EQUITABLE

How a 403(b) plan works with your pension

Make sure you're retirement ready

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What we'll cover today

How a 403(b) works with your pension plan

1. **Sources of retirement income**
2. **Differences between 403(b) and pension plans**
3. **Retirement income case studies**
4. **Benefits of 403(b) Early Savings**
5. **Value of an Advisor**
6. **Conclusion**

1

Sources of retirement income

Determine your potential income sources

Where your retirement income will come from

- ✓Pensions
- ✓403(b) retirement account
- ✓Social security
- ✓Income from a part-time job

Determine your potential income sources

What are pension and 403(b) plans?

Type of Plan	Pension Plan	403(b) Plans
Definitions	A pension plan is a retirement plan that requires employers (and, in most states, employees) to make contributions into a pool of funds set aside for workers' future benefits. This pool of funds is invested on the employees' behalf and the earnings generate income to employees after they retire.	A 403(b) plan is a retirement plan established for the benefit of employees of public schools and certain tax-exempt organizations. These plans accept payroll-deducted contributions for participant-directed investing and are intended to help employees generate retirement income.

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Differences between 403(b) and pension plans

Differences between 403(b) and pension plans

Frequently asked questions (FAQs)

FAQs	403(b) Plans	Pension Plans
Who contributes?	You	Your employer and, in most states, you
Who makes investment decisions?	You	Your employer via the pension system
Who decides my income benefit?	You select the income option and then the amount is based on account value	The pension system establishes a formula for your income benefit
If I change jobs, are rollovers permitted?	Yes	Yes, but only for your contributions plus their earnings
Can I request withdrawals before retirement?	Yes, at age 59½ or at any age following severance of employment. Also permitted for a hardship or disability.*	No

*Withdrawals are taxed as ordinary income and may be subject to a 10% federal penalty if made prior to age 59½. For withdrawals taken after severance, the 10% penalty applies on withdrawals taken prior to age 55.

Differences between 403(b) and pension plans

Periodic partial distributions from a 403(b) account

- Permitted from your 403(b) account after retirement (instead of monthly income); not permitted with pension plans
  - For example, make a lump-sum withdrawal when specific needs arise (e.g., you need a new roof or new car)
  - Retain the balance in your account, where your money has the potential to grow tax-deferred and be available for future needs.
- Provides more flexibility for retirement planning

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Retirement income case studies

A retirement income case study

What will your pension income be?

Calculation steps…	Hypothetical example*
Find your state pension formula	*Average salary of 3 highest paid years* **x** *state percentage factor* **x** *# of years worked contributing to the pension plan*
Determine the average salary of 3 highest paid years	1) $48,000 + $50,000 + $52,000 = $150,000 2) $150,000/3 = **$50,000**
Look up the percentage factor for your plan	**.02** for **30** years service
Calculate your pension income before taxes	$50,000 x .02 x 30 years = **$30,000** annual pension before taxes
Estimate taxes to determine after-tax retirement income	$30,000 – $3,300 = **$26,700** annual pension after taxes, assuming an 11% federal tax rate

*This example is for illustrative purposes only and does not represent any particular state pension formula.

A retirement income case study

How much income will you need?

Calculation steps…	Hypothetical example
Determine your day-to-day living expenses	$35,000 (mortgage, food, utilities, healthcare, etc.)
Calculate expenses for the things you want to do	$12,000 (travel, hobbies, dining out, etc.)
Retirement Income Goal	**$47,000**

A retirement income case study

Will you have a retirement income gap?

Calculation steps…	Hypothetical example
Set your retirement income goal	**$47,000**
Subtract your projected retirement income	$26,700 (pension only, after taxes.)
Calculate if you have an income gap	-$20,300
Find ways to close the gap	• Work longer to increase pension benefit • Find part-time work in retirement • Supplement income with 403(b) savings

A retirement income case study

Supplement your pension income with a 403(b)

Calculation steps...	Hypothetical example
Determine your annual pension income	**$26,700**
Estimate your 403(b) account balance at retirement	$300,000 (saved in a 403(b) plan during working years)
Calculate annual income from your 403(b)	$21,216 (assuming annual withdrawals starting at age 65 with a 6% annual rate of return, leaving at least $1 balance at age 95.)
Add 403(b) and pension incomes	**$47,916** (total retirement income exceeds $47,000 goal)

This hypothetical example does not reflect actual investment results and is not a guarantee of future results. All calculations are shown only for illustrative purposes only. Actual rates of return will vary over time which may result in different annual withdrawal amounts. The amounts have been rounded and do not take taxes or product-related charges into account. Retirement accounts are subject to market risk, including the potential loss of the investor's entire investment.

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Benefits of 403(b) Early Savings

Benefit of starting early

3 ways to save $300,000

Starts now AGE 25	Waits 10 Years AGE 35	Waits 20 Years AGE 45
Monthly Salary **$3,000**	Monthly Salary **$4,000**	Monthly Salary **$5,000**
Saves 5% monthly **$150**	Saves 7.5% monthly **$300**	Saves 13% monthly **$650**
Total contributions at age 65 **$71,947**	Total contributions at age 65 **$106,979**	Total contributions at age 65 **$155,055**

These hypothetical examples assume a potential 6% annual rate of return and are not based on the performance of actual investments or products. Actual rates of return will vary over time. The amounts have been rounded and do not take taxes or product-related charges into account.

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Value of an Advisor

Value of the Advisor

Impact on K-12 403(b) participants

WORKED with a financial professional

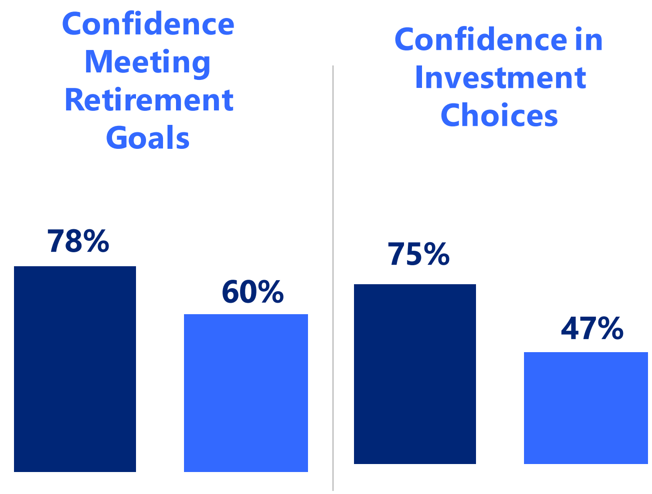
$48k

Median Account Balance

DID NOT WORK with a financial professional

$39k

Median Account Balance



Those who worked with a financial professional are more confident in meeting their retirement goals and in their investment choices than those who did not.

Equitable "Value of the Advisor Study, 2022. Respondents included 1,001 K-12 educators who participated in their 403(b) plan. Steps were taken to ensure the sample was nationally representative by age, region and gender. Only 11% of the participants surveyed were our account holders.

Summary

Now is the time to think about retirement income

- Figure out how much you'll need in retirement and where that money will come from
- Save as much as you can in a 403(b) account
- Make sure investments are diversified
- Ask your financial professional to help you stay on track

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Questions?

Important Notes

Equitable believes that education is a key step toward addressing your financial goals, and we've designed this material to serve simply as an informational and educational resource. Accordingly, this material does not offer or constitute investment advice and makes not direct or indirect recommendation of any particular product or of the appropriateness of any particular investment-related option. Your needs, goals, and circumstances are unique, and they require the individualized attention of your financial professional. But for now, take some time just to learn more.

Annuities are long-term financial products designed for retirement purposes. In essence, annuities are contractual agreements in which payment(s) are made to an insurance company, which agrees to pay out an income or a lump sum amount at a later date. There are contract limitations and fees and charges associated with annuities, which include, but are not limited to, mortality and expense risk charges, sales and surrender charges, administrative fees, and charges for optional benefits. A financial professional can provide cost information and complete details. Variable annuity subaccounts fluctuate with changes in market conditions. When surrendered, the principal may be worth more or less than the original amount invested.

An annuity contract that is purchased to fund a qualified retirement plan should be chosen for the annuity's features and benefits other than tax deferral. For such cases, tax deferral is not an additional benefit for the annuity. You may also want to consider the relative features, benefits, and costs of this annuity with any other investment that they may have in connection with their retirement plan or arrangement.

Withdrawals from annuities are subject to normal income tax treatment and if taken prior to age 59 ½ may be subject to an additional 10% federal income tax penalty. Withdrawals may also be subject to a contractual withdrawal charge.

Before investing, investors should carefully consider the investment objectives, risks, charges and expenses of a group variable annuity and its underlying investment options. The current contract prospectus and underlying fund prospectuses, which are contained in the same document, provide this and other important information. Please contact the issuing company to obtain the prospectuses. Please read the prospectuses carefully before investing or sending money.

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