

OMNI Updates

Providing a Better Understanding of Your Tax Deferred Retirement Benefit

1st Quarter 2017

The Future Looks Bright!

With winter coming to an end, the future looks bright with warmer weather ahead and many new happenings at OMNI.

The Financial Wellness Center has been updated and can be accessed through our website. This site serves as an educational resource providing tools and unbiased information to help you in your financial wellness journey. Learn more about retirement savings plans, managing personal finances, college funding options, and how to navigate Social Security when the time comes.

You will find calculators, videos, and informative content on various topics to help guide you in your planning process.



403(b) Fact: One Time Deductions

Even though recurring payroll contributions are the most common way to contribute to a 403(b) plan, you can shelter a larger amount on a one-time basis as long as you stay within yearly limits. If you receive a larger than average paycheck, such as one before summer break, or if you have a little extra to spare from your paycheck due to an event like receiving an income tax return, you can accomplish this larger deduction using OMNI's online Salary Reduction Agreement (SRA). Making a one-time contribution will not disrupt your recurring contribution unless you specifically request to do so. Below is an example of how to fill out the SRA to accomplish a one-time contribution while continuing to resume your recurring payroll deductions.

Example

OPTION 2: One-Time Contributions (Elective Contributions Only)

Plan Type	Service Provider	Account #	Effective Date	Amount	DISCONTINUED	RESUMED
<input checked="" type="checkbox"/> 403(b) <input type="checkbox"/> ROTH 403(b)	ABC Financial	123456	5/1/2017	\$1000.00	<input type="checkbox"/> DISCONTINUED	<input checked="" type="checkbox"/> RESUMED
<input type="checkbox"/> 403(b) <input type="checkbox"/> ROTH 403(b)					<input type="checkbox"/> DISCONTINUED	<input type="checkbox"/> RESUMED

After this contribution, any 403(b) recurring contributions to this service provider should be:

DISTRIBUTIONS

"When can I get my money?" is a common question for retirement savers. In the 403(b) world, withdrawing money from your account typically needs to occur pursuant to a qualifying event.

It is important to understand the general qualifying events for a distribution:

Attainment of age 59½

One you reach age 59 ½, you may withdraw funds from your 403(b) account at any time without an IRS early-withdrawal penalty. Please note, however, that this provision does not apply to 457(b) plans.



Severance from Employment

Separation from service allows you to take a distribution from your 403(b) that you had with the employer account from which you are separating.

Death

Upon your death, your 403(b) plan becomes accessible to your beneficiaries. Death benefits to be paid, however, depend on when your death occurs and who your designated beneficiaries are. It is important to work with your 403(b) service provider to keep your beneficiary information accurate and updated to avoid lengthy and costly probate proceedings.

Permanent Disability

A participant with a 403(b) retirement plan who becomes disabled can withdraw money from his/her account without penalty. To qualify for a disability waiver of the tax penalty, account holders must prove that, due to their mental or physical condition, they can no longer perform substantial gainful activity.

All distributions remain subject to ordinary federal and state income tax and withdrawals occurring before age 59 ½ may be subject to a 10% IRS early withdrawal tax. If you need to access funds in your 403(b) but do not fall under any of the above qualifying events, there may be other avenues available to you depending on what your plan permits.

OMNI's call center is available Monday through Friday from 7:30 A.M. – 8:00 P.M. EST, and is staffed with bilingual representatives who are equipped to handle all participant questions and concerns regarding distributions.



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403(b) and 457(b)... What's the difference?

Your employer may offer you the option of contributing both to a 403(b) and a 457(b) plan. Although the plans are very similar, there are a few differences worth noting:

Similarities:

- Both plans were designed for government and non-profit workers.
- The tax advantages for both a 403(b) and 457(b) are similar in that all contributions are deducted from your taxable income and interest and investment earnings are tax deferred until withdrawal.
- Age based contribution limits are the same. As a reminder, 2017 limits can be found here on our website at www.omni403b.com. Catch-up provisions differ and 457(b) plans do not recognize non-elective contributions.
- If permitted by the plan, both plans may allow for "hardship" (in a 403(b) plan) or "unforeseeable emergency" (in a 457(b) plan) withdrawals. Although these transactions are similar, "unforeseeable emergency" withdrawals have stricter criteria for qualification.

Differences:

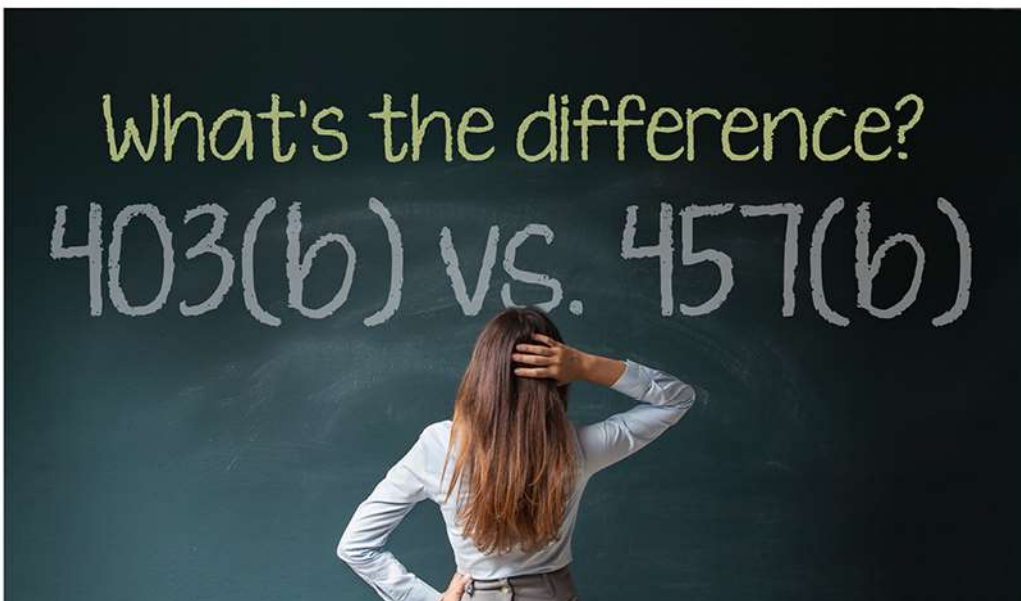
- As discussed previously in this issue, once you turn age 59 ½ you may withdraw from your 403(b) plan, even if still employed. In a 457(b) plan, however, you cannot withdraw funds without penalty until you are 70 ½ if you are still employed. Disability withdrawals are also not available in a 457(b) plan.
- Once separated from employment, a participant may withdraw from his/her 403(b) or 457(b) plan. Although subject to ordinary federal and state income tax, withdrawing from a 457(b) does not result in additional IRS tax penalty regardless of age. Withdrawing from a 403(b), however, may result in such a penalty if done before the age of 59 ½.

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

Aspire Financial Services
AXA Equitable Life Insurance Company
Global Atlantic Financial Group
Lincoln Investment Planning
Putnam Investments
ROTH - Aspire
ROTH - AXA Equitable
ROTH - Lincoln Investment
ROTH - Valic
ROTH - Voya Financial (Reliastar)
VALIC
Voya Financial (Reliastar)
Waddell & Reed Inc.
Aspire Financial Services - 457
Global Atlantic Financial Group - 457
Lincoln Investment Planning - 457
Putnam Investments - 457
Valic - 457
Voya Financial (Reliastar) - 457
Waddell & Reed Inc. - 457



Start TODAY!
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