1	2	3	4	5
Percentage	20%	40%	60%	80%	100%

Tax Benefits of Contributing to the 401(k) Plan

Pre-Tax Contributions

Your taxable income is reduced by the amount of your contribution. This lets you reduce your current **federal income taxes**.

Example:

Your gross pay:	\$25,000
You contribute:	<u>\$ 1,000</u>
Your taxable income:	\$24,000

Contributing to the 401(k) Plan

Roth Contributions

- ❖ If a tax deduction today is not important to you, consider the **ROTH** feature. Contributions are made on an **after-tax** basis.

- ❖ Contributions are always withdrawn tax-free. Your earnings are withdrawn tax-free if:
 1. The withdrawal is made 5 years after the first Roth deposit, and
 2. You are age 59 ½, or you are disabled.

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When You Receive Benefits:

- ❖ Retirement (age 65)
- ❖ Early Retirement (age 55 & 5 years of service)
- ❖ Death
- ❖ Disability
- ❖ Termination of Employment

Why save for Retirement?

- Annual Salary: \$25,000
- Age: 25
- Interest Earnings: 6%

Account Balance at age 65

7% Contribution	10% Contribution
\$270,833	\$386,905

How Should I Invest My Money?

Selecting the investment mix that is right for you will depend on:

❖ Your time horizon

- Short Term (less than 5 years)
- Intermediate Term (5-15 years)
- Long Term (over 15 years)

❖ Your risk tolerance

- Conservative
- Moderate
- Aggressive

How Should I Invest My money?

- ❖ Take the Transamerica Risk Quiz to determine if you are conservative, moderate or aggressive.
 - ✓ You may select your own investment allocation
 - ✓ You may pick a T Rowe Price Retirement Fund with the year closest to when you will turn age 65
 - ✓ Select Portfolio Express and let Transamerica select your investments for you.
- If you do not make a selection, you will be invested in Portfolio Express as a moderate investor

To Enroll or Access Your Account

❖ Toll-Free number: **800.401.8726**

❖ Online Access: www.ta-retirement.com

❖ Quarterly Statements