

THE BUSY TEACHER'S GUIDE TO 403(B)'S

RETIREMENT IS COMING WHETHER YOU ARE READY OR NOT. WITH SOME BASIC KNOWLEDGE YOU CAN PROPEL YOUR 403(B) TO
EARN A LOT MORE THAN IT CURRENTLY IS.

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WHY DID I DO THIS? WHERE DID I START? WHAT SHOULD WE EXPECT FROM OUR 403(B)?

LIKE MOST TEACHERS, I HAD NEVER REALLY PAID ENOUGH ATTENTION TO MY 403(B), ASSUMING WE ALSO HAVE MY OUR PENSIONS, BUT ALWAYS PLANNED ON “ONE DAY” UNDERSTANDING INVESTING/RETIREMENT. HOW LONG WOULD I HAVE TO WORK UNTIL? HOW MUCH WOULD I NEED FOR RETIREMENT? I KNEW DEEP DOWN THAT RETIREMENT WAS COMING ONE DAY AND IT WAS MY RESPONSIBILITY TO KNOW THESE THINGS AND EDUCATE MYSELF.





AFTER A LOT OF HASSLE FINDING OUT HOW TO ACTUALLY LOG IN I NOTICED MY AXA 403(B) ACCOUNT WAS GOING DOWN AND HAD BEEN ESSENTIALLY TREADING WATER FOR A LONG TIME. THIS UPSET ME AND I WONDERED...WAS I NOT SUPPOSED TO SEE THIS? IS EVERYONE'S DOING THIS?

AFTER INITIALLY NOT EVEN KNOWING WHERE TO BEGIN I WAS NOW IN HOT PURSUIT OF (OBSESSIVE?) OF FINDING THE BEST USE OF MY 403(B) CONTRIBUTIONS.

LOOKING AT MY STATEMENTS FROM AXA AND LOOKING AROUND AND OTHER INVESTMENT INFORMATION SEEMED TOTALLY OVERWHELMING AND THE AXA REP WASN'T REALLY HELPFUL. (WE WILL SEE WHY)



EVENTUALLY MY RETIRED UNCLE, WHO
CURRENTLY LIVES OFF OF HIS
INVESTMENTS, WALKED ME THROUGH
WHAT A LOT OF THE BIG TERMS ARE
THAT YOU HEAR (STOCKS, ROTH IRA,
MUTUAL FUNDS, INDEX FUNDS, ETC.)



401(k)
403(b)

HE REVEALED THAT MOST PEOPLE IN THE PRIVATE SECTOR HAVE 401K'S. THESE OFTEN HAVE ACCESS TO MANY DIFFERENT TYPES OF INVESTMENTS. THIS CAN BE CONFUSING BUT 401K'S SEEMED MUCH MORE TRANSPARENT WITH THEIR COSTS AND GROWTH AND HAD A LOT MORE OPTIONS THAN THE ANNUITIES WE ARE BEING SOLD.

UNCLE JOE RECOMMENDED I READ UP ON WARREN BUFFETT AND JOHN BOGLE.

WHAT WOULD BILLIONAIRE WARREN BUFFETT INVEST IN IN OUR LIMITED, 403B SHOES? (INDEX FUNDS)



BUFFETT RECOMMENDS THAT PASSIVE INVESTORS STICK WITH LOW COST INDEX FUNDS.

WARREN BUFFETT OPENLY ADVISED LEBRON JAMES TO INVEST HIS MONEY INTO INDEX FUNDS,

WARREN BUFFETT SUGGESTS LEBRON JAMES PUT HIS MONEY INTO INDEX FUNDS

BUFFETT AGAIN CONFIRMS HE'D PUT INTO INDEX FUNDS



GOOGLE EXECUTIVES WANTED THE BEST FOR THEIR EMPLOYEES SO...

THEY HAD A NUMBER OF SECRET MEETINGS WITH THEIR TOP EMPLOYEES IN SILICON VALLEY AND BROUGHT IN SOME OF THE TOP MINDS FROM WALL STREET FROM COMPETING INVESTMENT FIRMS. ALL OF THEM REVEALED THAT THE BEST BET FOR THEIR MONEY TO GROW WITH THE LEAST COST WAS INDEX FUNDS.



HILLARY CLINTON (ACCESS TO A LOT OF PEOPLE IN THE KNOW)

ONLY INVESTS IN VANGUARD. ONE FUND VFINX.

[VOX.COM: HILLARY INVESTS WITH VANGUARD](#)

[WASHINGTON POST: HOW BILL AND HILLARY CLINTON INVEST THEIR MONEY](#)

Opinion: Hillary Clinton invests in just one mutual fund

Published: Aug 10, 2015 11:45 p.m. ET



Aa

Democratic candidate's portfolio favors a Vanguard index stock fund



PRESIDENT OBAMA (ACCESS TO A LOT OF PEOPLE IN THE KNOW)

CNN.COM: HOW THE OBAMA'S INVEST THEIR MONEY

“THEY HAVE ANOTHER \$300,000 TO \$750,000 INVESTED ACROSS THREE DIFFERENT VANGUARD INDEX FUNDS.”

The Obamas' money: Boring investments, steady income

by Jeanne Sahadi @CNNAMoney

🕒 May 15, 2015: 6:26 PM ET



DONALD TRUMP AND VANGUARD VS. HIS REAL ESTATE BILLIONS

DONALD TRUMP AND VANGUARD

IF TRUMP WOULD HAVE PUT ALL HIS MONEY INTO VANGUARD INDEX FUNDS IN 1982 INSTEAD OF OTHER INVESTMENTS HE'D HAVE \$20 BILLION INSTEAD OF HIS REPORTED 4.1 BILLION.



SO WHAT EXACTLY ARE INDEX FUNDS? (AND WHY DIDN'T ANYBODY EVER TELL ME ABOUT THIS?)

INDEX FUNDS ARE A SLICE OF SECTIONS OF ECONOMY OR SLICE OF A SECTION. THERE ARE A LOT OF OPTIONS. CONSIDERED "BORING" BY MANY TRADERS.

NO MAINTENANCE-LOW MAINTENANCE...ALTHOUGH YOU CAN MAKE TRANSACTIONS IF YOU'D LIKE.

VERY LOW COST BECAUSE YOU DON'T NEED LOT OF MANAGEMENT. DESIGNED TO BE LOW COST, LOW FEE, LOW MAINTENANCE.

OTHER INVESTMENT ADVISORS/BROKERS LOOK TO BEAT THE MARKET AND CLOSE TO ZERO DO IT AT ALL AND ZERO DO IT STATISTICALLY AND CHARGE YOU 10'S OF THOUSANDS OF DOLLARS TO NOT BEAT IT. SOME INDEX FUNDS WERE EARNING 8-10 % GROWTH OVER A DECADE FOR A VERY SMALL COST TO MANAGE AND OUR AXA INVESTMENTS HAD ONLY EARNED 2.3% SINCE I STARTED 8 YEARS AGO (ACCORDING TO AN ONLINE CALCULATOR I USED).

THIS DID NOT SIT WELL WITH ME. WHAT DO WE DO NEXT?

AXA - WHO IS AXA?

THEY ARE PRIMARILY AN INSURANCE COMPANY. SELLS ANNUITIES AND INSURANCE AND CHARGING US A FEE AND EARNING COMMISSIONS SELLING US THEIR PRODUCTS OR OTHER PRODUCTS. COULD BE CONSIDERED "SAFER" BECAUSE IT WON'T FLUCTUATE AS MUCH BUT INDEX FUNDS STATISTICALLY WILL HAVE SOME UPS AND DOWNS BUT IN GENERAL THE INDEX FUNDS HAVE MUCH MUCH HIGHER RATE OF RETURN.

I HAVE NO PROBLEM WITH PEOPLE MAKING COMMISSIONS AND SELLING THINGS AND FOR MANY PEOPLE IT MIGHT BE WORTH IT BUT YOU ARE PAYING A LOT FOR SOMETHING YOU CAN DO YOURSELF.

AXA IS THE LEADING PROVIDER/MANAGER OF 403(B) PLANS FOR TEACHERS ACROSS THE COUNTRY. THEY GENERALLY GET IN TOUCH WITH HR DEPARTMENTS OR ADMINISTRATORS AND ASK TO VISIT US IN OUR CLASSROOMS.



AXA - WE CAN DO BETTER

IF WE CAN READ MAP SCORES, PARCC, IEP'S, BIP'S,
ETC. WE CAN UNDERSTAND INVESTING AND DON'
T NEED TO PAY A COMPANY TRANSPARENT AND
HIDDEN FEES THAT ADD UP TO EATING AWAY
THOUSANDS AND THOUSANDS OF OUR DOLLARS.



CAN WE GET ACCESS TO INDEX FUNDS? IF SO, HOW?



Vanguard[®]

THE GOOD NEWS IS THAT WE CAN GET ACCESS TO THESE BUT IT WILL TAKE SOME ACTION FROM US.

WE WILL NEED TO ADD ANOTHER 403(B) PROVIDER TO OUR CURRENT LIST THAT DISTRICT ALLOWS.

I AM 100% IN FOR US DEMANDING THAT DISTRICT ADD THE VANGUARD GROUP - VANGUARD IS THE BEST FROM EVERYONE I'VE RESEARCHED. IF WE ARE GOING TO GO THROUGH ALL THIS TO CHANGE JUST DO IT RIGHT AND PICK THE BEST!

GETTING ACCESS TO LOW COST INDEX FUNDS



Vanguard[®]

THEIR INDEX FUNDS ARE GETTING MUCH HIGHER RETURNS AND A LOWER COST.

THEY DON'T HAVE REPS THAT COME OUT TO VISIT/SELL US BUT THEY HAVE A PHONE NUMBER (877-662-7447) YOU CAN CALL IN ANYTIME AND GET ADVICE HELP. THEY ARE NOT COMMISSIONED SALESMEN, THEY SIMPLY INFORM YOU ABOUT THEIR DIFFERENT OPTIONS. I'VE CALLED 3 TIMES NOW WHILE SWITCHING MY WIFE'S PLAN OVER AND BEEN EXTREMELY IMPRESSED WITH THE SHORT WAITS, THE COURTESY AND PRODUCT KNOWLEDGE.

OK...SO HOW MUCH BETTER ARE THEY THAN AXA PERFORMANCE WISE?

- COMPARING SOME COMMON AXA PRODUCTS SHOWED THEY WERE GETTING 5-6% RETURNS WITH COMMON VANGUARD 10-11% PRODUCTS. THIS IS A LOT!

RATES OF RETURN

- AS IF THIS WASN'T BAD ENOUGH, AXA IS CHARGING US TRANSPARENT AND HIDDEN FEES TO GET US THIS LOWER RATE OF RETURN

Comparison details					
Funds	Vanguard Total Stock Market Index Fund Investor Shares	AXA/Franklin Balanced Managed Volatility Portfolio Class IA	Vanguard 500 Index Fund Investor Class	AXA Balanced Strategy Fund Class IB	AXA Balanced Strategy Fund Class IA
▼ Summary					
Price	47.69 (NAV)	9.54 (NAV)	178.54 (NAV)	13.40 (NAV)	13.38 (NAV)
Currency	USD	USD	USD	USD	USD
3-year total return	+10.37%	+3.90%	+11.13%	+3.94%	+3.92%
3-year standard deviation	+11.09 %	+6.60 %	+10.93 %	+5.60 %	+5.64 %
Morningstar rating	★★★★	★★★★	★★★★	★★★	★★★
Min. initial investment	3,000 USD	0.00 USD	3,000 USD	0.00 USD	0.00 USD
Net expense ratio	0.17%	1.04%	0.17%	1.05%	1.05%
Total net assets	92.59bn USD	3.62m USD	24.80bn USD	2.99bn USD	183.80k USD
Symbol	VTSMX	--	VFINX	--	--
Morningstar category	Large Blend	Conservative Allocation	Large Blend	Conservative Allocation	Conservative Allocation
Income treatment	--	--	--	--	--

WHAT ABOUT ANOTHER TYPE OF INVESTMENT COMPARISON LIKE BONDS?

COMPARING BOND RETURNS VANGUARD AGAIN HAD MUCH BETTER RETURNS AND FOR LOWER RATES.

Comparison details

Funds	Vanguard Total Bond Market Index Fund Institutional Shares	AXA Charter Multi-Sector Bond Portfolio Class A	AXA/DoubleLine Opportunistic Core Plus Bond Portfolio Class IB	Vanguard Intermediate-Term Corporate Bond Index Fund Institutional Shares
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▼ Summary

Price	10.82 (NAV)	3.79 (NAV)	9.67 (NAV)	28.17 (NAV)
Currency	USD	USD	USD	USD
3-year total return	+2.06%	+0.59%	--	+2.61%
3-year standard deviation	+3.07 %	+2.43 %	--	+4.39 %
Morningstar rating	★★★	★★	--	★★★★★
Min. initial investment	5,000,000 USD	0.00 USD	0.00 USD	5,000,000 USD
Net expense ratio	0.06%	1.10%	1.03%	0.07%
Total net assets	29.78bn USD	152.28m USD	2.87m USD	350.62m USD
Symbol	VBTIX	--	--	VICBX
Morningstar category	Intermediate-Term Bond	Intermediate-Term Bond	Intermediate-Term Bond	Corporate Bond
Income treatment	--	--	--	--

Data delayed at least 15 minutes, as of Feb 24 2016 05:00 GMT. Fund performance is calculated from NAV returns. Performance figures for ETFs are calculated using market price returns.

WHAT IF I PUT \$10,000 IN AXA AND VANGUARD 10 YEARS AGO?

USING THE 3.5 RATE, MORE THAN I WAS GETTING, AXA WOULD BE AT \$14,000 APPROXIMATELY.

USING THE NUMBERS VANGUARD HAS BEEN GETTING IT WOULD BE OVER \$28,000. NOW USE MORE MONEY AND SPREAD THAT OUT OVER 20 OR 30 YEARS INSTEAD OF 10 AND IT GETS FARTHER AND FARTHER APART. THE COMPOUNDING OF THE INTEREST KEEPS GROWING. YOU ARE MAKING MONEY ON THE INTEREST THAT AXA NEVER EVEN GOT YOU AND NOT PAYING ANYONE THAT FEE TO DO IT!

VANGUARD

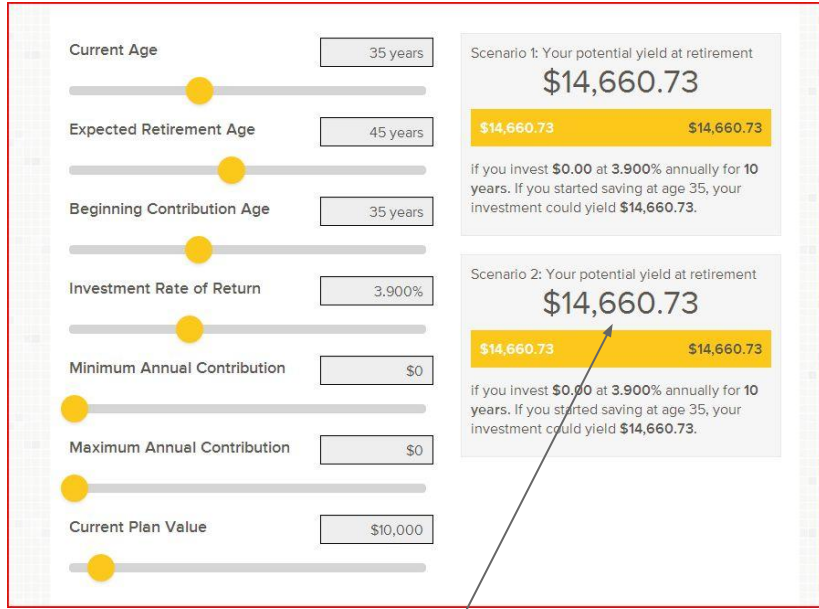
VERSUS

AXA

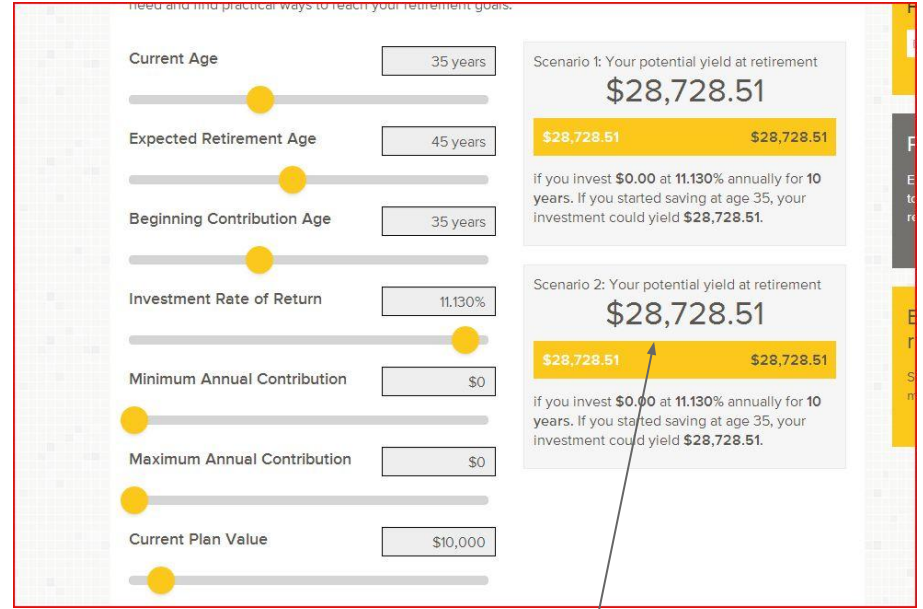
COMPARING THE 2 INVESTMENT
OPTIONS

Starting amount	Starting amount
\$10,000	\$10,000
Rate of return	Rate of return
11.13%	3.90
10 years later	10 years later
\$28,728.51	\$14,660.73

AXA VS. VANGUARD - BY THE NUMBERS, AFTER 10 YEARS. VANGUARD LITERALLY DOUBLES THEM!

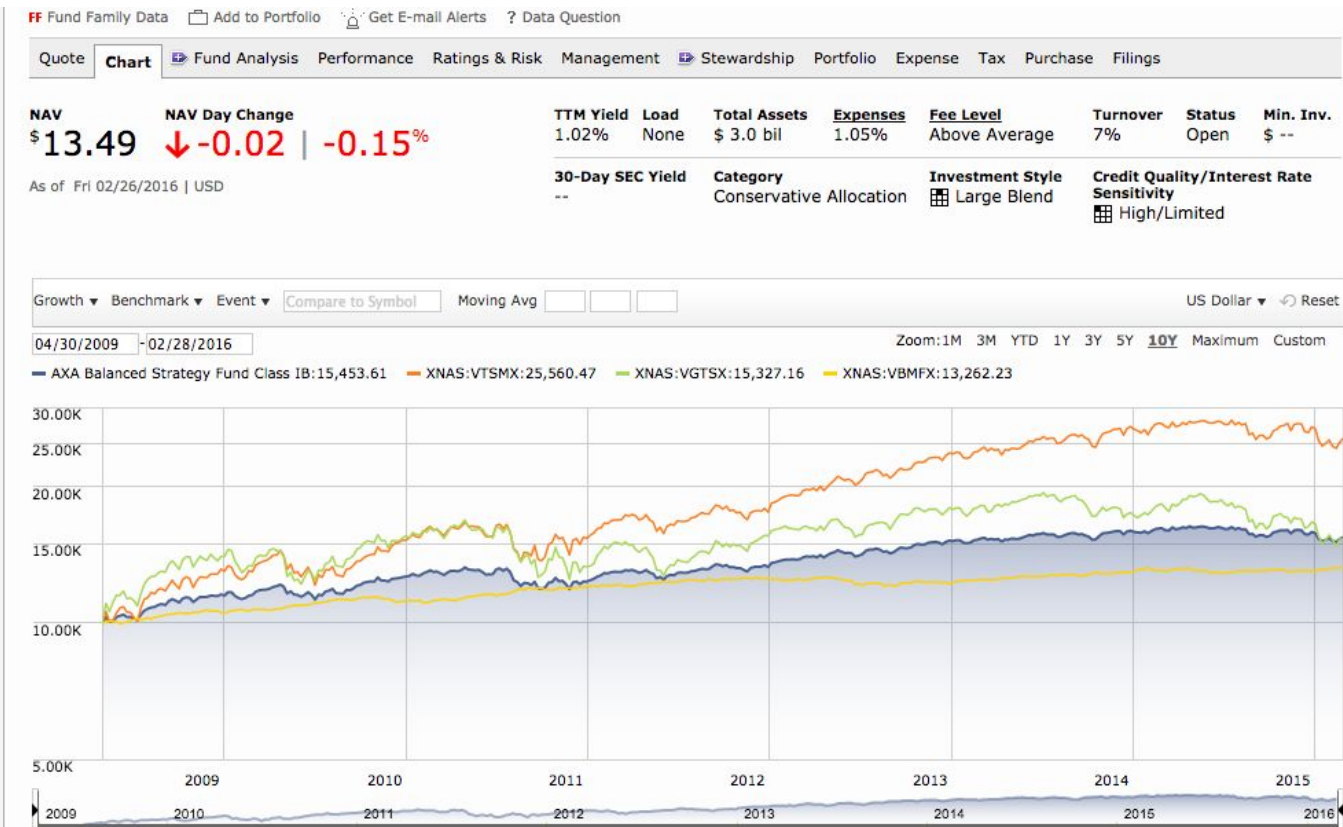


AXA AT 3.9%



VANGUARD AT 11.09%

ANOTHER COMPARISON



EVEN IF VANGUARD PICKED THE EXACT SAME FUNDS AS AXA OVER THE LAST TEN YEARS THE AXA ACCOUNT WOULD BE 14/15K AND VANGUARD WOULD BE NEARLY 19K BECAUSE OF THE FEES.

HOW MUCH ARE THE FEES COSTING AGAIN?

How Fees Impact Return

Total value of investment after 35 years, assuming \$250 contributed monthly with an 8% average annual return:



HOW DO WE SWITCH? (SOME SCHOOLS IN CHICAGO, VIRGINIA ALREADY DID THIS)

WE NEED 10 MEMBERS TO AGREE (ALREADY HAVE 3) AND WE SEND THAT LIST OF NAMES TO DISTRICT (I'LL DO THIS).

WE THEN GO TO THE VANGUARD.COM 403B SECTION, GET THE FORMS. GIVE ME YOUR NAMES AND I'LL SEND THE YOU THE FORMS/LINKS. IT'S STRAIGHTFORWARD AND IF YOU NEED TO CALL THEM YOU CAN FOR HELP BUT I'LL HELP AS WELL.

AFTER DISTRICT APPROVES WE SEND THE FORMS TO VANGUARD AND THEY CONTACT AXA, NOT US.

NEXT YOU WILL CONTACT DISTRICT, REQUEST TO SWITCH YOUR DIRECT DEPOSITS TO VANGUARD AND VANGUARD NOW HAS YOUR OLD FUNDS AND NEW FUNDS. THE DISTRICT FORM IS ONE PAGE.

ONCE YOU'VE SWITCHED...

YOU WILL WANT TO CALL VANGUARD OR CREATE AN ONLINE ACCOUNT AND SELECT THE SPECIFIC INVESTMENTS YOU WANT YOUR FUNDS TO GO TO.

I REALLY LIKE THE VFINX FUND BUT YOU CAN ALSO CHOOSE FUNDS THAT ARE TIED TO YOUR TARGET RETIREMENT DATE AND IT SHUFFLES THINGS AROUND AND ADJUSTS THE ALLOCATIONS AS YOU GET CLOSER TO RETIRING OR HAND PICK YOUR SELECTIONS. IF IN DOUBT CALL VANGUARD AT (877) 662-7447

Vanguard 500 Index Inv (VFINX) ★ Watchlist
184.29 +0.04 (0.02%) NASDAQ - As of Mar 10 16

ADDITIONAL READING - FROM JOHNBOGLE.COM

MENTIONED EARLIER, HE IS THE INDEX FUND GUY, SOME GREAT INFORMATION IN THE LINKS BELOW



- [THE GEORGE WASHINGTON OF INVESTING WANTS YOU FOR THE REVOLUTION](#)
- [JOHN BOGLE'S LEGACY: FALLING PRICES EVERYWHERE](#)
- [INVESTING LEGEND JACK BOGLE SHARES HIS TOP TIP —AND IT'S SOMETHING ANYONE CAN DO](#)
- [VANGUARD'S GAIN IS WALL STREET'S PAIN AS BILLIONS LEAVE THE FINANCIAL INDUSTRY](#)

THINK IT OVER, DO SOME RESEARCH, TALK WITH YOUR SPOUSE

YOU CAN ALSO COME SEE ME ANY TIME AND WE CAN TALK ABOUT ALL OF THIS. I AM 100% CONVINCED IT IS THE RIGHT MOVE FOR THOSE NOT IN THEIR LAST YEAR OF TEACHING. YOU DESERVE TO HAVE YOUR MONEY EARNING IT'S BEST POSSIBLE RETURN.

MORNINGSTAR.COM OR KIPLINGER.COM ARE TWO INDEPENDENT SITES FOR RESEARCHING THIS IF YOU'D LIKE SOME INDEPENDENT INFORMATION. YOU COULD ALSO READ UP AT THE AXA AND VANGUARD WEBSITES. THE BOGLEHEADS FORUM IS FANTASTIC FOR GETTING QUALITY, FREE, HONEST ADVICE. DAN OTTER'S WEBSITE 403BWISE.COM AND THE ASSOCIATED PODCAST ARE FANTASTIC AS IS ANDREW HALLAM'S BOOK.

IF YOU'D LIKE TO WATCH A MOVIE ON THE TOPIC THERE IS PBS SPECIAL ON THIS IF INTERESTED YOU CAN WATCH HERE.

QUESTIONS?

PLEASE EMAIL ME AT MEICHENLAUB@SD161.ORG OR MY PERSONAL EMAIL IS MARK.EICHENLAUB@GMAIL.COM. YOU CAN CALL ME AT (815) 245-4175 IF YOU'D LIKE.

THANK YOU!