LVEA TODAY

Did You Know???

We are continuing our "Did you know" series, that we shared in our October and Nov/Dec newsletters, with a group of important membership points, so DID YOU KNOW…

- You really did receive a 2% salary increase for 2017-18? There's some disinformation floating around that you had to work two extra days this school year in order to earn this salary increase – not true!! All certificated employees earned a 2% on-schedule, ongoing salary increase. You then had to work two extra days for 2017-18 to earn an extra 1.08% - this actually increased your salary by 3.08% for 2017-18. These extra two days (and the 1.08%) go away after 2017-18 unless your Bargaining Team and the District agree to continue this TD program for another school year. Regardless, the 2% salary increase will continue and you haven't and won't have to work any extra days to keep it!

- Our current LVEA contract with LVUSD expires this June? Over 70% of you recently provided valuable input to our Bargaining Team in our survey that went out in January. Our Bargaining Team is meeting on February 27 to plan for Spring & Summer negotiations- we will be discussing the entire contract including salary and benefits.

- Saving your sick days can really enhance your retirement? Every saved sick day counts. If you save 185 sick days (assuming we go back to a 185-day school year) then you get credit for one extra year when calculating your pension. It works on a proportional basis, so if you have 100 sick days saved, then it would count for an extra 0.54 of a school year (i.e. 100/185). While it cannot be used for anniversary kickers at 25 and 30 years, it will increase the number of years when calculating your actual retirement pension. Also, if you leave Las Virgenes USD and work for another public school district, you can transfer your LVUSD accumulated sick days to your new district.

- That LVEA's yearly climate survey continues? Consistent with last Spring, LVEA's climate survey questions for both your site and the district will be embedded in this Spring's Healthy Kids Survey. New open-response questions have been added as well. Stay tuned for survey invitations via email very soon!

- That if you're married, it's more cost-effective to choose a spousal benefits option (i.e. your spouse would get 50%, 75% or 100% of your pension benefit if you die) right after the age of 55 instead of waiting until you are closer to actual retirement?

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~CONSILIO ET ANIMIS~
BY WISDOM AND COURAGE

Tax Sheltered Annity (TSA) – Optional Retirement Investment

You may have heard about a Tax Sheltered Annuity (TSA) as an optional way to save for retirement. This is the money you can contribute to a pre-tax TSA investment account, over and above what you, the district office and the state of California already contribute to STRS (State Teachers Retirement System) for your future retirement. In 2011 SchoolsFirst Federal Credit Union became our district's Third Party Administrator (TPA) that facilitates the flow of employees' optional 403(b) and 457(b) contributions to all approved financial institutions. In fact, SchoolsFirst is visiting LVUSD on Monday, March 5 – you should have received an email invitation from LVUSD on February 15.

LVEA has written two previous articles about how SchoolsFirst can assist in your retirement planning and we thought it would be good idea to provide updated information. Many school employees have traditionally invested money in a pre-tax 403(b) TSA account. As an employee, you can invest up to $18,500 each calendar year if you are under the age of 50. This limit increases by $6,000 if you are 50+ years of age and $3,000 if you have been employed with your employer for 15+ years. You are not taxed on this contribution until it (and any earned interest) is withdrawn in later years – preferably when you're retired and hopefully taxed at a lower percentage rate. Once you have made a contribution to a 403(b) plan, you cannot withdraw any funds without tax penalty until the age of 59½. You have a large choice of investment companies through SchoolsFirst, including SchoolsFirst itself, CTA, CalSTRS Pension2 and many private investment companies, like Fidelity, Franklin Templeton, Oppenheimer, Putnam and many more.

Another option is the Roth 403(b). This is set up similarly to a regular 403(b) except the contributions are made after-tax. All future withdrawals are then tax free; however, the earning portion of the account cannot be withdrawn without tax penalty until the age of 59½.

Employees also have a third option that's called a 457(b) plan. The contribution limits are the similar to a 403(b). With a 457(b), you can withdraw funds without a tax penalty once you stop working for LVUSD. If you continue working for LVUSD, you must wait until you are 70½ years of age to withdraw these funds without tax penalty. Compared to a 403(b) with its wide range of investment options, you are limited to fewer options with a 457(b) – contact SchoolsFirst for more information. You can actually invest in both a 403(b) and 457(b) and maximize each contribution limit!

While LVEA encourages members to invest in TSA plans to supplement their retirement, please make sure you compare products, fees and contracts before you sign up for a 403(b) or 457(b) plan. Many products carry high fees, sales charges, surrender fees and/or contracts, so please read the product information carefully before signing up!

If you have any questions about 403(b) or 457(b) investment options, feel free to contact Kush Thandi of SchoolsFirst at 714-258-4000 x4116 or kthandi@schoolsfirstfcu.org.

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