Don’t get stuck in a bad 403(b) with BCPSS!

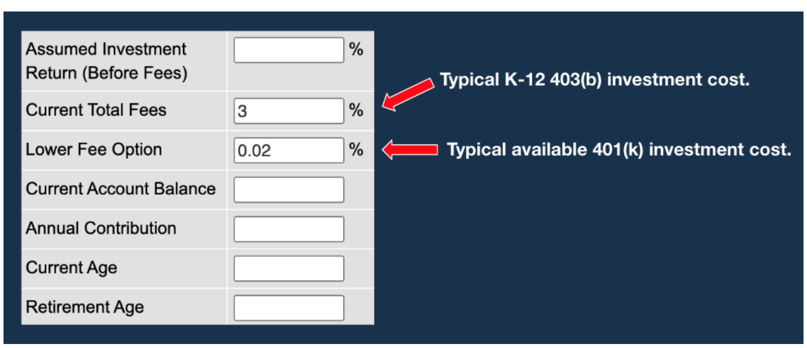
What’s a 403b / 457b?

The 403b and 457b are public-service equivalents to a 401k-- they’re pre-tax retirement savings accounts. You should take advantage of the benefit early in your career and maximize your savings!

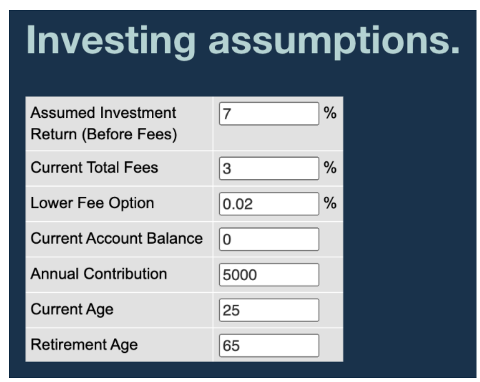
Unfortunately, BCPSS partners with companies whose products charge BIG fees of 1-3% of your earnings. Investment fees matter. A lot. Sometimes numbers alone don't convey how damaging high fees are to savings. We are public servants– we don’t make enough to begin with!

Why is this a problem?

The majority of BCPSS sponsored 403b and 457b plans have high fees. 403b plans are not federally regulated the way 401k plans are. Financial institutions can charge high-fee plans that offer inferior growth. Most of the BCPSS approved 403b and 457b plans charge 3% (average) in fees, eating up nearly HALF the growth your money would otherwise make. Check this out:

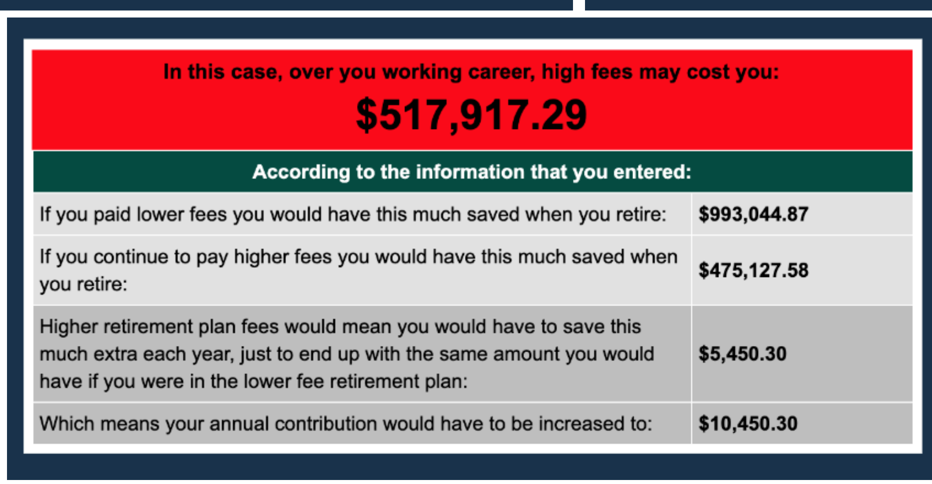


Assumed Investment Return (Before Fees)	%
Current Total Fees	3 %
Lower Fee Option	0.02 %
Current Account Balance	
Annual Contribution	
Current Age	
Retirement Age	



Investing assumptions.

Assumed Investment Return (Before Fees)	7 %
Current Total Fees	3 %
Lower Fee Option	0.02 %
Current Account Balance	0
Annual Contribution	5000
Current Age	25
Retirement Age	65



In this case, over you working career, high fees may cost you:

$517,917.29

According to the information that you entered:

If you paid lower fees you would have this much saved when you retire:	$993,044.87
If you continue to pay higher fees you would have this much saved when you retire:	$475,127.58
Higher retirement plan fees would mean you would have to save this much extra each year, just to end up with the same amount you would have if you were in the lower fee retirement plan:	$5,450.30
Which means your annual contribution would have to be increased to:	$10,450.30

403BWise.org

Join the BTU Organizing Committee
Meets the 2nd Wednesday of Month at 5:00PM

We Are ORGANIZING
JOIN US !

Join monthly meetings: bit.ly/btuorganizing

What can I do?

1) **AVOID THE SALES PEOPLE!** They'll approach you at NESI, in the staff lounge at school or even come to your classroom. They will make you anxious that you're making bad financial decisions, and that opening an account with them is the right thing to do. DO NOT BUY IT!

← **Here's our district's list of partners:**
TSA Consulting Group - Baltimore City Public Schools

Here's 403BWise's rating of them: →

2) Open a 403b with **Vanguard**! There are no "great" 457b options for us at present. Vanguard's 403bindex funds (the lowest-cost funds, they reflect an overall slice of the market rather than the individual picks of a fund manager) average fees of .05-.06%. That means you keep a whole lot more of YOUR money (and all that good compounding growth). Vanguard phone **(800) 569-4903** Plan # **437182**

3) Start contributing to your 403b! First, fill out a Salary Reduction Agreement (SRA) with TSACG, the 3rd party that BCPSS pays to manage our retirement options. They "reduce your salary" by an amount you determine and send it to your 403b each paycheck. MAXIMIZE these savings. Quick Link to TSA: t.ly/qVrdp or use the QR code over there →

4) Share this resource with your colleagues! Vanguard is the only "A"-rated 403b option currently available to BCPSS employees, and we (BTU members) are the **only ones** who can help one another not get taken for a ride by the other high-fee vendors.

Another resource is "403BWise." They're an advocacy group focused on helping teachers avoid high-fee plans and predatory sales reps. They rate BCPSS approved vendors. 403BWise's website (403BWise.org) and their Facebook group have lots of help for you at every step of your career! Quick link: t.ly/tSpS9 or use the QR code over there ←

Things you should know:

- BTU members are trying to eliminate predatory financial services companies from the BCPSS approved vendor list! Come to a **BTU Organizing Committee** meeting to help make it happen!
- **Avoid annuities.** Financial wisdom says that complicated products like these enrich the salesmen, and not the diligent and responsible saver (you). If you want to know more, the New York Times dug into this one: Quick link here t.ly/dE8X7