

# OMNI Updates

4th Quarter 2018

Providing a Better Understanding of Your Tax Deferred Retirement Benefit

## Stock Market Volatility Should You Be Concerned?



Concerns about losing one's nest egg came to the forefront with the 2008 financial crisis when many people saw their balances dwindle. Recent uncertainty in the stock market has once again made headlines. Whether these market fluctuations are affecting you personally or your friends, family or colleagues, the issue of stock market volatility for retirement investors became more important than ever. These concerns were reflected in OMNI's 2017 survey, with 12% of respondents citing "fear of stock market volatility" as a factor which made them reluctant to utilize their 403(b)/457(b) plans.

All investments entail a degree of risk, and in light of this fact it is understandable that some are reluctant to utilize voluntary plans. If stock market volatility remains a concern for you as you plan for your retirement, here are a few points to consider:

- > Service providers may offer interest bearing and/or stable value funds that are not directly tied to market performance.
- > Many service providers offer an array of investment vehicles that allow you to select investment products which align with your level of risk tolerance.
- > Target date funds can be yet another option to assist in the management of risk. These investment vehicles are typically designed to decrease your exposure to risk as you get closer to your anticipated retirement date. For example, if you are planning to retire 30 years from now, i.e., in 2045, a Target Date 2045 fund will become progressively more conservative as you approach that date.

Many service providers provide managed accounts, risk management tools and other avenues to assist you in the retirement planning process. Contact your provider to see what may be available.

## 2019 Maximum Allowable Contributions Limits (MAC)

The IRS has recently announced the 2019 Maximum Allowable Contribution (MAC) limits for 403(b) and 457 plans. Elective contribution limits have increased from their 2018 levels. The elective deferral limit for 403(b)/457 plans will now stand at \$19,000. Employees age 50 and over will be entitled to contribute an additional \$6,000 to their 403(b) or 457 plan(s) thereby increasing the elective deferral limit to \$25,000. Individuals with at least 15 years of service with their current employer may be entitled to contribute up to an additional \$3,000 above their age-based limit, potentially increasing the limit to \$28,000 for a participant utilizing both the age based and the full amount of the service based catch-up provisions.

	2018	2019
403(b)/457(b) Elective Deferrals	\$18,500.00	\$19,000.00
Catch-Up Contribution	\$6,000.000	\$6,000.000
Non-elective/Employer Contributions (Section 415(c))	\$55,000.00	\$56,000.00

If you expect to make or receive a non-elective/ employer contribution in 2019, please note that the 415(c) limit has increased from \$55,000 to \$56,000, permitting employers to contribute up to \$56,000 to an employee's 403(b) plan. Recipients of non-elective contributions aged 50 and up will retain the opportunity to utilize the age based catch-up beyond the 415(c) limitation, allowing for a "combined maximum" of \$62,000 in 2019. Please note that the amount of non-elective employer contributions is reduced by employee elective deferrals.

If you have any questions concerning contribution limits, or any other 403(b)/457 matter, please contact OMNI at 877-544-6664.





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## Are pensions becoming a thing of the past?

As 2018 comes to an end, OMNI continues to address questions about participating in a 403(b). According to a recent survey conducted by OMNI, many participants feel that 403(b) participation may not be a valuable tool in securing a financially stable retirement, with almost 15% of respondents indicating that they chose to rely solely on a pension.

Pensions have a long history in the workplace - particularly in the education industry. There was a time when the terms 401(k) and 403(b) were not as prevalent as they are today and workers took comfort knowing employer funded pensions would cover their retirement needs without any need for action on their part. As anyone can tell you, times have changed.

In today's landscape of budgetary constraints, many have begun to speculate that pensions are becoming a thing of the past. In the private sector, pensions are all but extinct. Traditional pension plans now cover roughly 18 percent of private-sector workers, down from 35 percent in the early 1990s. Though public employees have not seen such reductions, it may be inevitable as actuaries estimate public sector pension plans could be underfunded up to \$4 trillion dollars. States like Colorado, Ohio and Wisconsin have already begun steps to reform which may affect public employees expecting comfortable pensions.

There is no way to determine how individuals in various areas of the country will be affected but here are some suggestions to stay ahead of the curve:

Contribute to your savings. You have access to a tax-advantaged savings plan such as a 457(b) or 403(b), take advantage of it! Any money contributed to these plans are 100% vested and cannot be taken away from you. There is no such thing as having too much savings!

Understand your pension situation. Speak with your benefits department or qualified financial advisor who can explain how your government employee pension is likely to affect you and mesh with other plans for which you may qualify, including Social Security.

## Roth IRA

### DOES YOUR PLAN OFFER A ROTH OPTION?

If you're not sure, contact OMNI, or visit our website at [www.omni403b.com](http://www.omni403b.com) to determine whether your plan offers a Roth option.

1.877.544.OMNI (6664)

#### Bethlehem Central School District

New accounts may be opened with the following approved service providers:

ACCESS PLANNING  
AMERICAN CENTURY SERVICES LLC  
AMERICAN FUND/CAPITAL GUARDIAN  
AMERIPRISE FINANCIAL SERVICES INC.  
AXA EQUITABLE LIFE INSURANCE COMPANY  
BRIGHTHOUSE LIFE INS (METLIFE CT/TRAVELERS)  
CADARET GRANT & CO.  
FIDELITY MANAGEMENT TRUST  
FORESTERS FINANCIAL (FIRST INVESTORS)  
LINCOLN INVESTMENT PLANNING  
METLIFE  
OPPENHEIMER SHAREHOLDER SVCS.  
PUTNAM INVESTMENTS  
THE LEGEND GROUP/ADSERV  
VALIC  
VANGUARD FIDUCIARY TRUST CO.  
VOYA FINANCIAL (NATL NY)  
VOYA FINANCIAL (VRIAC)  
WADDELL & REED INC.