

Luzerne County
Head Start, Inc.
Retirement Plan

Luzerne County Head Start Retirement Plan

Eligibility

➤ You must be 18 years old and have worked for 90 days to contribute your own money to the Plan.

➤ You must be 18 years old and have worked for 1 year (1,000 hours) to receive the Employer contribution.

(Substitute and Replacement Employees are not eligible for the Plan.)

➤ Once you meet the eligibility requirements, you will join the Plan on the first day of the next month.

Luzerne County Head Start Retirement Plan

The Retirement Plan is also called a 401(k) Plan

- Luzerne County Head Start currently contributes 7% of pay to your account.

(Contributions may change in the future.)

- Through payroll deduction, you may contribute your own money to the Plan.

(Maximum contribution is \$20,500 in 2022, \$27,000 if age 50 or older)

Luzerne County Head Start Retirement Plan

Vesting

- You are always 100% vested in your own money.
- You are vested in the Employer contributions based on years of service in which you worked at least 1,000 hours as shown below:

Years Of Service	1	2	3	4	5
Vested Percent	20%	40%	60%	80%	100%

Tax Benefits of the 401(k) Plan

Your Pre-Tax
Contributions

Pre-Tax Contributions

When you contribute your own money to the Plan, your taxable income is reduced by the amount of your contribution. This lets you reduce your current Federal Income Taxes.

Example:

Your gross pay:	\$30,000
You contribute:	<u>\$ 1,000</u>
Your taxable income:	\$29,000

Tax Benefits of the 401(k) Plan

Your Roth Contributions

Roth Contributions

- If a tax deduction today is not important to you, consider the ROTH feature. Contributions are made on an **after-tax basis**. **Withdrawals may be tax-free.**

- Contributions are always withdrawn tax-free. Your earnings are withdrawn tax-free if:
 1. The withdrawal is made 5 years after the first Roth deposit, and
 2. You are age 59 ½, or you are disabled.

Tax Benefits of the 401(k) Plan

Pre-Tax vs. Roth

	Pre-Tax	Roth
Annual Salary	\$30,000	\$30,000
You Contribute	\$1,000	\$1,000
Your W-2	\$29,000	\$30,000
Interest Earned	Taxable	Tax Free*

** Withdrawals from Roth are tax free if taken after 5 years and age 59 ½.*

Luzerne County Head Start Retirement Plan

When You Receive Benefits:

- Retirement (age 65)
- Age 59 ½; still working
- Death
- Disability
- Termination of
Employment
- Financial Hardship
*(Available only from your
contributions)*

How should I invest my money?

Selecting the investment mix that is right for you will depend on:

➤ Your time horizon

- Short Term (less than 5 years)
- Intermediate Term (5-15 years)
- Long Term (over 15 years)

➤ Your risk tolerance

- Conservative
- Moderate
- Aggressive

How should I invest my money?

- ✓ You may select your own investment allocation.
- ✓ You may pick The American Funds Retirement Fund with the year closest to when you will turn age 65, and let The American Funds manage your account for you.
- ✓ If you do not pick an investment, you will be invested in The American Funds Target Date Fund that is appropriate for you, based on your age. You may change this option at any time.

How does a target date fund work?

The target date fund is managed based on your age. You simply select a fund closest to the year when you will turn age 65 and The American Funds will manage the fund for you. Your fund will become more conservative as you get older.

- American Funds Target Date 2020
- American Funds Target Date 2025
- American Funds Target Date 2030
- American Funds Target Date 2035
- American Funds Target Date 2040
- American Funds Target Date 2045
- American Funds Target Date 2050
- American Funds Target Date 2055
- American Funds Target Date 2060

To
Enroll
or
Access
Your
Account

➤ Contact John Hancock

- Toll-Free number: 800.294.3575
- For Spanish: 888.440.0022
- Online Access:
myplan.johnhancock.com
- Download the John Hancock mobile app on your phone.
- Don't forget to name your beneficiary!