savingsplus
CALIFORNIA STATE EMPLOYEE 401(k) & 457(b) PLANS

Enrollment Guide

Enroll online today

Save today Enjoy tomorrow

One of the best things you can do for your future is to begin saving now

Savings Plus is with you for life.

The income gap risk

Your two major sources of retirement income will probably be your pension and Social Security benefits.

On average, state retirees earn $41,040 per year from their pension,[1] and Social Security benefit assessments vary. You may need 70% to 90% of your current income just to maintain your standard of living in retirement, so there could be a gap between the income you need and what your other income sources may provide.

This gap isn't limited to the amount of income you receive each pay period. Consider the impact of the following factors on your retirement goals:

- Increases in medical and long-term care costs
- Benefits not keeping up with inflation
- The possibility of career changes before qualifying for a full pension
- Outliving your resources

Use this guide to help you make decisions about saving for retirement with Savings Plus. Saving a little every payday could potentially fill that gap.

Let's get started!

[1] "Facts at a Glance — Public Employees' Retirement Fund," calpers.ca.gov/docs/forms-publications/facts-pension-retirement.pdf (accessed October 6, 2022).

Who we are

Savings Plus allows you to save money for your retirement. Our 401(k) and 457(b) plans help bridge any gap between what you have in your pension, savings and Social Security and how much you will need in retirement.

Our voluntary retirement program allows you to supplement your retirement benefits through pre-tax and Roth payroll contributions.

Savings Plus is complementary to your CalPERS pension and is a valuable state benefit offered by the California Department of Human Resources (CalHR).

You're eligible to enroll in a Savings Plus 401(k) and 457(b) Plan if you:

- Are an employee or officer on the payroll of the state who is eligible to participate in the California Public Employees' Retirement System ("CalPERS"), Judges' Retirement System ("JRS," including the Judges' Retirement System II Law or "JRS II") ("JRS"), Legislators' Retirement System ("LRS"), or California State Teachers' Retirement System ("CalSTRS")
- Are an assembly member or senator on the state's payroll
- Separate from state and CSU system employment and return to service as a "rehired annuitant" (the term "rehired annuitant," used in the CSU system, is also known as "retired annuitant" among state employees)
- Are an active participant in the Part-time, Seasonal, and Temporary (PST) Employees Retirement Program

7 reasons to enroll

1 Easy to contribute

Pre-tax and Roth after-tax contributions to 401(k) and 457(b) Plans are automatically deducted from your paycheck.

2 The power of compounding

The earlier you start saving, the less it may cost per pay period to reach your goal. Compounding uses time to help your money make money for you by continually reinvesting your contribution earnings. While compounding doesn't guarantee that you will have enough money through retirement, it can be a powerful engine for potential asset growth.

3 Flexible contributions

Once you decide on pre-tax or Roth contributions, you will choose whether you'll contribute a flat dollar amount per paycheck or a percentage of your pay. With Percentage of Pay, your contribution amount automatically increases as your salary increases — helping you contribute more. You can change your investment mix and contribution amount at any time.

4 Automatic service features

When you use our Auto Increase feature, your contribution amount automatically increases when you want it to. The Auto Asset Rebalancing feature automatically rebalances your account quarterly based on the initiation date.

5 Lower fees and investment operating expenses

Savings Plus is able to negotiate lower fees than may be available to participants through other retirement plans. In fact, the administrative charge is only $6 per quarter per plan,[2] and new accounts may qualify for a 4-quarter fee waiver after the initial contribution.

6 Personal assistance

Licensed and noncommissioned Retirement Specialists, located throughout the state and in our Sacramento-based Walk-In Center, are ready to assist you every step of the way, up to and through retirement.

7 Diverse investment options

Savings Plus offers a diverse lineup of investment choices from which to build your portfolio.

[2] The $6 charge is in addition to an annualized 0.04% asset-based fee assessed at 0.01% quarterly on the first $600,000 of your account balance, capped at $60 per quarter.

What are the plan types?

Savings Plus offers you flexibility in how you save for retirement. Our 401(k) and 457(b) plans allow you to choose whether you're going to make pre-tax, Roth, or both types of contributions.

401(k) distributions can begin without a 10% early withdrawal tax after age 59½ while still employed by the state, or at age 55 if separated from state service. Note: Public safety employees age 50 or older who retire or separate from service aren't subject to the additional 10% early withdrawal tax on their 401(k) plan account.

457(b) distributions can begin after age 59½ while still employed by the state. You're eligible to receive a distribution when you separate or retire, regardless of age, without being subject to an early withdrawal tax.

Contribution types — Pre-tax vs. Roth

Pre-tax contributions

- Come out of your pay before taxes are deducted
- Lower your taxable income now
- Earnings grow tax-deferred until withdrawn
- Withdrawals are taxed as ordinary income

Roth contributions

- Come out of your pay after taxes are deducted
- Contributions and related earnings may be withdrawn tax-free during retirement if certain criteria are met
- Participation has no income restrictions (unlike a Roth IRA)
- Can be used for estate planning
- Offer tax planning flexibility in retirement

Contributions can be specified as a percentage of your pay or a dollar amount.

Investing styles

You decide how involved you want to be with selecting and managing your funds. Whether you need a little help, a lot of help or no help at all, Savings Plus is here for you.

When you enroll using the ***Enrollment Form***, your contributions will post to the Target Date Fund (TDF) that most closely aligns with the year you turn 62. More investment options are available if you choose to enroll online. Consider the investing approaches below to help you make your decisions.

Do it for me

Our TDFs are custom-built investment portfolios that are designed and managed by investment professionals to maintain a well-diversified investment portfolio that appropriately keeps pace with each stage of life. The fund aligns with the year you turn 62 (the qualified default investment alternative) and automatically rebalances to maintain the target allocation of the underlying investment strategies. The fund gradually shifts to become more conservative over time.[3]

Do it myself

Build and manage a customized portfolio by using the Savings Plus core investment funds.

If you prefer a hands-on approach but also want help when you need it, use our free **My Investment Planner**℠ online advice tool to guide your investment strategy. Implement the recommended strategy or modify it to meet your needs.

You can also use our Automatic Asset Rebalancing feature to ensure your investment selections remain allocated the way you initially intended.[4]

Manage it for me

Nationwide ProAccount® is a fee-based, managed account service that creates and maintains a personalized retirement investment strategy.

Nationwide ProAccount is composed of the Savings Plus core investment funds. Our investment lineup features a range of asset classes with differing levels of risk/reward potential.[5]

[3] TDFs invest in a wide variety of underlying funds to help reduce investment risk. Like other funds, TDFs are subject to market risk and loss. Loss of principal can occur at any time, including before, at or after the target date. There is no guarantee that target date funds will provide enough income for retirement.

[4] The **Personal Choice Retirement Account (PCRA), a self-directed brokerage account (SDBA)** administered by Charles Schwab & Co., offers a larger variety of investment choices. An auto transfer feature is available to establish recurring transfers from your payroll contributions to your PCRA account.

[5] Before investing, carefully consider the fund's investment objectives, risks, charges, redemption fees, and expenses. Download Fund Fact Sheets and find more detailed investment information on savingsplusnow.com under Investment Information or request the sheets by contacting us at (855) 616-4776.

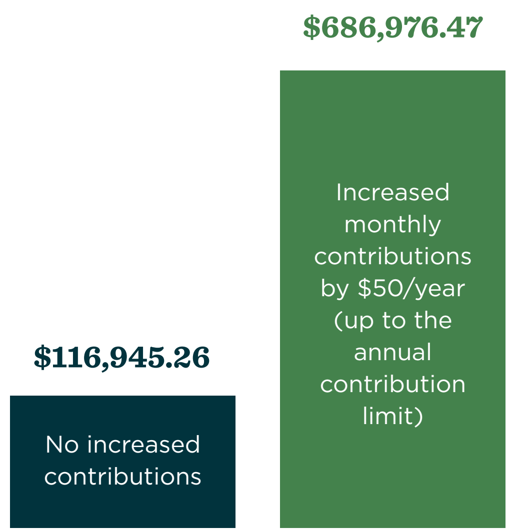
Small increases can make a difference

Increasing contributions to your Savings Plus account can help you feel confident that what you're doing now can positively impact your longer-term goals.

It's easier to save more with Auto Increase.

Our Auto Increase feature lets you automatically increase contributions to your retirement plan account little by little each year.

Choose the date you want your increased contribution to begin, then indicate the amount or the percentage of your increase, and your contributions will automatically increase each year. You can set a reminder of when your increase will occur each year using our text or email alert feature.



Starting with a $100 contribution

This illustration is a hypothetical example that reflects allowable contributions over a 30-year period and assumes 12 pay periods per year. The nominal annual rate of return is 7%, compounded monthly. Investment returns are not guaranteed and will vary depending on investments and market experience. If fees, taxes and expenses were reflected, the hypothetical returns would be less.

Ready to enroll?

CHOOSE PLAN TYPE

- ☐ 401(k)
- ☐ 457(b)

You may contribute up to the annual limit to each plan type; however, it's not necessary to enroll in both plans unless you expect to exceed the annual limit in one plan. Each plan has certain advantages and limitations, but both offer the same investment options. You'll pay the quarterly $6 administrative charge for each plan type you establish. However, new accounts may qualify for a 4-quarter fee waiver after your initial contribution.

CHOOSE CONTRIBUTION TYPE

- ☐ Pre-tax
- ☐ Roth

You may contribute on a pre-tax basis, Roth basis, or both. See Page 5 for details. Total combined contributions into pre-tax and Roth accounts cannot exceed the IRS limit for each plan type. See limits on Page 10.

DECIDE HOW TO CONTRIBUTE

- ☐ Percentage of pay
- ☐ Dollar amount

There are 2 ways to make contributions: selecting percentage of pay or identifying a dollar amount.

DECIDE HOW MUCH TO CONTRIBUTE

$ ____________ or

____________ %

Our tools and resources on **savingsplusnow.com** can help you determine how much you should contribute from each paycheck in order to meet your goals.

SELECT INVESTING STYLE

- ☐ Do it for me
- ☐ Do it myself
- ☐ Manage it for me

Do it for me: You'll be defaulted into the Target Date Fund (TDF) that most closely aligns with the year you turn age 62. However, you can select a different TDF.

Do it myself: Select your funds if you enroll online using the core investment options.

Manage it for me: Rely on a professional manager to select and manage your funds for an additional fee.

ENROLL

- ☐ **Online** at **savingsplusnow.com**
- ☐ **On paper** by completing our ***Enrollment Form***, available online or from your Retirement Specialist
- ☐ **Over the phone** at (855) 616-4776
- ☐ **Via text** by texting the keyword “savingsplus” to 877697

ESTABLISH AN ONLINE ACCOUNT

☐ Use My Interactive Retirement PlannerSM	Once you’ve enrolled, you can set up an online account. Go to **savingsplusnow.com** and follow the prompts in the LOGIN box (Login Help & Sign Up).
	Get a personalized Retirement Readiness Report by using the My Interactive Retirement Planner℠ on **savingsplusnow.com**.
☐ Auto Increase	Sign up for the **Auto Increase** feature.
☐ Paperless Delivery	Sign up for **paperless delivery** to receive account confirmations and notifications regarding your quarterly statements and newsletters.
☐ Automatic Asset Rebalancing	Take advantage of **Auto Asset Rebalancing**. This service for “Do it myself” investors will restore the investment mix to the original designated investment allocation on a quarterly basis.
☐ Designate a beneficiary	Designate your **beneficiary(ies)** to specify who will receive your plan assets in the event of your death.
☐ Sign up for eAlerts	By setting up **text or email alerts** on your account, you have easy access to verify account activity anytime and anywhere.

Scan this QR code to enroll online today.

Online tools

Visit **savingsplusnow.com** Tools & Calculators for:

- Paycheck Impact Calculator
- My Interactive Retirement Planner
- My Investment Planner

Use My Interactive Retirement Planner after you log in to your account to discover how your financial decisions, assets and planning may affect your retirement future. You can model different contribution amounts to determine how changes may impact overall retirement readiness.

When you use this tool, you'll generate a personalized Retirement Readiness Report that updates each time you make contribution changes to your account. This report includes key information to illustrate whether or not you're on track to meet your projected retirement income needs.

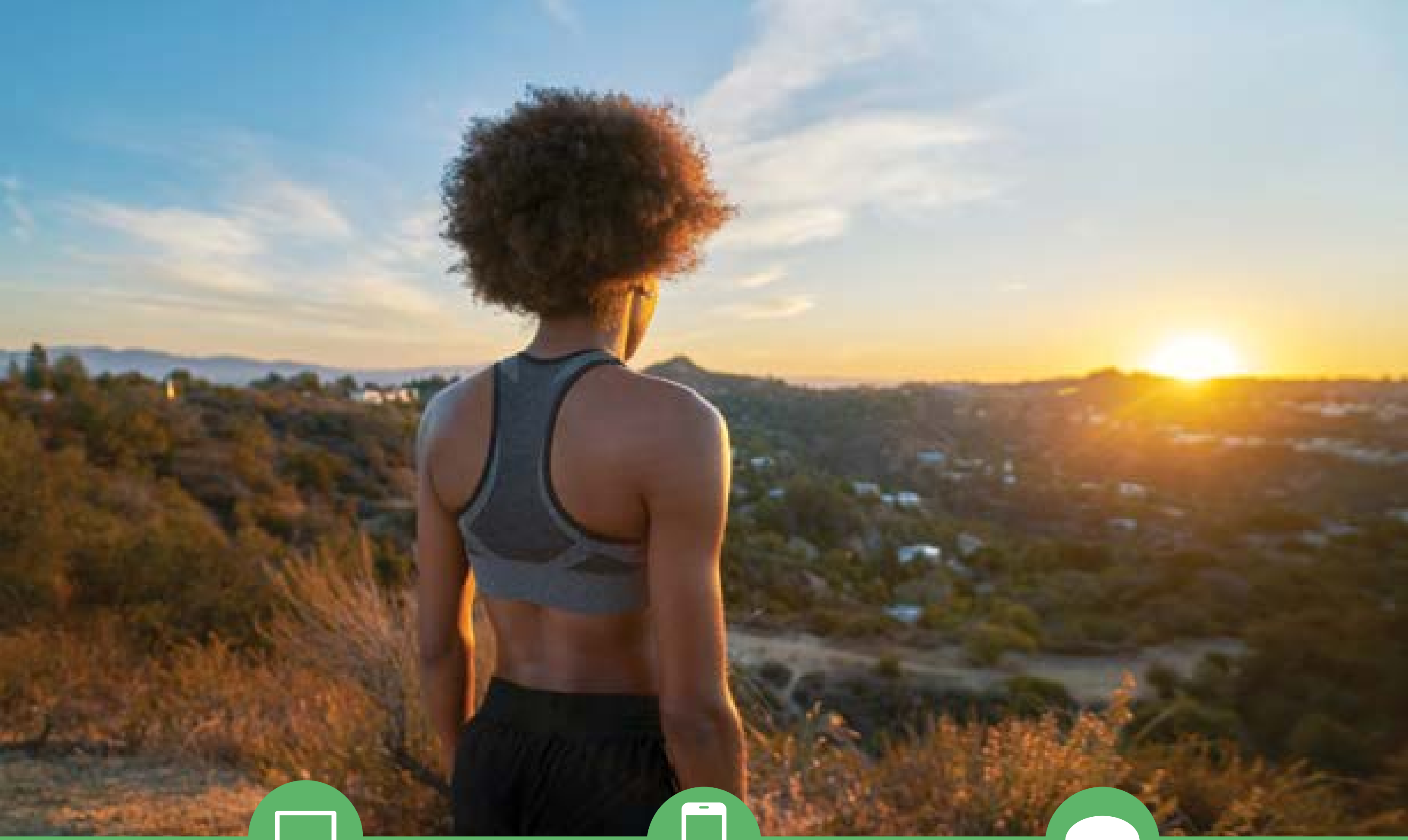
These tools are for informational purposes only. They are not intended to project or predict the results of any specific investment.

401(k) and 457(b) plan contribution limits for tax year 2023

	Maximum contribution limit	Contribution limit plus Age-Based Catch-Up
	If you're under age 50 this year, you may defer as much as ...	If you're 50 or older this year, you may defer as much as ...
401(k)	$22,500	$30,000
457(b)	$22,500	$30,000
TOTAL	**$45,000**	**$60,000**[6]

[6] The total 457(b) limit may be higher if Traditional Catch-Up is utilized. Note: Contributions to PST and 457(b) in the same year are subject to the same limit. Participants with both 403(b) and 401(k) contributions must not exceed $22,500 (or $30,000 if using Age-Based Catch-Up). Source: IRS.gov

Once enrolled, you can change your contribution amount(s) or investment allocations at any time online, by phone, or via mobile device.



savingsplusnow.com

Savings Plus Solutions Center

(855) 616-4776

5 a.m. to 8 p.m. PT weekdays

Savings Plus Walk-In Center

1810 16th Street, Room 108
Sacramento, CA 95811
8 a.m. to 5 p.m. PT weekdays

Scan this QR code to enroll online today.

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