



# Your Retirement Plan

**Wespath**

# Who can easily answer basic questions about your retirement plan?



01

Are you contributing to your retirement plan?

02

How much are you contributing?

03

How is it coming out of your paycheck?  
Before-tax? Roth?

04

What is your approximate balance?



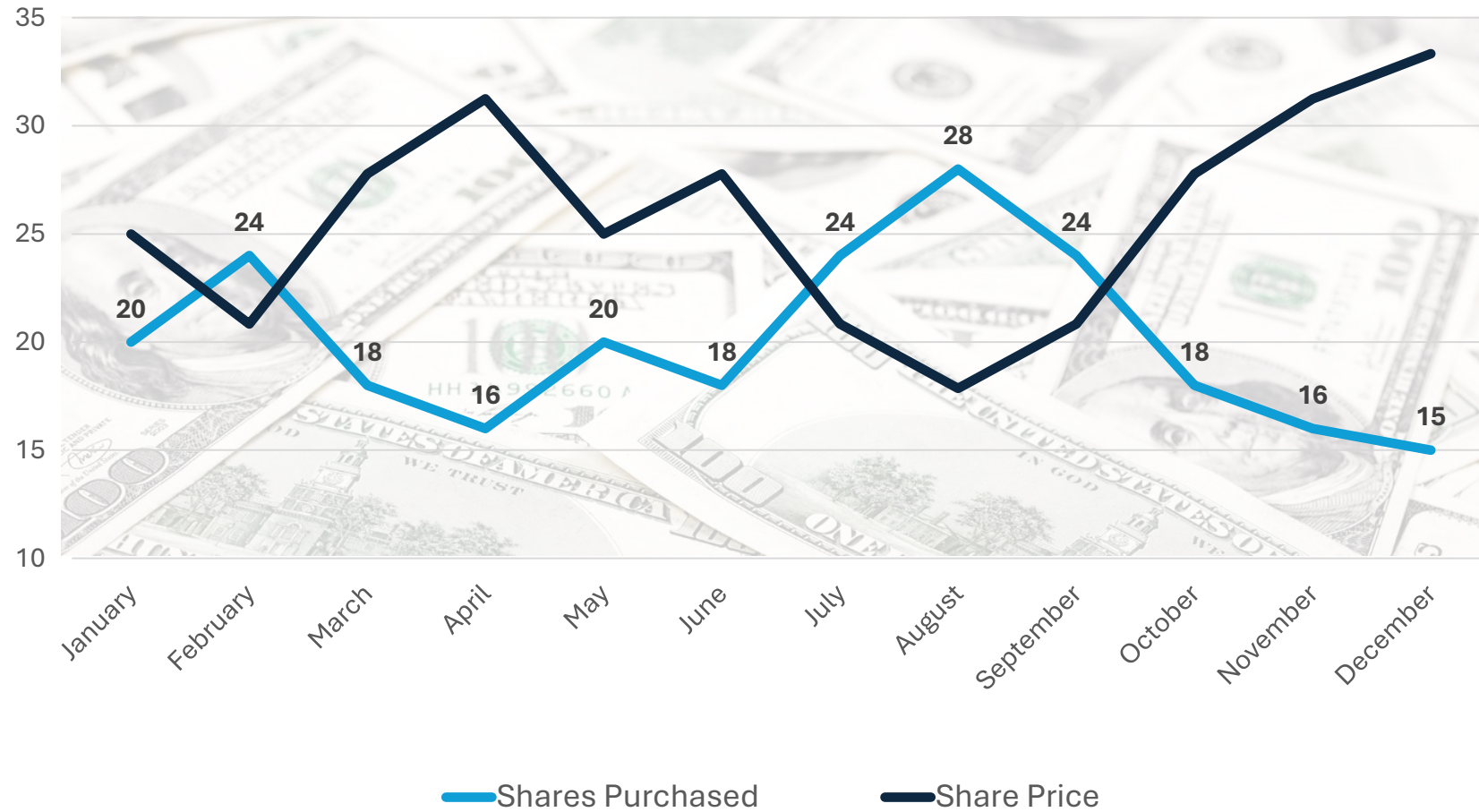
# Contribution Types

Before-Tax Contributions	Roth Contributions	After-Tax Contributions
<i>Avoid Taxes Now</i>	<i>Avoid Taxes Later</i>	<i>Pay Taxes Now</i>
No federal, state and SECA income taxes now. Contributions and earnings income tax deferred No federal or state income tax until you receive distributions in retirement	Pay federal, state and FICA/SECA income taxes now and tax-free income on qualified distributions First contribution must be 5 years* prior to withdrawal, and you must be 59½ or older, permanently disabled or deceased	Pay federal, state and FICA/SECA income taxes now Earnings taxed upon distribution in retirement

*Most common personal contributions scenarios but consult with EY or Financial Advisor*

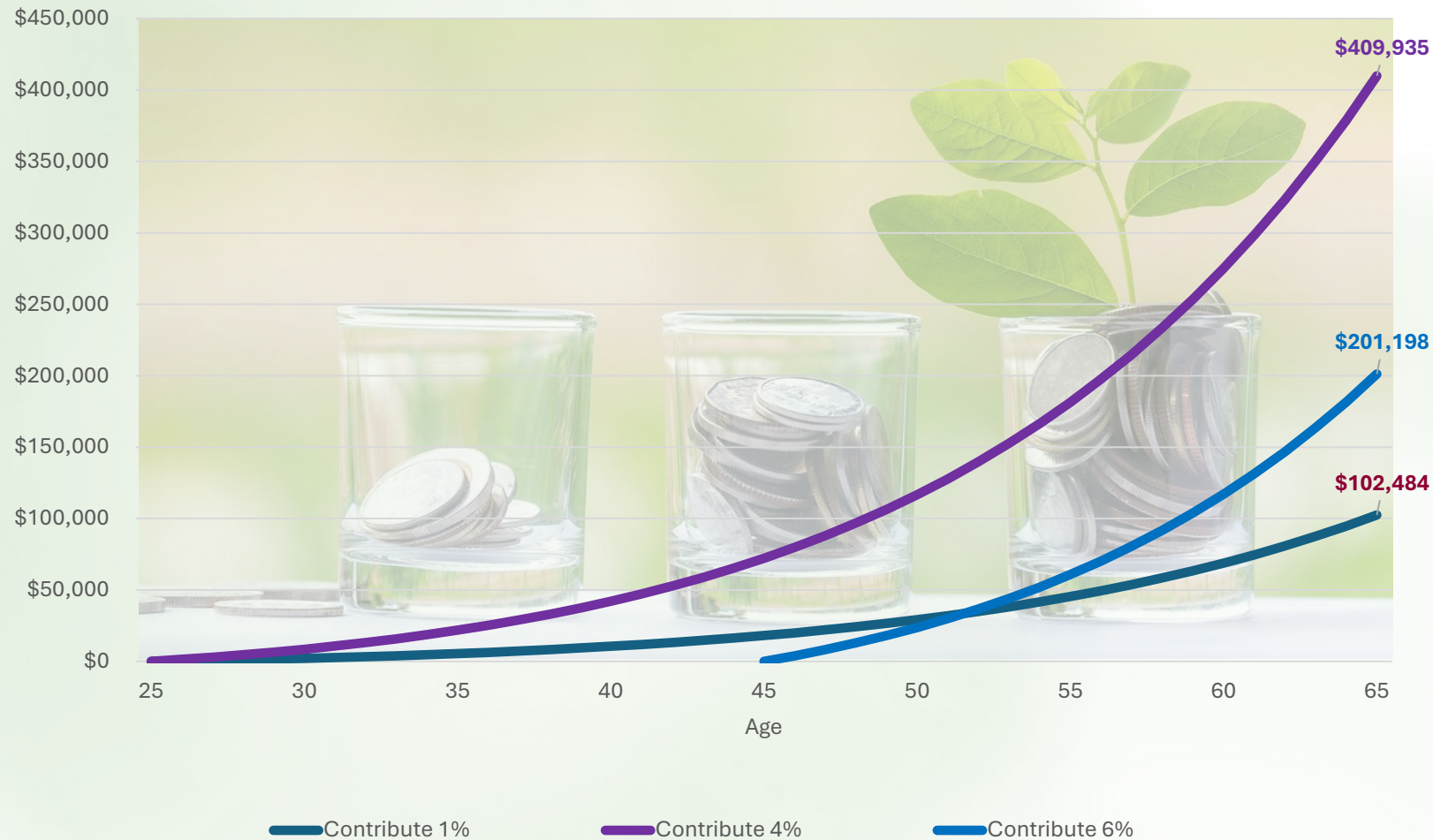
\* Unless a rolled over Roth 403b or 401k is a part of your PIP. Roth balances may be taken last (securing the 5-year qualification) to avoid tax consequences.

# Dollar Cost Averaging



Assumes constant monthly investment of \$500

# Account Grows Over Time



## Assumptions:

Starting plan compensation:

**Age 25: \$35,000**

**Age 45: \$65,000**

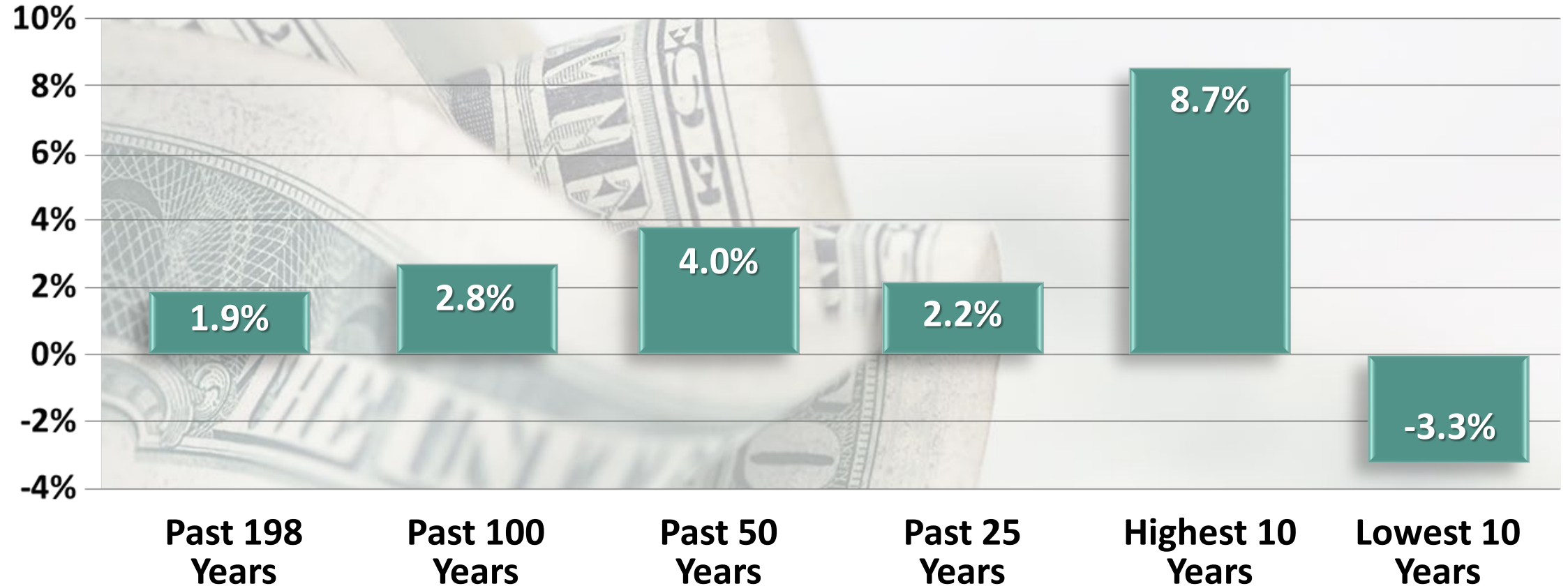
Annual plan compensation growth:

**3%**

Annual investment growth:

**7%**

# Historical Annual U.S. Inflation Rates



Sources: 1821-1913 Global Financial Data; 1914-2018 U.S. Bureau of Labor Statistics; Consumer Price Index for All Urban Consumers: All Items (CPIAUCNS), retrieved from FRED, Federal Reserve Bank of St. Louis

# Tax Efficiency Strategies

	Before-Tax Savings	Roth Savings
Gross Pay	\$2,083.33	\$2,083.33
FICA (OASDI/Medicare)	(159.38)	(159.38)
403(b) Before-Tax Contribution	(166.67)	-
Federal Tax	(159.77)	(179.77)
403(b) Roth Contribution	-	(166.67)
Net Paycheck	\$1,597.51	\$1,577.51
<b>Tax Savings</b>	<b>\$20.00</b>	<b>-</b>
<b>Total Saved (if save the tax savings)</b>	<b>\$186.67</b>	<b>\$166.67</b>

Note: Assumes non-clergy participant with \$50,000 annual pay, 8% contribution to the 403(b), filing Single, and 7.65% FICA (lay).

# Housing Allowance Exclusion in Retirement

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Amount to be excluded is the least of:

- Amount designated as housing allowance
  - Generally, comes from annual conference resolution designating a housing allowance
- Amount actually expended for housing
- Fair rental value of the housing

