



California State Teachers' Retirement System

FOR IMMEDIATE RELEASE – February 9, 2005

Contact: Kirsten Macintyre
(916) 229-0930

NEW RETIREMENT PLANNING TOOL AVAILABLE ON THE WEB *403bCompare.com Geared to Teachers, Other School Employees*

Sacramento – The California State Teachers' Retirement System has recently unveiled a new retirement planning Web site that will change the way employees of local school districts, community colleges and county offices of education select their retirement savings investment options.

The new 403bCompare Web site (www.403bCompare.com) enables eligible employees to pull up free, objective information about different 403(b) retirement investment products available for purchase. The 403(b) is a tax-deferred retirement plan available to employees of educational institutions and certain non-profit organizations as determined by section 501(c)(3) of the Internal Revenue Code. Contributions and investment earnings in a 403(b) grow tax deferred until withdrawal, at which time they are taxed as ordinary income.

The site, which has been under construction for nearly a year, went "live" on November 30, 2004. Employees are now able to search vendors and products registered on the site and view detailed information about 403(b) products. The site also includes an educational section with general information about retirement planning, basic facts, instructions and navigation tips.

Created by CalSTRS as required by state legislation, 403bCompare.com also offers links to resources that provide more in-depth information.

"We are proud to have had a hand in creating the first Web site of this kind in the country," said Jack Ehnes, Chief Executive Officer of CalSTRS. "This promises to be an invaluable retirement planning tool for our members. It's good to have a wide variety of choices, but there are so many products available that employees have found it difficult to make sound decisions that result in adequate diversification."

The 403bCompare site is designed so that users can select and compare specific products that are of interest to them. Up to three products can be displayed on the screen at one time (for example, the site can be used to compare the features of three mutual funds or three variable annuity contracts).

Ehnes added that the ability to compare vendors' fees will likely be one of the most widely used features of the site – as fees often have a great, but unrealized, impact on retirement

benefits. “In some cases in the past, vendor fees actually offset the benefits of tax-deferred investing,” Ehnes explained. “The Legislature recognized this problem and authorized the creation of this site as a step towards a solution. Since contribution limits recently increased, this couldn’t be a better time to release this one-of-a-kind planning tool for our members and other school employees.”

According to Ronni Vasconcellos, the 403bCompare program administrator, CalSTRS assembled an advisory team more than a year ago to begin designing the site. Vendors, teachers and employers all participated throughout the process, and Vasconcellos said, the resulting product is a site that is not only functional and easy to navigate, but also very thorough.

“For the average investor, trying to read a prospectus is like reading a newspaper in a foreign language,” she explained. “Thanks to a truly collaborative effort by all parties, we’ve created a site that leaves no stone unturned and explains complicated options in clear, concise terms. We expect this site to become a favorite ‘bookmark’ for financially savvy employees who want to get the best bang for their retirement buck ... and in time, it will become a model for other states that want to clarify and organize product information for people planning for retirement.”

Information on individual products was independently submitted by, and will be continuously updated by the vendors. All expenses for the site were covered by vendors registration fees; there is no cost to the site users. CalSTRS will be responsible for the ongoing maintenance of the site, as required by California Education Code 25100 et seq.

According to the law, after the implementation date, only vendors who are registered with the site can establish new 403(b) accounts or contracts with employees of California's local school districts, community college districts or county offices of education. All 403(b) products offered for new accounts must also be registered with the site, and all fees must be disclosed.

“As of this week, we have more than 109 vendors, registering 494 products and 6,631 subproducts,” Vasconcellos explained. “This is going to be the premiere place to go for thorough, impartial 403(b) information.”

#