







403(b)(7) A versatile retirement savings plan

2024 Employee guide



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A versatile retirement savings plan

Tool: Social Security estimator

To get a personal estimate of your Social Security benefits, go to: <https://www.ssa.gov/myaccount/>

To enjoy a comfortable retirement tomorrow, investing in your future today is key. One of the most effective ways to do that is through your employer’s Invesco 403(b)(7) plan.

Here are some advantages your plan offers:

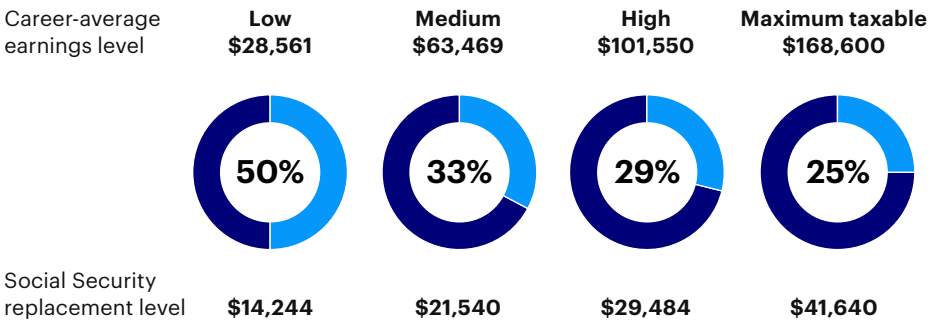
- Ability to save automatically via payroll contributions
- Flexibility to increase or pause contributions based on your needs
- Invest in a tax-advantaged way (see traditional and Roth contributions)
- Access wide range of professionally managed mutual funds from Invesco, a global asset management firm.

Facts are, people are living longer and have more expenses in retirement than previous generations; employer-paid retirement benefits are decreasing, and the costs of health care, housing, and consumer goods grow every year. Ensuring your savings generate enough income to support your needs in retirement can be a major challenge. A common assumption is that most retirees will need at least 80% of their pre-retirement income to maintain the same lifestyle they had before leaving the workforce.

Here's a look at how much of your 2023 income Social Security would replace if you were to retire at full retirement age in 2024.¹

Exhibit 1: How much of your earnings will Social Security replace?

Retired worker aged 67 in 2023^{2,3}



1. Percentages are based on approximate monthly benefits for an individual at full Social Security retirement age, assuming a steady work history and pay raises equal to the US average throughout the beneficiary’s working career.

2. Source: Social Security Administration Quick Calculator, 2024. For illustrative purposes only. Amount will vary with birthdate used. Percent is rounded up.

3. Teachers and/or certain public sector workers in certain states do not participate in Social Security, which could result in the reduction or elimination of Social Security benefits. Please consult with a financial or tax professional about your unique situation.

If you're a woman

Saving for retirement as much as possible could be even more crucial. Here's why:

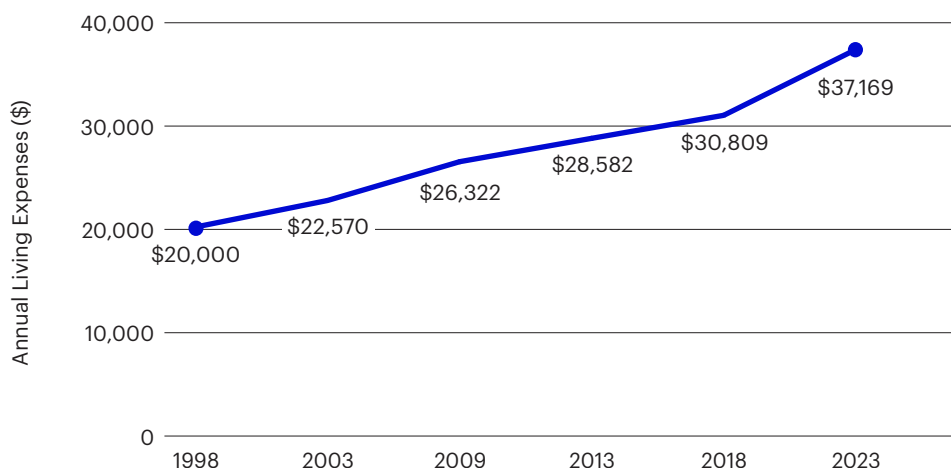
- Women, on average, live longer than men. According to the US Administration on Aging, in 2019, the average expected life span for 65-year-old American women was 84 years.
- Women tend to change jobs more frequently and often leave the workforce while caring for their young children and elderly family members. Consequently, they may receive smaller traditional pensions than men.
- Women who take time off for family caregiving also tend to qualify for less income from Social Security.

Even in years in which your employer's financial situation might limit its contributions to traditional pension plans, you can still make significant deferrals to your 403(b)(7) plan. That means you can actively save for your retirement, even if your employer cannot.

When planning for your retirement, don't forget about inflation — that constant upward creep in the prices of nearly everything you buy. Based on the actual rate of inflation over the last 25 years, this chart shows what someone who retired in 1998 with \$20,000 in annual living expenses would be spending in yearly costs by 2023.

Exhibit 2: Increases in the cost of living

(1998 – 2023)



Source: Federal Reserve Bank of Minneapolis, Consumer Price Index calculator.⁴

May benefit from steady accumulation and dollar-cost averaging

Regardless of whether you choose a traditional or Roth 403(b), investing regularly over a long period of time offers a key advantage: You're purchasing more mutual fund shares when prices are down and fewer when prices are high. This process is called dollar-cost averaging. Over the long run, dollar-cost averaging has the potential to even out your average cost per share relative to the market's price fluctuations. In essence, you're making the market's ups and downs work for you rather than against you.⁵

4. The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. Indexes are available for the US and various geographic areas. Average price data for select utility, automotive fuel, and food items are also available.

5. Systematic investment plans do not guarantee profit or protect against loss in declining markets. Before investing, investors should evaluate their long-term financial ability to participate in such a plan.

Save with traditional, Roth, or both

Plan provisions

The provisions in your 403(b) plan are governed by the 403(b) Plan Document; it describes the rules regarding contribution limits, distributions, and other optional features such as loans and Roth contributions. Check with your employer if you have any questions regarding your plan provisions or for a copy of the complete plan document.

All eligible participants have the option to contribute to a "traditional" 403(b)(7) plan. This allows you to invest payroll contributions on a pretax basis (with no federal income tax withheld and, in most states, no state income tax withheld). If your employer offers a Roth 403(b)(7) feature, you can also contribute on an after-tax basis. All employee deferrals "vest" immediately — which means they always belong to you.

Contribution maximums for 2024

The most a participant can deposit in a traditional, Roth, or both 403(b) account is the lesser of 100% of compensation or \$23,000.⁶ Also, beginning the year of age 50 an additional \$7,500 can be contributed as catch-up contributions for a maximum employee deferral of \$30,500.

If the plan permits employer contributions, the maximum that may be deposited in the 403(b) account is \$69,000 in 2024. Catch-up contributions are not included in the calculations of this amount.

There are no vesting schedules in the Invesco 403(b) plan. 100% of the money in the account belongs to the participant.

Traditional 403(b)(7) plans: Tax-deferred investing can help you save more

The key advantage of pretax contributions is that more of your money can work for you. For example, if your tax rate was 24% and your investments returned 10% a year, you would realize gains of only 7.6% after taxes. In contrast, a tax-deferred investment would return the full 10%, letting you put more money to work until you retire. Over time, this tax-deferred compounding can have a dramatic impact on your retirement savings.

Roth 403(b)(7) feature: Withdraw earnings and contributions tax-free

If this feature is permitted by your plan, it lets you (1) fund your retirement account with money that's already been taxed, and (2) withdraw all these dollars and their investment earnings tax-free if you meet certain requirements. So, instead of getting a tax break now (as you would through pretax contributions to your traditional plan account), you get it later, when you take the money out.

How do you decide whether to save pretax, after tax, or both?

How you choose to save depends to a large extent on what your income tax bracket is likely to be in the future. Since there is no certainty, you might choose to balance your 403(b)(7) retirement savings by making some of your contributions pretax and some after tax. You are subject to one overall maximum annual contribution limit, whether you contribute to a traditional or Roth 403(b)(7) account or a combination.

As shown in the chart on the following page, if all things are equal — particularly your federal income tax bracket now and your tax bracket when you take your withdrawals — you'll end up with the same amount of money in a traditional 403(b)(7) or Roth 403(b)(7) account. However, if your tax rate in retirement is higher than your tax rate when you contribute to your account, the Roth 403(b)(7) may be more advantageous. If your tax rate is lower at retirement, the traditional 403(b)(7) will likely be the better choice.

6. Certain employees with 15 or more years of service may be able to make "catch-up" contributions up to an additional \$3,000.

Comparing potential tax advantages: Traditional 403(b) versus Roth 403(b)

	Traditional 403(b) (Pretax)	Roth 403(b) (After Tax)
Current tax rate	32%	32%
Funds available for retirement savings	\$200/month	\$200/month
Funds saved after income taxes	\$200/month	\$136/month
Assumed average annual total return	6%	6%
Account value in 30 years	\$201,124	\$136,764
Same tax rate in retirement	32%	32%
Account value after income taxes	\$136,764	\$136,764
Higher tax rate in retirement	35%	35%
Account value after income taxes	\$130,731	\$136,764
Lower tax rate in retirement	24%	24%
Account value after income taxes	\$152,854	\$136,764

This chart assumes a fixed average annual rate of return of 6%, on a tax-deferred basis, with dividends and distributions reinvested. Withdrawals prior to age 59½ are subject to taxes and penalties. The hypothetical ending values may be subject to income tax when withdrawn. This hypothetical example is not intended to show the performance of any Invesco fund for any period of time, or fluctuation in principal value or investment returns. Periodic investment plans do not guarantee profit or protect against loss in declining markets.

Comparing features: Traditional 403(b) versus Roth 403(b)

	Traditional 403(b) (Pretax)	Roth 403(b) (After Tax)
2024 contribution maximum	\$23,000	Same ⁷
Age 50+	\$7,500	Same
Contributions subject to federal tax	No	Yes
Contributions subject to state tax	No (in most states)	Yes (if state taxes apply)
Taxation of distributions	Ordinary income tax	Tax free if: held five years and qualifying event
Rollovers permitted?	Yes (to IRAs or other "workplace plans")	Yes, to other Roth accounts (Roth 401(k); Roth IRA) ⁸
Loans permitted?	Yes	Yes
Conversions permitted?	No	No
Required minimum distributions at age 73	Yes	No (effective 1/1/2024)

7. You may choose to make both traditional (pretax) and Roth 403(b) contributions. However, the combined total cannot exceed the maximum limits.

8. Roth IRA contributions are not subjected to Required Minimum Distributions at age 73.

Portability

Plan provision

Check with your employer or financial professional regarding availability.

You may be able to roll over assets from your traditional IRA, 401(k), 403(b), or 457 plan into your traditional 403(b) plan and vice versa. This gives you the opportunity to consolidate your retirement assets into one account. You may roll over Roth 403(b) assets into another Roth 403(b), Roth 401(k), or Roth IRA.

To initiate a rollover into your employer's 403(b) plan, complete the 403(b)(7) Contract Exchange/Transfer/Rollover Form available at [invesco.com/us](https://www.invesco.com/us). Please contact your employer for additional requirements.

Contract exchanges

If you have not experienced a qualifying event such as separation of service, disability or attainment of age 59½, and you wish to transfer your 403(b) assets within your current employer's plan from one provider to another, you may do so via a contract exchange. If the contract exchange satisfies the requirements of the Internal Revenue Code, it will be a non-reportable transaction. You may only execute a contract exchange to a provider your current employer has named as an approved provider or with whom your current employer has an Information Sharing Agreement (ISA).

Plan-to-plan transfers

Upon separation from service, you may elect to move your 403(b) assets to a 403(b) with your new 403(b)-eligible employer. Both your prior employer and your new employer must allow for plan-to-plan transfers. If the plan-to-plan transfer satisfies the requirements of the Internal Revenue Code, it will be a non-reportable transaction. These transferred assets are subject to all plan rules of the receiving plan. Check with your employer regarding the availability of plan-to-plan transfers in your plan.

Rollovers

If you experience a distributable event, such as the attainment of age 59½, termination of employment, or retirement, you may be able to roll your 403(b) assets over into an IRA or another qualified retirement plan. Likewise, you may also roll over assets from your IRAs into your employer's 403(b)(7). Check with your employer regarding the availability of rollovers into your plan.

Withdrawal options and taxes

Distributions

Before seeking a distribution, speak with your financial or tax professional about your unique situation as additional taxes or penalties may apply depending on your age or how long you've held the Roth 403(b) account (if applicable).

Plan provisions

Check with your employer regarding the availability of loans in your plan. Please refer to the 403(b)(7) Custodial Agreement for further details.

Loans

Because you never know when you're going to need your money, the Invesco 403(b)(7) plan features a loan provision. If you have not previously defaulted on a loan, generally, you may borrow the lesser of half of your 403(b)(7) account balance or \$50,000, for any reason, without losing the tax-favored status of your account.⁹ The interest you pay on the loan goes back into your 403(b)(7) account, where it's reinvested. Loan repayments are automatically deducted from participants' checking or savings accounts on or about the 25th business day of each month for automatic reinvestment into your Invesco 403(b) retirement account. Loans are available from the traditional and Roth balances.

Withdrawals before retirement

If you have not reached age 59½, the Internal Revenue Code prohibits withdrawals until you have severed employment with your current employer. However, if you become disabled, die, or experience a financial hardship, withdrawals will be permitted. Check with your employer regarding the availability of financial hardship withdrawals in your plan. The plan allows for early distributions without 10% penalty under certain circumstances. For more information, please see IRS Publication 590-B.

Withdrawals after retirement

You will have the option of taking all or a portion of your account balance in a lump sum as you need it, or you can arrange periodic payments to suit your needs — or any combination of the two. When you reach age 73 (or when you stop working for your employer, if later), you must take minimum distributions to satisfy IRS requirements.

Taxes

Distributions from your pretax 403(b)(7) account are taxed as ordinary income in the year you receive them. Distributions from your Roth 403(b)(7) account will be tax-free if you have had the account for at least five years and are at least 59½ or disabled. If you have held the account for less than five years, or have held the account for five years but have not attained age 59½, or are not disabled, ordinary income taxes will be due only on the earnings in that account. Distributions may also be subject to a 10% penalty tax if taken before age 59½ unless they are taken after death, disability or severance from employment in the same year as your 55th birthday or later.

9. Contingent Deferred Sales Charges (CDSC) may apply when liquidating Class C shares as outlined in the prospectus. Fund prospectuses and summary prospectuses contain this and other information about the funds and may be obtained by asking your financial professional, visiting [invesco.com/us](https://www.invesco.com/us) or calling 800 959 4246.

Application and forms

The following forms are available on [invesco.com/us](https://www.invesco.com/us) and include all the paperwork necessary to set up your Invesco 403(b)(7) Custodial Account.

403(b)(7) Participant Account Application

This form is used to establish an account. Also attached to this form is the **Invesco 403(b)(7) Custodial Account Agreement**. Please read this agreement in full. It defines the rules and conditions of your Invesco 403(b)(7) account.

403(b)(7) Contract Exchange/Transfer/Rollover Form

Use to request a contract exchange or rollover of eligible assets into your Invesco 403(b)(7) Custodial Account. Assets rolled over into 403(b) plans from other plan types will not be tracked separately and will be subject to rules applicable to 403(b) plans.

403(b)(7) Salary Reduction Agreement

If your employer does not provide a Salary Reduction Agreement of its own, use this form to elect what percentage of pay you wish to have withheld from your salary and remitted to Invesco. This form must be returned to your employer. Please do not forward to Invesco.

403(b)(7) Maximum Contribution Worksheet

Use this form to determine the maximum amount you may contribute to your 403(b)(7) account each year.

Comprehensive investment options and support

Invesco is a global asset management firm with decades of experience serving the needs of retirement plan participants and sponsors, as well as their financial professionals. We offer investments across every major asset class, including US and international equity and fixed income portfolios. We also provide innovative asset allocation strategies to help investors pursue specific investment and risk management objectives. As always, we remain committed to providing the investment solutions and services you need to help you reach your retirement savings goals.

Investor services and support

All 403(b)(7) participants have access to our website, invesco.com/us, where you'll find account information, fund descriptions and much more. In addition, Invesco Client Services is available to answer investor services and account inquiries, Monday through Friday, from 7 a.m. to 6 p.m. CT. You can reach us at **800 959 4246**.

We also provide easy-to-read statements and fund exchange privileges by phone and internet.

Fees

- **Cost** The annual maintenance fee for an Invesco 403(b)(7) plan is \$30.¹⁰
- **Loans** There is a one-time loan initiation fee of \$75.

To get started

- Confirm Invesco is an approved provider for your 403(b)(7) retirement plan.
- Access the **403(b)(7) Participant Account Application** at invesco.com/us.
- Work with your financial professional to select an asset allocation that's appropriate for you.

10. The annual fee is waived across all retirement account types if the total assets held by the participant in any retirement or non-retirement accounts held directly at Invesco, excluding 529 plans, is \$50,000 or greater on the date Fees are assessed. Fund expenses apply.

Notes

All data based on 2024 tax requirements, unless otherwise noted.

Asset allocation cannot eliminate the risk of fluctuating prices and uncertain returns and does not assure a profit or protect against loss.

All investing involves risk, including the risk of loss.

Before investing, investors should carefully read the prospectus and/or summary prospectus and carefully consider the investment objectives, risks, charges and expenses. For this and more complete information about the fund(s), investors should ask their financial professional for a prospectus/summary prospectus or visit [invesco.com/fundprospectus](https://www.invesco.com/fundprospectus).

This does not constitute a recommendation of any investment strategy or product for a particular investor. Investors should consult a financial professional before making any investment decisions.

Note: Not all products, materials or services available at all firms. Advisors, please contact your home office.

Invesco does not provide tax advice. The tax information contained herein is general and is not exhaustive by nature. Federal and state tax laws are complex and constantly changing. You should always consult your own legal or tax professional for information concerning your individual situation.

The tax information presented is based on current interpretation of federal income tax law. State and local income tax laws may differ from federal income tax law.

All data provided by Invesco unless otherwise noted.