

Understanding your 403(b) plan

Q&A: Know the basics



SAVE TODAY FOR A MORE CONFIDENT TOMORROW

You recognize the importance of saving for your future. Enrolling in your retirement plan is a smart decision – and we’re here to help you plan ahead, with information for every step along your journey to retirement.

What’s a 403(b) plan?

A 403(b) plan is a tax-deferred retirement plan designed to help you invest regularly for your retirement. Your contributions are taken directly from your salary before it’s taxed and can be invested among a selection of investment options.

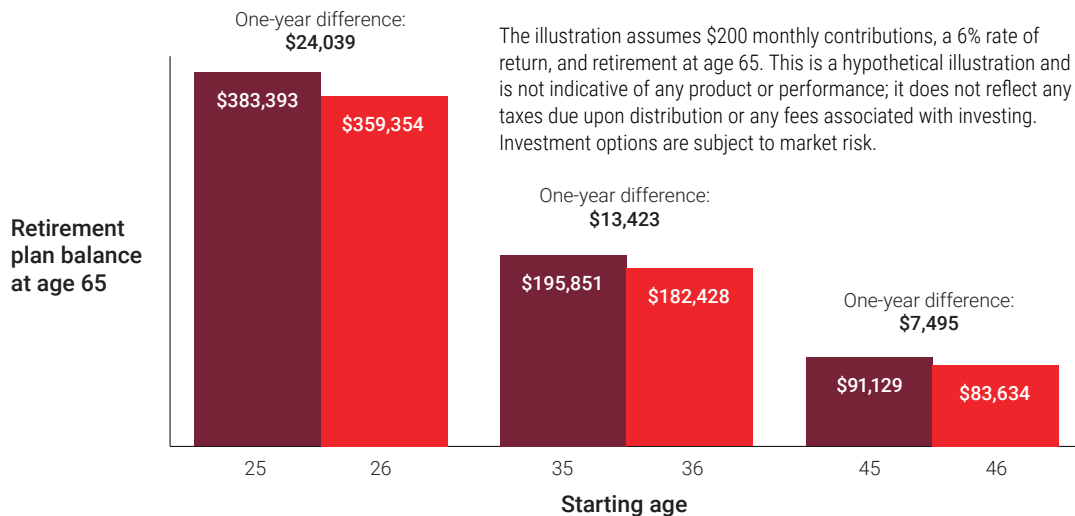
Why should I consider a 403(b) plan?

It’s a great way to save for retirement:

- **It’s easy!** You contribute through convenient automatic payroll deductions.
- **You get tax-deferred growth.** You don’t pay taxes on your contributions and earnings until you withdraw them, which leaves more money in the plan to provide greater growth potential.
- **You’ll be consistently saving.** Saving a set amount every payday can help you build the savings you need.
- **You may receive “free” money.** Your employer may match all or a portion of your contributions.

When should I start contributing to the plan?

Today! The earlier you start saving, the longer your money can grow. Beginning to save even one year earlier can make a difference.



Q&A: Making contributions

How do I make contributions?

It’s simple. Once you’re eligible, complete the necessary forms or enroll online, if that option is available. The amount you choose will be withdrawn automatically from your paycheck and contributed to your retirement plan account. You can contribute to your 403(b) plan as long as you’re an eligible employee, and you can change or discontinue your contributions, as allowed by your plan.



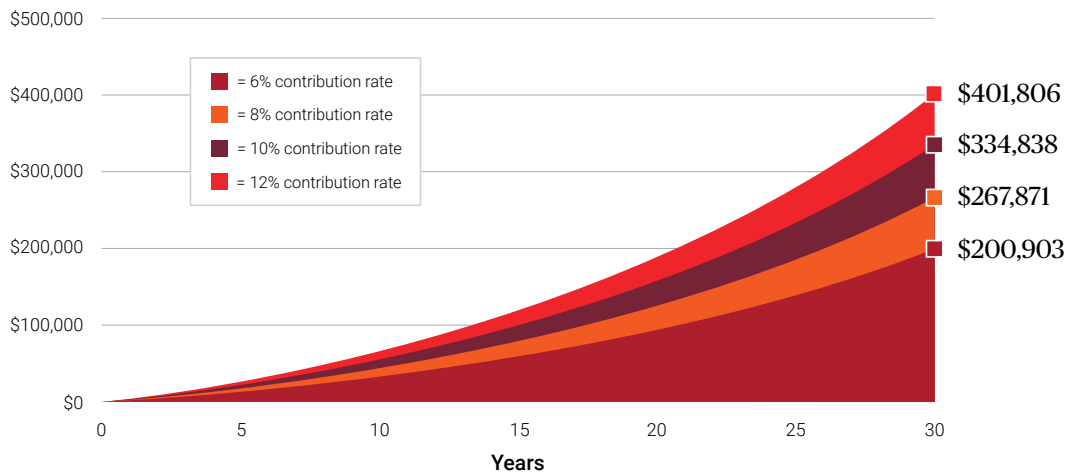
Saving just 2% more can help give your long-term savings a boost.

What if I can save only a small amount? Is it worth it?

Yes! Saving for retirement may be easier than you think. Commit just \$20 a week — what you might spend on coffee or soda — to your 403(b) plan, and see how even small contributions can add up over time. That \$20 each week may grow to \$40,176 in 20 years; \$87,418 in 30 years; or \$173,471 in 40 years.¹

How much should I contribute?

That depends on how much you can afford and how long you have until retirement. Even a small amount, invested regularly, can grow to significant savings. Challenge yourself to save an additional 2% each year — building up to a savings rate of 10% to 15% or more. These gradual steps can have a big impact over time.



These examples assume a \$40,000 annual salary and a 6% annual rate of return, compounded monthly, in a tax-deferred account. This is a hypothetical example. It is not indicative of any product or performance and does not reflect any expenses associated with investing. Distributions taken before age 59½ may be subject to an additional 10% federal tax. Taxes will be due upon distribution of the tax-deferred amount and, if shown, results will be lower. Actual investment results will fluctuate with the market so that, when you withdraw your investment, it may be worth more or less than the original amount invested.



Contributing the maximum every year can help you achieve your retirement goals.

Are there limits to the amount I can contribute?

Federal tax laws limit the total amount of annual elective deferrals that can be made to all employer-sponsored plans on your behalf, including pretax salary deferrals and employer contributions. Visit LincolnFinancial.com/Retirement or IRS.gov for the most current information.

If you join the plan midyear, you can make up for missed contributions through your current employer’s payroll deduction. Your total contributions with your current and prior employers can’t exceed the annual limit.

¹ This example assumes a 6% annual rate of return compounded weekly in a tax-deferred account. This is a hypothetical example. It is not indicative of any product or performance and does not reflect any expense associated with investing. Taxes will be due upon distribution of the tax-deferred amount and, if shown, results will be lower. It is possible to lose money by investing in securities.



Harness the power of tax deferral by saving in your 403(b) plan.

Q&A: Receiving tax benefits

Are there tax benefits to investing in my 403(b) plan?

Yes! Your contributions are deducted from your pay before taxes, which lowers your taxable income and gives you an immediate tax break.

Also, your contributions and earnings grow tax-deferred. That means you won't pay income taxes on your money until it's withdrawn. Please note that plan distributions are subject to normal income taxes, and withdrawals taken prior to age 59½ may be subject to a 10% federal tax penalty, unless an exception applies.

Q&A: Accessing your account before retirement

Can I take a withdrawal from my 403(b) account before retirement?

Withdrawals can be made for specific reasons:

- Attainment of age 59½ while you're still employed (if allowed by your plan)
- Separation from service with your employer
- Total and permanent disability (if allowed by your plan)
- Distributions made to your beneficiaries upon your death
- Loans (if allowed by your plan)
- Qualified Domestic Relations Order (divorce payments to children or an ex-spouse)
- Financial hardship (if your plan allows; some restrictions apply)
- Birth or adoption of a child (if your plan allows; up to \$5,000 per child, penalty-free)

If you take a withdrawal and don't roll it into an eligible retirement plan, you'll pay income taxes on the distribution, including a 10% penalty tax on any distribution made prior to age 59½, unless an exception applies. In addition, the account may impose withdrawal or surrender charges. Some plans may have additional withdrawal limitations.

Can I take a loan?

Loans may be available, but it's important to consider the potential impact to your long-term savings before you borrow money from your retirement account.

What happens to my money if I change jobs?

You have several options:

- Leave your money in your previous employer's plan, if permitted.
- Move assets from your current plan to another eligible retirement plan offered by your new employer, if available, or to another qualified retirement account, such as an Individual Retirement Account (IRA), which may have different fees.
- Take a cash distribution. Be aware that you may have to pay income taxes on your earnings unless the distribution is rolled into an IRA or other qualifying plan or the distribution meets certain requirements.²

What happens to my 403(b) account upon my death?

Your funds are passed to your designated beneficiary. To ensure that your assets are distributed as you desire, it's important to designate one or more beneficiaries and keep your beneficiary information up to date.



Before you take an early withdrawal, make sure you know the potential tax consequences.

² These taxes include a 10% penalty on early withdrawals for distributions made prior to attainment of age 59½, unless an exception applies.



Develop a retirement income strategy, including income from your retirement plan and your Social Security benefit.

Q&A: Reaching retirement

How can I receive my retirement distributions?

They may be paid via automatic withdrawal, an annuity, or a lump sum.

Once I retire, am I required to take regular distributions?

The federal tax code requires you to begin receiving distributions when you reach your required beginning date.³ However, if you're still working and aren't considered a 5% owner of the business, your plan may allow you to delay required minimum distributions (RMDs). Once you begin receiving RMDs, you must continue to receive them until your account value is depleted or until your death.

Will contributing to a 403(b) plan affect my Social Security benefits?

No. However, if you work for a government agency or other employer that doesn't withhold Social Security taxes from your salary, any pension you receive based on that employment may reduce your Social Security benefits.

³ Your required beginning date (RBD) depends on when you were born. If you were born on or before June 30, 1949, your RBD is April 1 following the year you attained age 70½. If you were born after June 30, 1949, but before January 1, 1951, your RBD is April 1 following the year you attained age 72. If you were born in 1951 through 1959, your RBD is April 1 following the year you attained age 73. If you were born in 1960 or later, your RBD is April 1 following the year you attained age 75.



Contact your employer or your retirement plan representative for more information.

Stay current and register your online account at LincolnFinancial.com/Register.

Not a deposit
Not FDIC-insured
Not insured by any federal government agency
Not guaranteed by any bank or savings association
May go down in value

Mutual funds and variable annuities are sold by prospectus. Investors are advised to consider carefully the investment objectives, risks, and charges and expenses of a mutual fund and, in the case of a variable annuity, the variable contract and its underlying investment options. To obtain a mutual fund or variable annuity prospectus that contains this and other information, call 800-4LINCOLN. Carefully read the prospectus before investing or sending money.

Variable annuities are long-term investment products designed particularly for retirement purposes and are subject to market fluctuation, investment risk, and possible loss of principal. Variable annuities contain both investment and insurance components and have fees and charges, including mortality and expense, administrative, and advisory fees. Optional features are available for an additional charge. The annuity's value fluctuates with the market value of the underlying investment options, and all assets accumulate tax-deferred. Withdrawals of earnings are taxable as ordinary income and, if taken prior to age 59½, may be subject to an additional 10% federal tax. Withdrawals will reduce the death benefit and cash surrender value. There is no additional tax-deferral benefit for an annuity contract purchased in an IRA or other tax-qualified plan.

Variable annuities sold in New York are issued by Lincoln Life & Annuity Company of New York, Syracuse, NY, and distributed by Lincoln Financial Distributors, Inc., a broker-dealer. For all other states, variable annuities are issued by The Lincoln National Life Insurance Company, Fort Wayne, IN, and distributed by Lincoln Financial Distributors, Inc., a broker-dealer. **The Lincoln National Life Insurance Company does not solicit business in the state of New York, nor is it authorized to do so. Contractual obligations are subject to the claims-paying ability of the appropriate issuing company.**

The mutual fund-based programs include services provided by Lincoln Retirement Services Company, LLC and Lincoln Financial Group Trust Company, Inc. with wholesale marketing and distribution services provided by Lincoln Financial Distributors, Inc. (LFD), a wholesale broker-dealer (member FINRA). All entities listed are affiliates of Lincoln Financial Group, the marketing name for Lincoln National Corporation. Unaffiliated broker-dealers also may provide services to customers. Account values are subject to fluctuation, including loss of principal.

This material is provided by The Lincoln National Life Insurance Company, Fort Wayne, IN, and, in New York, Lincoln Life & Annuity Company of New York, Syracuse, NY, and their applicable affiliates (collectively referred to as "Lincoln"). This material is intended for general use with the public. Lincoln does not provide investment advice, and this material is not intended to provide investment advice. Lincoln has financial interests that are served by the sale of Lincoln programs, products, and services.

©2024 Lincoln National Corporation

LincolnFinancial.com/Retirement

Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates.

Affiliates are separately responsible for their own financial and contractual obligations.

PAD-6585619-042924

POD ADA 5/24 Z07

Order code: DC-403B-FLI003

