



HTA Newsletter

September 2011

Hesperia Teachers' Association

**Have a question?
Need some help?
Contact an HTA E-
board member!**

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Facebook: I Support
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www.hesperiateachers.com

***"Encouragement is oxygen to the soul."
George M. Adams***

September Dates to Remember:

16th, 17th, 18th: *Hesperia Days!*

29th: *Fall Back to School Parent Night@ Rancho
Middle School from 6:00 – 8:30pm*

High School Homecomings....

Eight tips for your 403(b) and 457 plans

Start planning for retirement

By Diane Morte CTA member benefits consultant

It's a good idea to keep an eye on your retirement financial goals including defined contribution plans — 403(b) and 457 plans, where you contribute a specific amount of pretax dollars that will eventually supplement your pension in retirement. Financial consultants say that a retiree will need 80 to 100 percent of their preretirement income to retire comfortably. The average California State Teachers' Retirement System (CalSTRS) retiree receives only 63 percent of preretirement earnings through their pension. To bridge that gap, 403(b) and 457 plans become valuable for CTA members.

Now is the time to take control of planning for your retirement, no matter what age you are. Here are some tips to consider as you begin making contributions or refining your current 403(b) and/or 457 plan strategies:

- 1. Invest early and wisely.** With pretax contributions, you save on taxes now. Money you contribute to 403(b) and 457 plans is subtracted from your paycheck before federal and state income taxes are calculated. Tax-deferred savings and the magic of long-term compounding work to grow your account balance over time.
- 2. Review your pay stubs and read your statements.** Watch your pay stubs and retirement plan statements to ensure your contributions

are being made accurately and in a timely manner. Your money should be invested in your selected products within two weeks following the deduction from your paycheck — the sooner the better.

3. Become educated so that you are comfortable making good investment decisions. Visit our special website dedicated to financial and investment information, CTAinvest.org. Download or order your free copies of the CTA guides “Closing the Gap: Supplement Your Pension Benefits with a 403(b) or 457 Plan” and “Selecting a 403(b)/457 Advisor & Understanding Plan Fees” at CTAinvest.org or cta.org. 403(b) product information is also available at the CalSTRS website 403bcompare.com. Consider attending 403(b)/457 plan presentations scheduled at many CTA conferences. You can also review your plan prospectuses — if you can’t locate them, contact your vendor and request copies.

4. Ask for help if you need it. Be careful about whom you trust, however. Do your homework and ask questions. Unless the adviser is working in the capacity of a fiduciary, he or she is not ethically or legally obligated to act in your best interest. Be aware that commissioned agents are motivated by income concerns — probably more theirs than yours. For information on evaluating advisers, you can order copies of the guides listed above at CTAinvest.org.

5. Be wary of insurance sales representatives. Insurance sales representatives target educators and work hard to reach out to you. Educators may assume that investment professionals who give presentations at their districts or contact them through the districts have been vetted and are endorsed by the district. This is probably not the case. It is up to you to evaluate their credibility and the products that they recommend to you.

6. Think twice before investing in annuities. Consider investing in mutual fund products. Insurance companies may try to convince you to invest in annuities, which are an alternative investment offered in 403(b) and 457 plans. You need to ask questions such as: Will annuity products provide the results you need? Are their fees disclosed and reasonable? Is the financial strength of the insurance company strong, and will it remain so? Will the agent receive commissions for the sale or convincing you to change investments? Does the annuity product include expensive and unnecessary insurance features? Note: Before transferring funds from an annuity product or requesting a distribution, determine if surrender charges will apply — this is money you can lose if you withdraw your investments too early. There is more information about annuities and mutual fund products including guides and calculators at CTAinvest.org.

7. Manage your defined contribution accounts. Avoid taking loans or withdrawals from your accounts unless absolutely necessary. Contribute as much as you can. Consider allocating more toward your contributions when you receive pay increases; and take advantage of catch-up provisions if available. Review your investment products and account balances regularly to determine if your diversification strategy and asset allocation is appropriate for your needs.

8. Speak up with concerns. If you have concerns about your 403(b) and 457 investment choices, sales presentations being given at your district, or your district's 403(b) plan third-party administrator, bring these concerns to your chapter leaders.

You deserve a comfortable retirement without financial worries. We hope these suggestions will help you to make the most of your opportunity to supplement your pension benefits with 403(b) and 457 plans.

Contract Highlight: What is a Grievance?

A grievance is an allegation that there has been a misinterpretation, a misapplication, or a violation of a provision of the contract. The purpose of the grievance process is to secure, at the lowest possible administrative level, equitable solutions to grievances which may affect the welfare or working conditions of Unit Members.

If you have a special event, teaching story, or any other announcement that you would like to share, please send it to hta.comschair@gmail.com.