

nea Retirement Program

Navigating Your Investment Journey

WHICH PATH ARE YOU ON?

Florida





Agenda

- ✓ Your Options for Retirement
- ✓ Why it Matters
- ✓ How to Take Action



Your Options for Retirement

Social Security

- **Overview**

Mandatory federal program that promises a retirement benefit at a certain age

- **Full vs. Partial Benefit**

Depending on when you begin taking Social Security, you may not receive the highest amount possible

- **Future Uncertain**

In 2020 the total cost of Social Security exceeded its total income (including interest) for the first time since 1982. This trend is projected to continue. Changes must happen to prevent insolvency sooner or later.

Source: Source: Social Security Administration, "Summary of 2021 Annual Reports," <http://www.ssa.gov/oact/TRSUM>

Social Security

Full retirement age

If you were born ...	And you start taking Social Security at age ...								
	62	63	64	65	66	67	68	69	70*
Before 1937	80%	86.7%	93.3%	100%	105.5-106%	111-112%	116.5-118%	122-124%	127.5-130%
1938 – 42	75-80%	80-86%	86-93%	93-100%	106.5-107.5%	113-115%	119.5-122.5%	126-130%	132.5-137.5%
1943 – 54	75%	80%	86.7%	93.3%	100%	108%	116%	124%	132%
1955 – 59	70-75%	75-80%	80-86%	86-93%	93-100%	101.3-106.7%	109.3-114.7%	117.3-122.7%	125.3-130.7%
1960 +	70%	75%	80%	86.7%	93.3%	100%	108%	116%	124%

You are eligible for this percentage of your “full” benefit.

Note: The government can change these benefit levels/amounts at any time for future retirees.

* When you reach age 70, your monthly benefit stops increasing even if you continue to delay taking benefits.

Source: Social Security Administration, www.ssa.gov

State Pension

- **Overview**

State program for state employees that guarantees a certain benefit based on salary and years of service

- **New workers may receive less benefit**

As more workers enter the system, newer and younger workers are typically seeing less benefits

- **Subject to state control**

The state can choose to make changes at any time

Florida Retirement System (FRS)

Retirement Benefits

	Contributions	Normal Retirement Age*	Vesting	Final Average Salary
Tier 1	3% of your monthly salary [‡]	Enrolled prior to July 1, 2011 = age 62 <u>or</u> 30 years of service	After 6 years [‡]	Average of highest 5 years of salary
Tier 2	3% of your monthly salary [‡]	Enrolled on or after July 1, 2011 = age 65 <u>or</u> 33 years of service	After 8 years	Average of highest 8 years of salary

* Early retirement - benefits will be reduced by 5 percent for each year remaining before normal retirement age.

‡ Employer contributions are determined annually by the Florida Legislature.

† If covered employment was terminated before July 1, 2001, vesting will be varied based on membership class.

Source: Florida Retirement System Pension Plan Member Handbook, www.myfrs.com

Florida Retirement System (FRS) Pension

Accrual Value per Year of Service (YOS)

Tier 1	Tier 2
Age 62 or 30 years = 1.60%	Age 65 or 33 years = 1.60%
Age 63 or 31 years = 1.63%	Age 66 or 34 years = 1.63%
Age 64 or 32 years = 1.65%	Age 67 or 35 years = 1.65%
Age 65 or 33 years = 1.68%	Age 68 or 36 years = 1.68%

Source: Florida Retirement System Pension Plan Member Handbook, www.myfrs.com

Florida Retirement System (FRS) Pension

Benefit Formula Calculation Example

	YOS		% Value/Year		AFC
Calculation	30	x	1.60%	x	\$60,000
Gross Benefit	\$28,800 annually/\$2,400 monthly				

Source: Florida Retirement System Pension Plan Member Handbook, www.myfrs.com

Florida Retirement System (FRS) Investment Plan

Defined Contribution Option

Contribution	3% of your monthly salary
Benefit	Based on Account Value
Vesting	One year of service
Investment Options	<ul style="list-style-type: none">• Retirement date funds• Fund lineup• Self-directed brokerage account
Benefit Payment Options	Any combination of: <ul style="list-style-type: none">• Lump-sum• Rollover to another qualified plan• Customized payment schedule• Lifetime income

Source: FRS Plan Comparison Chart, myfrs.com/pdf/forms/plancomparison.pdf

Social Security + State Pension

Will social security and a state pension be enough?

Type of Benefit	Amount
Average annual Social Security benefit ¹	\$24,852
Average annual pension benefit ²	\$24,612
Total	\$49,464

You can't control Social Security or state pension amounts.

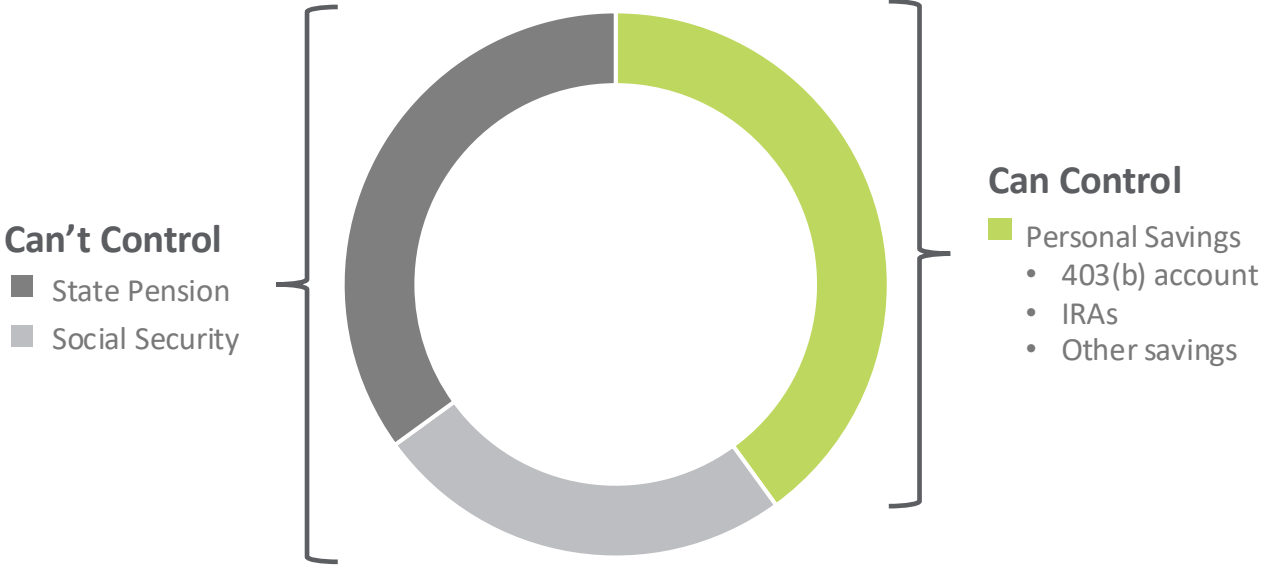
You can't control inflation or unexpected expenses.

¹ Mackey, B (2025). Social Security Announces 2.8 Percent Benefit Increase for 2026. Social Security Administration.

² Kenneally, K. (2021). Floridians strongly support pensions for Public School Teachers.

Supplemental Savings

How Can You Save More?



Supplemental Savings

Two ways to help you save for the future

Pretax

Contributions are made to an account **BEFORE** income taxes are calculated

Account	Contributions
403(b)	From your paycheck
IRA	<u>On your own</u> to an individual account

After-tax

Contributions are made to an account **AFTER** income taxes are calculated

Account	Contributions
Bank savings account	<u>On your own</u> to individual account AND earnings are taxable
Roth 403(b)	From your paycheck
Roth IRA	<u>On your own</u> to individual account

Supplemental Savings – Pretax vs. After-tax

Sample Paycheck	Pretax	After-tax
Gross Income Per Pay Period	\$1,000	\$1,000
Tax-deferred Contributions (403(b)/IRA)	\$100	\$0
Current Taxable Salary	\$900	\$1,000
Tax (at federal tax rate of 24%)	\$216	\$240
Take Home Pay	\$684	\$760
After-tax Contribution (savings account)	N/A	\$100
Net Take Home Pay	\$684	\$660
Tax Savings	\$24	\$0

This hypothetical tax-deferred investment does not reflect deduction of any fees associated with the investment product to which contributions are directed. It is important to note that while taxes on amounts invested in tax-deferred investment are deferred until withdrawn, withdrawals are subject to ordinary income tax and, if made prior to age 59½, may be subject to a 10% IRS penalty tax. Conversely, earnings from investments that do not offer tax deferral are taxed currently, and withdrawals from such an investment are not subject to the penalty tax.

Some situations such as your personal investment horizon and income tax brackets (*both current and anticipated*), changes in tax rates and tax treatment of investment earnings, and lower maximum tax rates on capital gains and dividends may impact the results of this comparison. Each person's situation is different so these and other considerations must be taken into account when making an investment decision. For illustrative purposes a tax rate of 24% has been used; however, a person's tax rate will likely change over time.



Why it Matters

THE IMPORTANCE OF SAVING ON YOUR OWN

What will retirement look like?

THE AVERAGE U.S. WORKER RETIRES AT³

AGE **62**

ON AVERAGE, WE ARE LIVING LONGER⁴



1 in 2

men will live to be 90



1 in 2

women will live to be 90

MARRIED PEOPLE ARE LIVING EVEN LONGER⁴



1 in 2

spouses will live to be 89



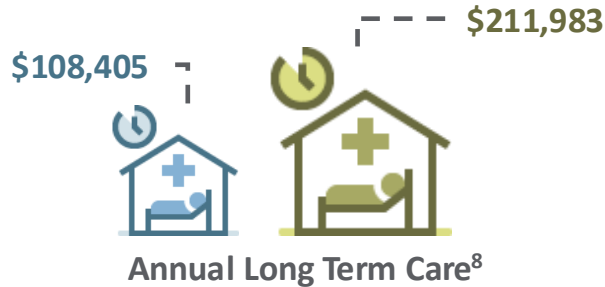
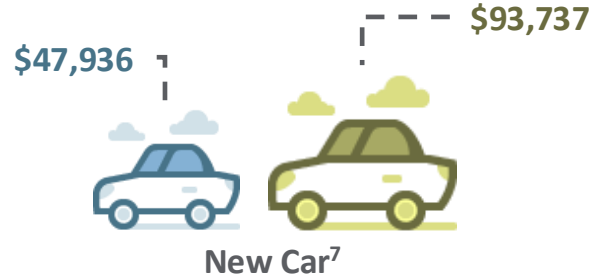
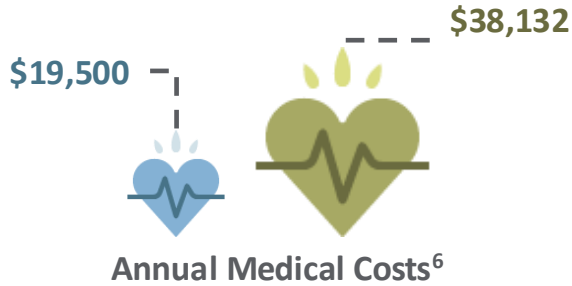
1 in 4

spouses will live to be 94

³ Picchi, A. (2024). Planning on Retiring at 65? Most Americans Retire Far Earlier - And Not By Choice.

⁴ Kitces, M. (2019). Life Expectancy Assumptions in Retirement Planning.

Impact of Inflation



- Today's Cost
- In 20 Years

⁵ <https://creativeplanning.com/insights/financial-planning/budget-healthcare-retirement/>

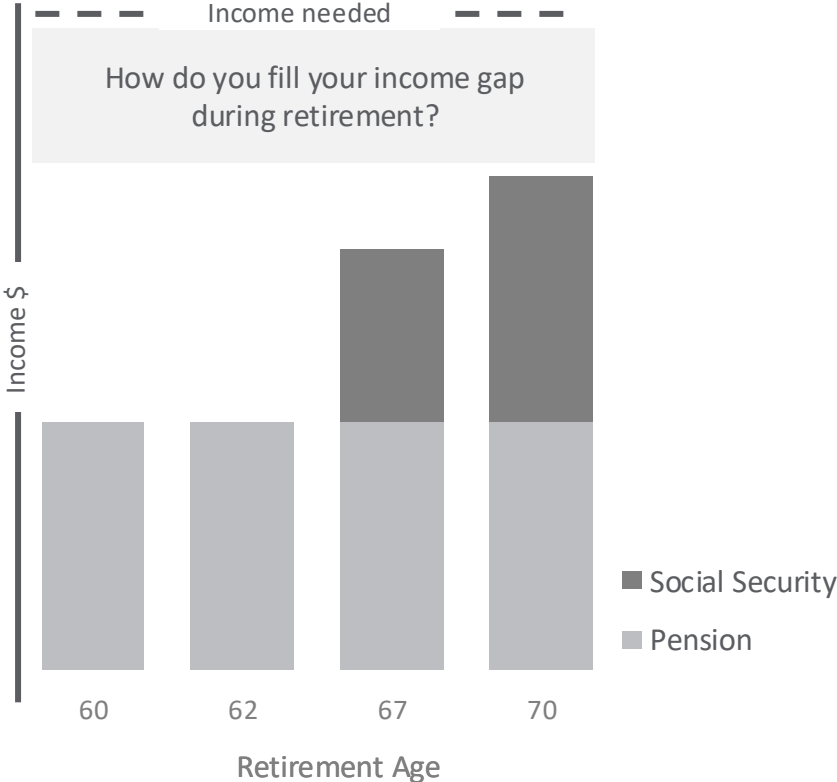
⁶ USDA Food Plans: <https://www.sofi.com/learn/content/average-grocery-budget-family-of-5/>. An inflation rate of 3.41% was used to calculate future grocery costs, and is derived from historic consumer indexes.

⁷ <https://www.kbb.com/car-news/new-car-prices-rose-0-3-last-month/>. An inflation rate of 3.41% was used to calculate future new car costs, and is derived from historic consumer indexes.

⁸ <https://www.retireguide.com/long-term-care-insurance/costs/average-by-state/>. Annual median nursing home cost (private room). An inflation rate of 3.41% was used to calculate future costs and is derived from historic consumer indexes.

How much will I need?

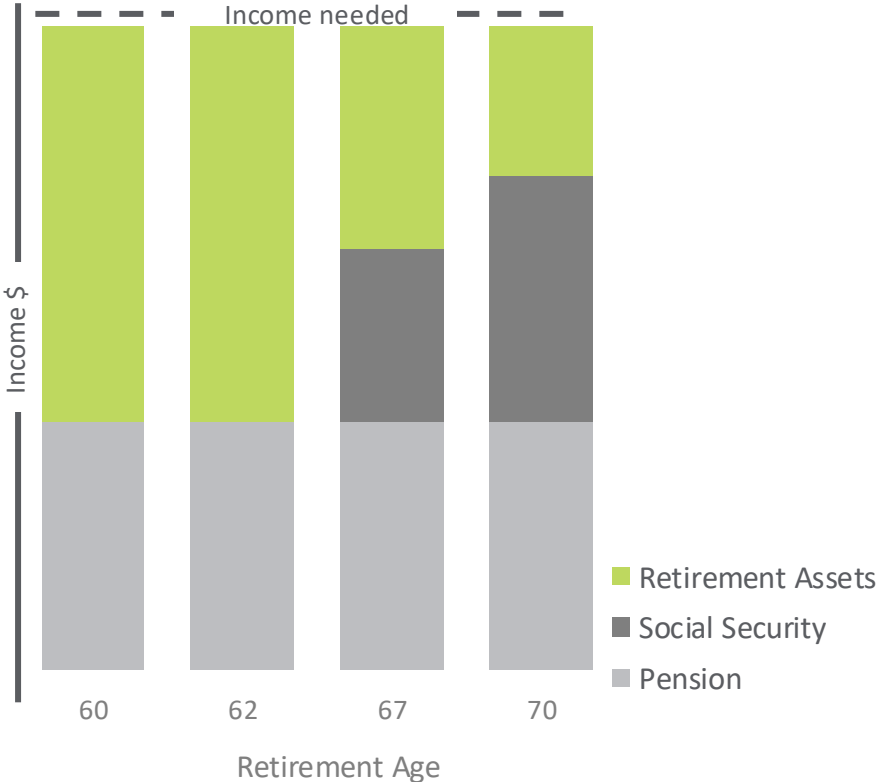
Everyone's retirement income needs are different, but on average, Social Security and a state pension are not enough to meet expenses.



How much will I need?

403(b) accounts and IRAs can be used to:

- Help you generate retirement income; or
- Provide time for you to wait and maximize other sources of income

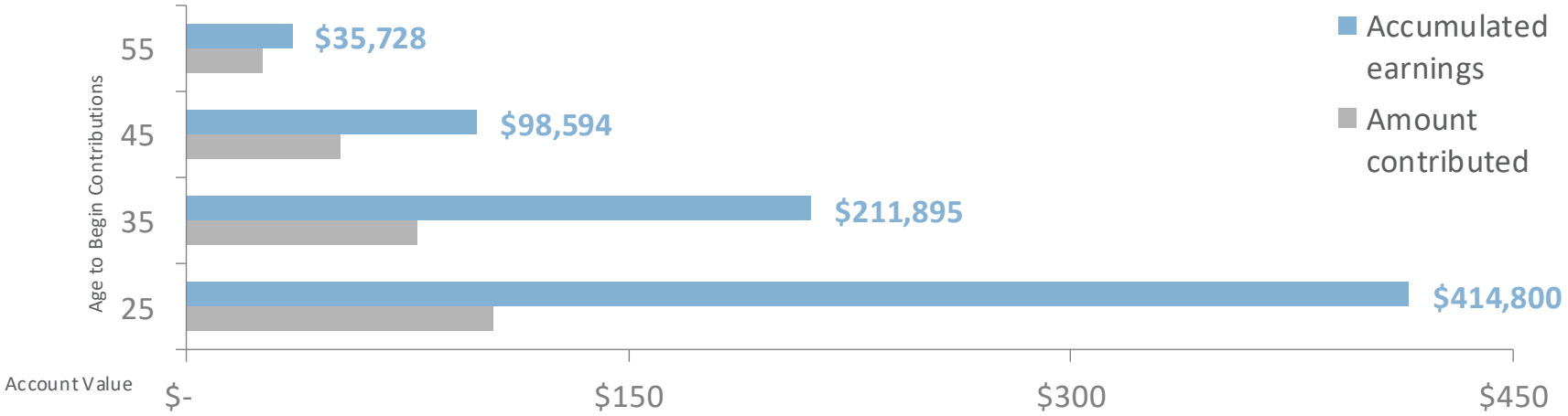




Saving on your own for retirement matters because it may be the only way to bridge the gap between *what you have* and *what you need*.

How much can I save?

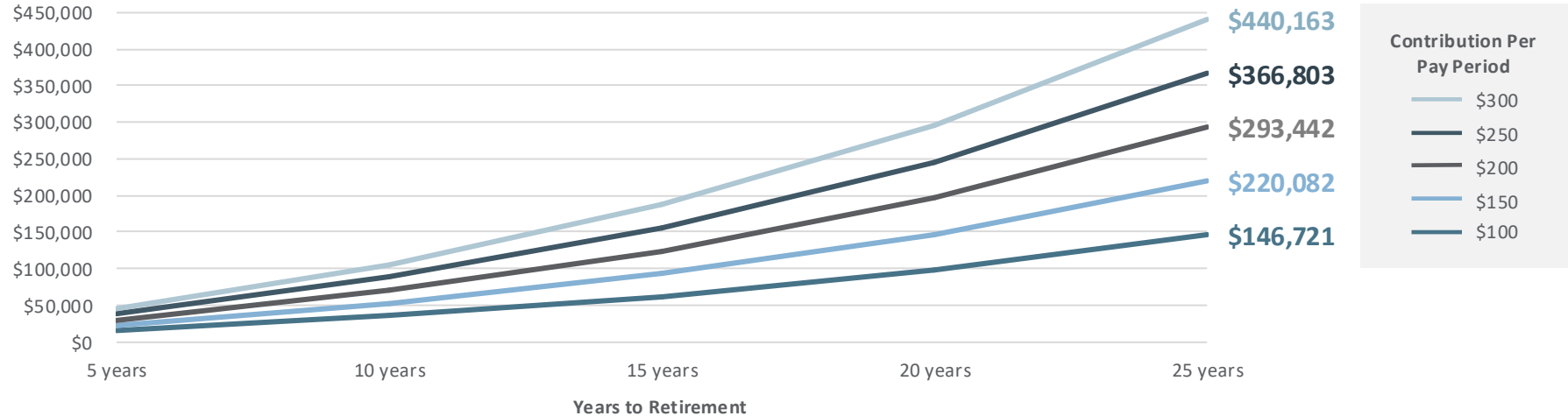
Time: Your most valuable asset. If you saved just \$100 per paycheck, how much might you eventually accumulate?
It's never too early – or too late – to start saving for retirement.



This illustration does not take into account the effect of any state or federal taxes. The performance of the investment, 6%, in the illustration is hypothetical and in no way relates to the actual or expected performance of any investment. The results of an investment may differ substantially. Investing involves risk and there is no guarantee of investment results. This illustration assumes \$100 invested 26 times per year.

Start saving early.

Time: Your biggest advantage in retirement saving.



This hypothetical demonstration assumes an 6% annual effective rate of return with ongoing contributions into a tax-deferred retirement account, and 26 pay periods per year. The above demonstration does not take into account the effect of any state or federal taxes. The performance of the investment is hypothetical and in no way relates to the actual or expected performance of any investment. The results of an investment may differ substantially. Investing involves risk and there is no guarantee of investment results.

The basics of tax-deferred saving

- Tax-deferred saving is available in a 403(b), 457 or IRA
- Save pretax now, pay taxes on withdrawal at retirement
- Depending on tax brackets, it might be like getting as much as **22% extra** for every dollar you save!

		Total Contributions	Potential Savings**
403(b) or 457	Annual Limit \$24,500	\$24,500	\$5,390
	Annual Catch-up: Age 50-59 or 64+ + \$8,000	\$32,500	\$7,150
	Annual Catch-up: Age 60-63* + \$11,250	\$35,750	\$7,865
IRA	Annual Limit \$7,500	\$7,500	\$1,650
	Annual Catch-up: Age 50+ \$1,100	\$8,600	\$1,892

*Beginning Jan. 1, 2025, 403(b) plan contribution catch-up limits will increase to \$10,000 or 150% of the regular catch-up limit (whichever is greater) for participants aged 60-63.

**Based on IRS 2025 Contribution Limits for Retirement Plans. Assumes a federal tax rate of 22%



How to Take Action

WHAT PATH ARE YOU ON?

nea Member
Benefits
in partnership with

 Security Benefit®
TO AND THROUGH RETIREMENT

47-10780-31

2026/01/20

24

Trail One: Early Career

(working < 10 years)

Time is your greatest asset as you start your journey.

- Put retirement savings first; contribute money **each and every** pay period
- Homes, cars. and even college tuition can all be financed with loans – retirement can't
- Payroll deferrals make it easy
 - Automatically deducted from your paycheck
 - Can easily adjust contribution amount at any time

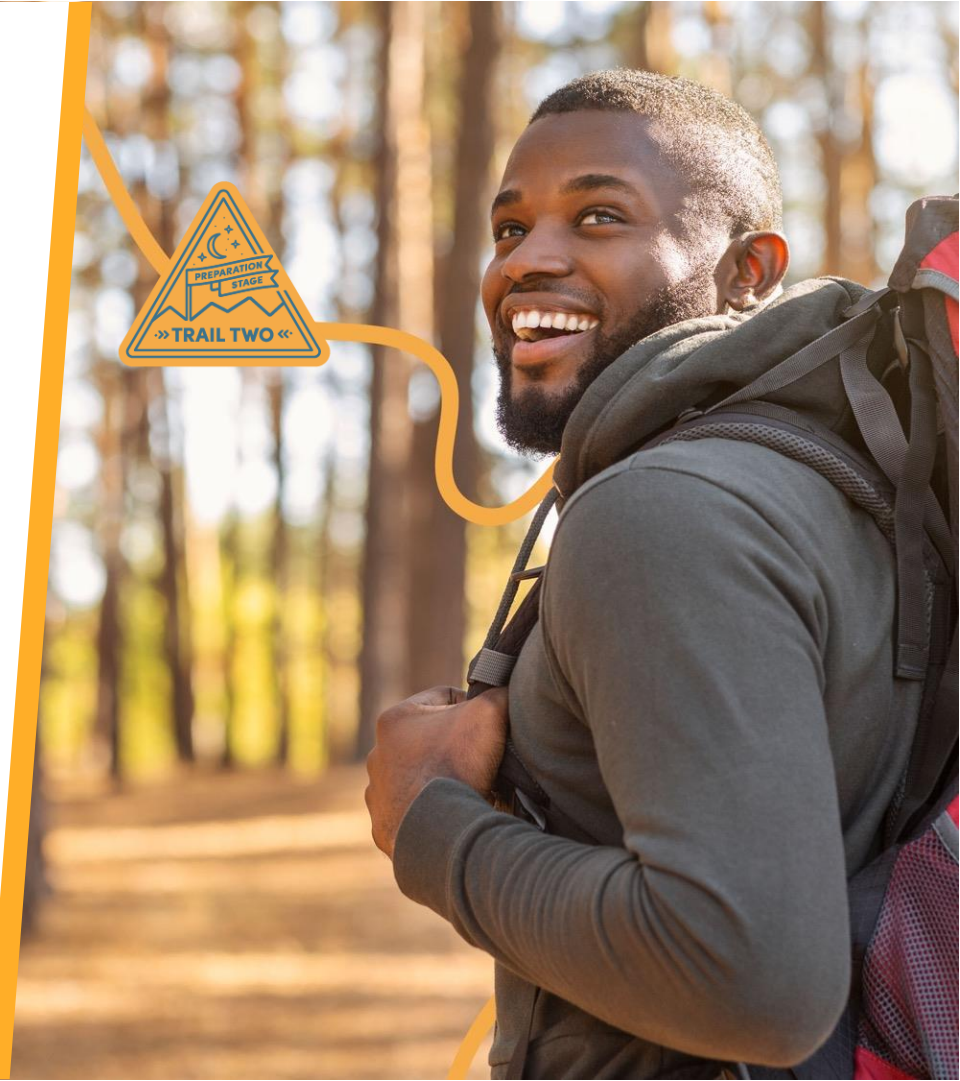


Trail Two: Mid Career

(working 10-25 years)

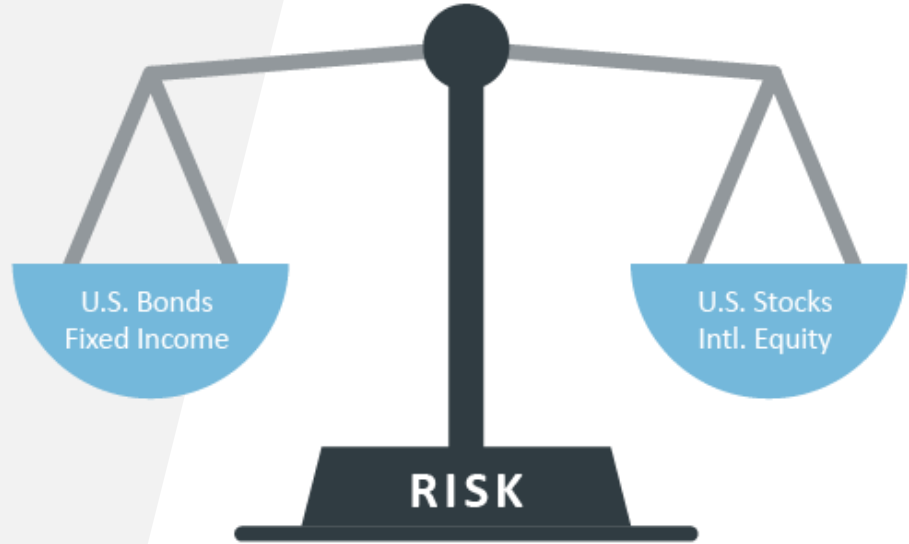
A brisk walk into the accumulation and preparation stage.

- Review your savings plan. Has it kept up with:
 - Job changes
 - Annual raises
 - Salary schedule changes
- Review your pension benefit
- Determine a strategy to take retirement income
- Adjust your portfolio risk, if necessary



Balancing Risk

- Those with more time before retirement, or more appetite for risk, may choose investments with higher returns
- As you approach retirement, more conservative investments may help you mitigate loss
- Remember that your account does not automatically update for you!

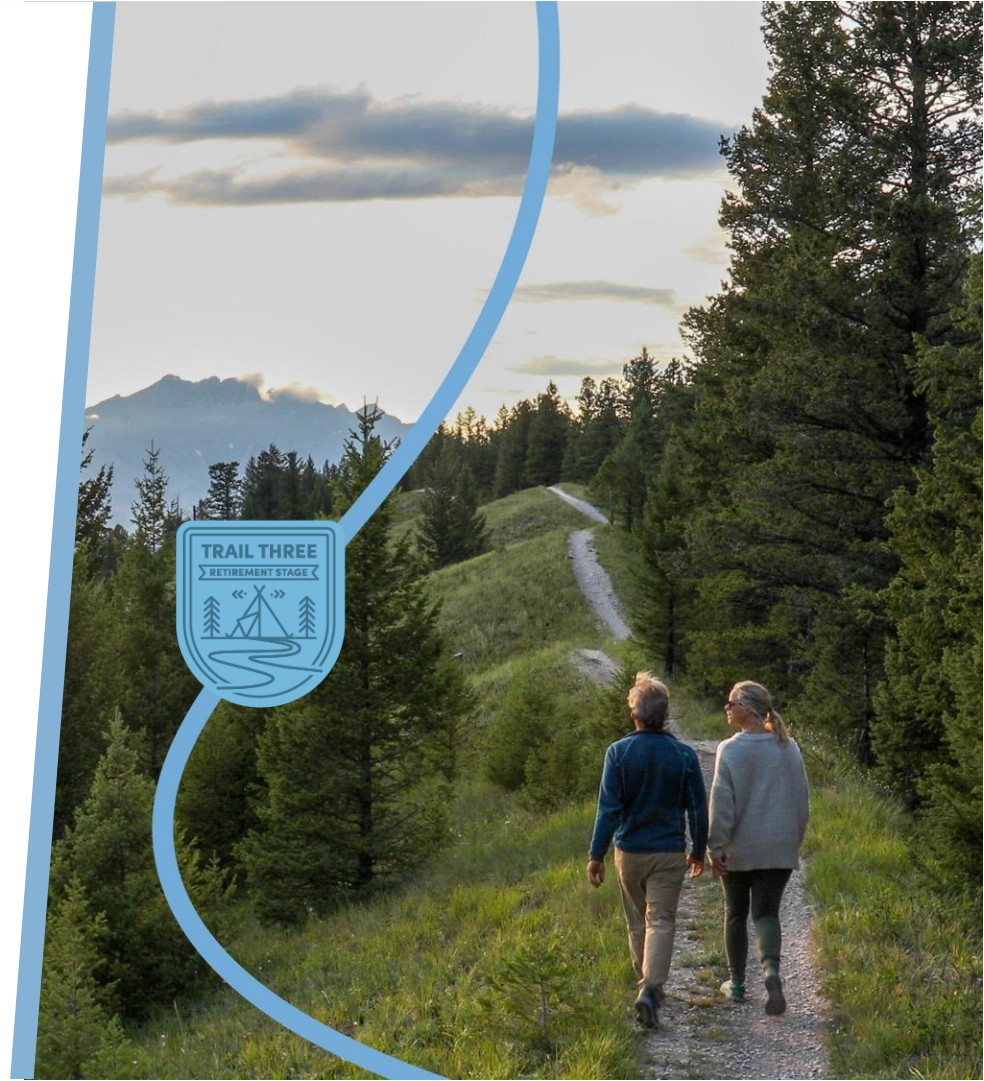


Trail Three: Late Career

(last 10 years)

Reaching the summit – be ready for distributions.

- Review your savings plan, pension benefit and retirement income strategy
- Adjust your portfolio risk, if necessary
- Consider an estimated retirement date
- Factor in the economic outlook
- Ensure post-retirement budget is still appropriate



When do I need to decide to take benefits?



IRAs and Other Distributions

Standard age for penalty-free withdrawals from Traditional IRA or other accounts



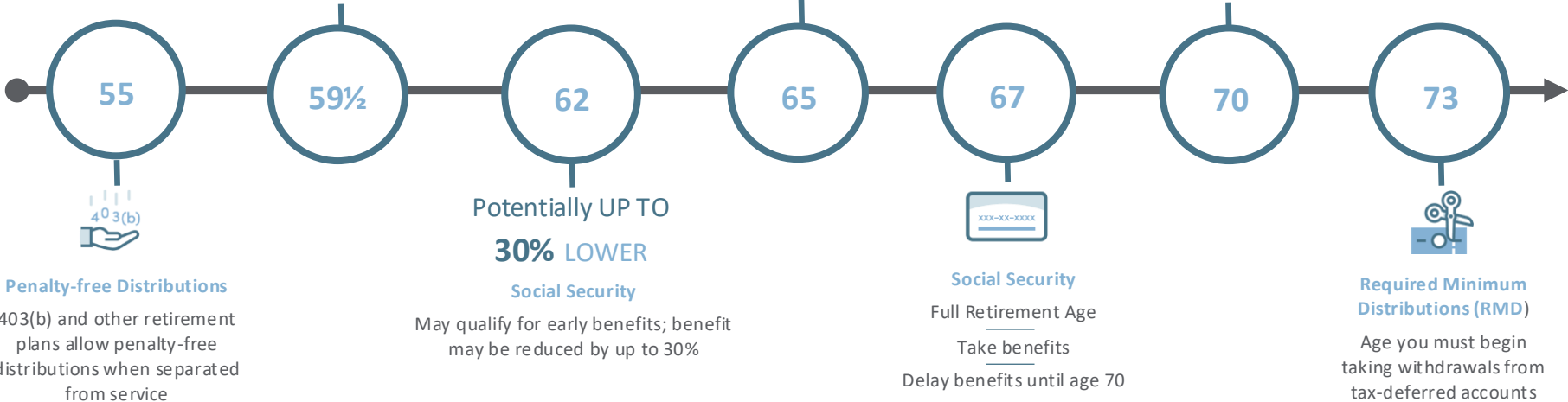
Medicare

Qualification age

Potentially UP TO **30% HIGHER**

Social Security

Delay starting benefit until age 70; benefit may be up to 30% higher



A checklist to get started:

01

Review your
plan options

02

Register for
your benefits -
[myFRS](#)

03

Determine the
best way for
you to save –
for today and
for retirement

04

Start small –
start now

05

Review your
plans annually

Tools available to you:



Online Calculators

What will your pension and/or social security benefit be?



Income Gap Report

Are there any potential income gaps in your retirement plan?



Paycheck Analysis Report

Think you can't contribute more? Have your financial professional run a paycheck analysis report. You might be surprised.



Income and Spending Strategy

How are you going to start taking income in retirement? Talk to your financial professional to develop a plan.

Summary

Regardless of the path you're on, you can take control of your personal financial journey.



Start Your Journey.

Start to save now and leverage the power of tax-deferral accounts.



Move Forward.

Understand your pension benefit and adjust your strategy now to reach your retirement goals.



Reach the Summit.

Develop a strategy to maximize your income to meet your ever-changing needs throughout retirement.



Our Promise: Helping our clients *To and Through Retirement*®.

Our Mission: Since 1892, Security Benefit has believed everyone deserves an opportunity to achieve financial security. We deliver innovative retirement solutions to individuals and families across America to help them build strong futures now and for generations to come.

Learn More

Meet with your school district's local financial professional:



Start Your Journey.



Move Forward.



Reach the Summit.



Thank you

[First Name][Last Name]

[Title]

—

First.Last@SecurityBenefit.com

XXX-XXX-XXXX

SecurityBenefit.com

—

One Security Benefit Place

Topeka, KS 66636



NEA, NEA Member Benefits and the NEA Member Benefits logo are registered service marks of NEA Member Benefits.

Neither Security Benefit nor its affiliates are fiduciaries. This information is general in nature and intended for use with the general public. For additional information, including any specific advice or recommendations, please visit with your financial professional.

Services are offered through **Security Distributors**, an indirect subsidiary of SBL Holdings, Inc. (Security Benefit).

The NEA Retirement Program (“NEA Program”) provides investment products for retirement plans sponsored by school districts and other employers of NEA members and individual retirement accounts established by NEA members. **Security Distributors** and certain of its affiliates (collectively, “Security Benefit”) make these products available to plans and accounts pursuant to an agreement with NEA Member Benefits (“MB”), which markets the NEA Program. Security Benefit has the exclusive right to offer the products directly or through other authorized broker/dealers, and MB in marketing the NEA Program generally may not enter into arrangements with other providers of similar investment programs or otherwise promote to NEA members or their employees any investment products that compete with the NEA Program products.

Security Benefit pays an annual fee to NEA MB for the exclusive right to offer the products in the NEA Retirement Program and to provide marketing, advisory, fiduciary and other services to NEA Members and for the NEA Retirement Program. In 2025 the annual fee amounted to approximately \$4 million. Receipt of the annual fee creates a potential conflict of interest and gives NEA MB an incentive to partner with Security Benefit to make the Program available to NEA Members. To address this conflict, NEA MB conducts extensive on-going due diligence on Security Benefit to ensure that NEA Members benefit from the products and services offered by Security Benefit. NEA MB also discloses this relationship to NEA members in educational, marketing and promotional materials. You may wish to take into account this arrangement and any possible conflict of interest when considering and evaluating any communications or recommendations relating to NEA Retirement products.

NEA and MB are not affiliated with Security Benefit. Neither NEA nor MB is a registered broker/dealer. All securities brokerage services are performed exclusively by your sales representative’s broker/dealer and not by NEA or MB.

NEA Retirement Specialists, when making recommendations to an NEA member, offer only Security Benefit products, when deemed appropriate.