

WYCLIFFE FINANCIAL PLANNING NEWSLETTER

March 2008

Why You Should Be Excited About 2008

Prompted by changes to the Internal Revenue Code, Wycliffe USA and FMN are working together to make some changes to your retirement accounts. In our fall newsletter we went over the benefits of Roth accounts and introduced you to the new Roth 403(b). As promised, these accounts will be available in early 2008. You can read more about the Roth 403(b) in the article to the right. As part of our overall effort to simplify retirement planning, minimize costs, and provide the highest possible rates of return, we are providing these new Roth 403(b) accounts, and consolidating all current 403(b) accounts into a new platform at Lincoln called "Alliance". Effective summer 2008 all Wycliffe members' Lincoln 403(b)s will automatically transfer to the new Alliance 403(b) platform. Additionally, you will be able to transfer your existing American Funds 403(b) into the same selection of American Funds under the Alliance Platform. You can read more about the Alliance platform in this newsletter. Our slogan this year is "all roads lead to Roth." With new savings strategies you can maximize your retirement benefits and shelter these accounts from any future taxes.

PREPARED BY:



Roth 403(b) Accounts are Here

Roth 403(b)s, are a new option for retirement savings. Contributions are made through payroll deduction and are subject to a limit of \$15,500 for those under 50 and \$20,500 for those 50 and over, up to the includable compensation of the participant. One of the great benefits of the Roth 403(b) for Wycliffe members is that foreign earned income counts as includable compensation, allowing those stationed abroad to contribute into the Roth account, and in many cases *never* pay income tax on this money, since distribu-

tions from Roth accounts are tax free. Here are some of the notable benefits of Roth 403(b)'s:

- Overseas staff can contribute.
- Higher contribution limits than the Roth IRA.
- Distributions from a Roth 403(b)'s do not count as income for Social Security taxation.
- Contributions can continue after age 70 if the member is still on active status.
- Money continues to receive tax free

treatment when inherited.

- Contributions qualify for retirement savers credit.
- 403(b) assets do not have to be listed on the Financial Aid Form for determining financial aid eligibility.

As you can see, for many Wycliffe members the Roth 403(b) is the ideal account for retirement savings.

Lincoln Alliance

As part of our overall effort to simplify retirement planning, minimize costs, and provide the highest possible rates of return, your 403(b) accounts will be transferred into a new 403(b) plan at Lincoln called Alliance. Here is a quick look at how Alliance will help accomplish all of these goals:

Simplified Retirement Planning: All 403(b) assets will be held in Alliance, with internet access to current account values and to transfer money between funds.

Minimize Costs: The Alliance platform is not an annuity, so it does not have the high expense ratios that were associated with subac-

counts in the former Lincoln plan. Rather, it uses the R4 share class, which carries lower expenses and no loads.

Provide the highest possible rates of return: We have negotiated special rates with Lincoln to offer a higher return on fixed investments. It will also be easier to transfer money between this fund and mutual funds, so you can take advantage of whichever option is right for your place in life. In addition to all of this, you will still have the ability to invest in after-tax savings and IRAs with no sales charges.

LifeSpan Allocations Alliance has worked with FMN to create 7 allocations that mem-

bers can choose that will automatically become less aggressive as you age. These allocations will automatically rebalance and systematically reallocate as you get closer to retirement. Here are some of the key benefits of Alliance.

- A single statement
- Tax free retirement savings in the Roth 403(b)
- Easier advising
- Easier allocation tracking
- Internet based account management
- LifeSpan allocation
- Better rate on fixed holdings
- Lower expenses than annuities

Feel free to contact FMN or Wycliffe with any questions you have.