



U-M Retirement Savings Plans

Your Guide to Saving for Retirement at U-M

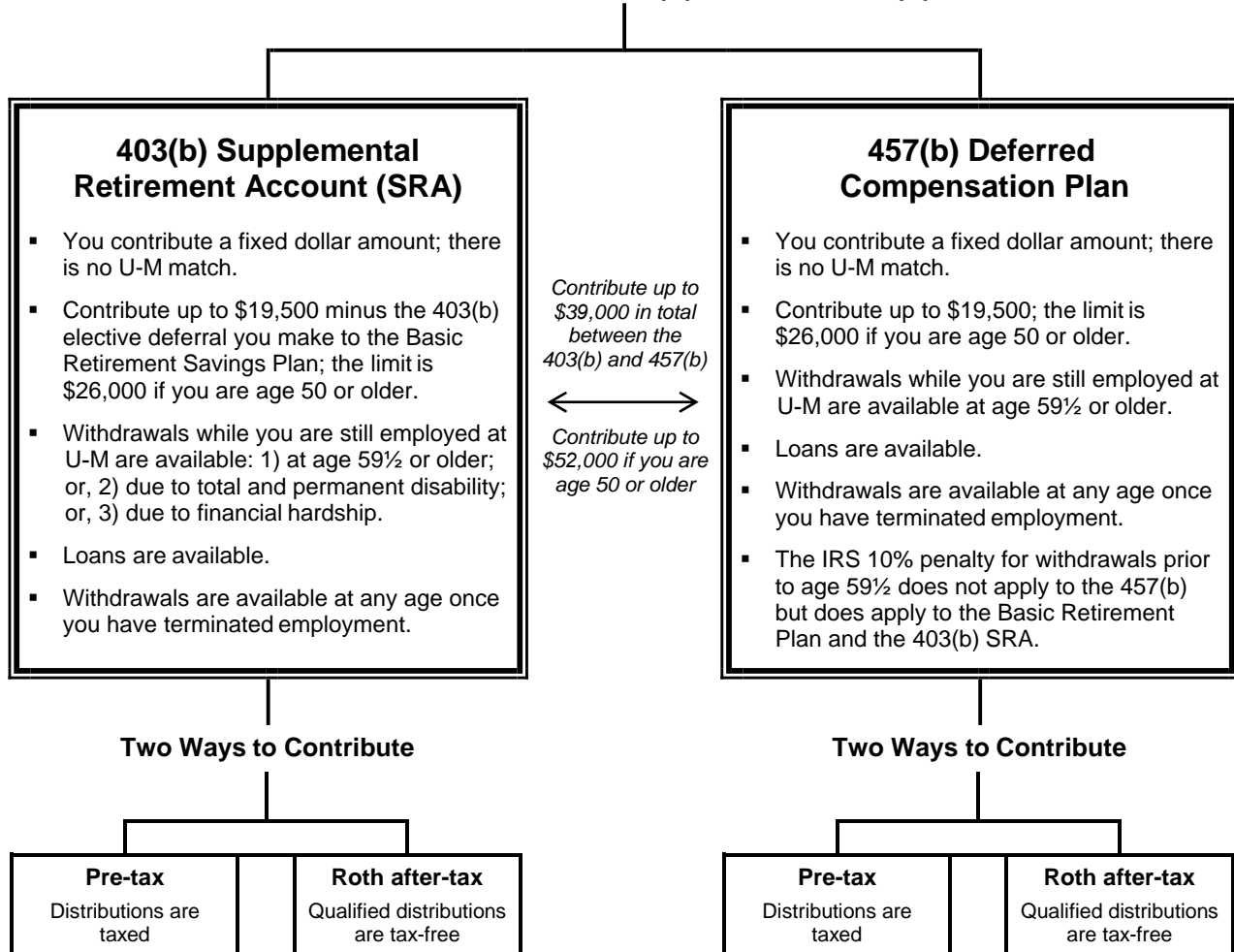
Enroll in the Basic Retirement Plan: Receive the Two-for-One Match

Note: U-M will temporarily suspend the university contribution to the Basic Retirement Plan from July 1, 2020 through June 30, 2021 for all faculty and staff of Michigan Medicine, which includes the U-M Medical School. Visit hr.umich.edu/basic-retirement-plan

Basic Retirement Savings Plan

- The U-M Basic Retirement Savings Plan is a 403(b) and 401(a) plan with immediate vesting.
- You may enroll at any time.
- You contribute 5% of your pre-tax salary and U-M contributes 10% after 1 year of service once you are enrolled in the Basic Plan. If you are subject to a collective bargaining agreement, consult with the terms of the agreement to confirm the contribution rate.
- The Basic Plan does not offer loans and cash withdrawals are not available while you are still employed.
- You may cash out or rollover your contributions at any age after you have terminated employment; U-M contributions may be cashed out or rolled over at age 55 or older once you have terminated.

Save More with the 403(b) SRA and 457(b)



How to Enroll as a New Hire

The Basic Retirement Plan offers a two-for-one matching contribution, while the 403(b) SRA and 457(b) allow you to save more for retirement. You may enroll in any one plan or any combination of plans as a new hire or throughout the year. You may choose from over 200 investment funds available through TIAA and Fidelity Investments.

You may enroll in the Basic Retirement Plan using Wolverine Access when you select your other benefits such as medical and dental as a new hire. You need to create a separate enrollment event to enroll in the 403(b) SRA and another for the 457(b). Therefore, you will need three separate events to enroll in all three plans. Each enrollment is processed overnight after you enter your elections; allow up to 24 hours between enrolling in each type of plan. Your U.S. Social Security Number must be on file with Wolverine Access or your contributions will be rejected.

When you complete the online enrollment process a notice will be sent to TIAA and/or Fidelity to create your account(s) for the Basic Retirement Plan, 403(b) SRA and/or 457(b). You will need to follow up with TIAA and/or Fidelity to select your investment funds and designate your beneficiary.

EFFECTIVE DATE – The 457(b) is effective the month after you enroll while the Basic Retirement Plan and 403(b) SRA can take effect in the current month if your enrollment is completed by certain deadlines. For information on deadlines, synchronizing your plan enrollments to take effect with a specific paycheck and enrollment instructions visit: hr.umich.edu/retirement-enroll-deadlines

IF YOU ARE A REHIRE – If you have an existing U-M account for the type of plan in which you are enrolling, it will continue to be used and a new account will not be created. Be sure your name, address, beneficiary and investment funds with TIAA and/or Fidelity Investments are correct; they may have become outdated since your previous employment with the university.

1. Enroll in the Basic Retirement Plan

You may select the Basic Retirement Plan enrollment option while you are choosing other benefits like medical and dental as part of the new hire enrollment event. Be sure to also indicate how much of your contribution and the U-M contribution (when you are eligible) to invest with TIAA and/or Fidelity. You may change how much you allocate to either investment company or enroll in the Basic Retirement Plan throughout the year by creating an enrollment event (see step 2).

- Go to wolverineaccess.umich.edu, select the **Faculty & Staff** tab, select **Employee Self-Service** and log in, select **Benefits Enrollment** under the **Benefits** section of the page and follow the screen prompts.

2. Enroll in the 403(b) SRA and/or 457(b)

You contribute a fixed dollar amount to the 403(b) SRA and/or 457(b) and you may choose to contribute as traditional pre-tax, Roth after-tax, or any combination of both. You need to create a separate enrollment event for each plan in which you want to enroll since they are not part of the new hire event that you use to enroll in the Basic Retirement Plan. You may also enroll in, or make changes to any retirement plan throughout the year by creating an enrollment event as follows:

- Go to wolverineaccess.umich.edu, select the **Faculty & Staff** tab, select **Employee Self-Service** and log in, select **Benefits**, select **Initiate Ret Savings Elections** and follow the screen prompts.

3. Select Your Funds & Designate Your Beneficiary

Your beneficiary and investment fund for the Basic Retirement Plan, 403(b) SRA and 457(b) will be a default until you take action to change them. You can do this through the TIAA and Fidelity websites listed in this packet.

DEFAULT INVESTMENT FUND – The fund default is an age-appropriate Lifecycle Index Fund if you select TIAA and a Freedom Index Fund if you select Fidelity Investments. If you do not have a U.S. street mailing address, the default investment fund for TIAA will be CREF Money Market.

DEFAULT BENEFICIARY – For both TIAA and Fidelity the default beneficiary will be according to the person or persons surviving you in the following order: a) spouse, b) children, c) parents, d) brothers or sisters, e) personal representative (executor or administrator).

IMPORTANT – You need to make your fund and beneficiary designations for each type of plan in which you enroll and for each investment company you select. For example, if you enroll in the Basic Retirement Plan and the 403(b) SRA with TIAA you need to designate your fund choices and beneficiary for each plan even though both are with the same company.

BASIC RETIREMENT PLAN CONTRIBUTION

New hire and newly eligible faculty and staff must complete 12 consecutive months of eligible service to become eligible for the university contribution to the Basic Retirement Plan.

- Eligible faculty and staff contribute 5% of salary; U-M provides a 10% matching contribution subject to fulfilling the waiting period.
- Individuals subject to a collective bargaining agreement should consult with the terms of the agreement to confirm the contribution rate; the waiting period also applies to U-M contributions

ROTH 403(b) SRA & ROTH 457(b)

You may save more for retirement through the 403(b) SRA and 457(b) programs by making contributions as pre-tax, Roth after-tax, or any combination of both. Roth contributions are taxed when taken from your paycheck but offer the incentive that qualified distributions are tax-free when made after a 5-taxable-year period of participation **and** is either made on or after the date you attain age 59½, made after your death, or attributable to your being disabled. In contrast, pre-tax contributions are not subject to income tax when deducted from your paycheck, but are taxed when you take a distribution.

Another incentive to the after-tax Roth 403(b) SRA and Roth 457(b) plans is that you may postpone distributions indefinitely during your lifetime (requires rollover to a Roth IRA) and you can even pass assets tax-free to your heirs.

Who may benefit from a Roth 403(b) or Roth 457(b)?

- Those not eligible for a Roth IRA due to IRS income restrictions which do not apply to the U-M Roth plans.
- Young faculty and staff who have a long retirement horizon that will allow time to amass significant tax-free assets.
- Those who believe their income tax rates will rise in the future.
- Those who want tax diversification of having both after-tax and tax-deferred assets as a hedge against potential tax increases.

COMPULSORY PARTICIPATION

You may enroll in the Basic Retirement Plan at any time. Participation is compulsory for regular staff age 35 or older, who have a 100% appointment, and have at least two years of eligible service. If you are not participating in the Basic Retirement Savings Plan once you meet all three criteria you will be enrolled and the contribution rate will be the Reduced Benefit Option. Under the Reduced Benefit Option on earnings below the FICA wage base (\$137,700) you do not contribute and the U-M contribution is half the normal match rate. On earnings exceeding FICA the two-for-one contribution rate applies. You may change between participating at the Reduced Benefit Option and the full matching rate anytime.

DO YOU HAVE ANOTHER RETIREMENT PLAN?

Elective deferrals you make to another retirement plan in the same calendar year will reduce how much you may contribute to the Basic Retirement Plan and the 403(b) SRA. These include the following types of plans:

- Federal Thrift Savings Plan (ex. if you are a VA Rotator)
- 403(b)
- 401(k)
- 408(k)(6) SARSEP
- SIMPLE (Savings Incentive Match Plans for Employees)

If you have already made significant contributions to these plan types during the calendar year, you may have limited ability to save through the U-M 403(b) SRA and the Basic Retirement Plan. If this is the case, consider the 457(b) as an option to make additional contributions to save for retirement. Also, 457(b) elective deferrals you make at another employer will reduce how much you contribute to the 457(b) at U-M.

Contributions made to certain plans also reduce the amount you may contribute to the U-M plans. These include certain plans with respect to self-employment income, another 403(b) plan outside of the U-M plans, or certain types of plans sponsored by a corporation, partnership, or sole proprietorship in which you have more than a 50% ownership interest. Visit: benefits.umich.edu/plans/retire/irc415.html

Consult with a tax advisor to ensure you do not exceed the IRS contribution limits. Contact the Benefits Office if you have questions on how much you may contribute to the U-M plans.

DIRECT TRANSFERS

You may transfer accumulations between TIAA and Fidelity at any time but you must have an account at the company you will receive the transfer. The transfer application **does not** create your account, which you must do as a separate action. A transfer only moves existing balances. You will need to direct future contributions to the newly chosen investment company or they will continue to be deposited with your current company.

Visit: hr.umich.edu/retirement-plan-rollovers-direct-transfers

ROLLOVERS INTO U-M

You can rollover assets from another employer's retirement plan into an IRA with TIAA and/or Fidelity to consolidate your assets alongside your U-M retirement plan accounts, and it provides you a single quarterly statement. However, you will not have access to the low-cost share class of mutual funds that are available through the U-M plans. Assets you roll into any of the U-M plans are available for withdrawal while you are working for the university or after you terminate employment. In addition, the 403(b) SRA and 457(b) plans also offer the option to take a loan on your account.

Visit: hr.umich.edu/retirement-plan-rollovers-direct-transfers

SELECT YOUR FUNDS & BENEFICIARY

The enrollment process will default your investment fund and your beneficiary for each plan in which you enroll. You may change these at any time after your account has been created, for example, after you receive the welcome packet from the company. You may also create your account online through the TIAA and Fidelity websites listed below. You need to make your designations for each type of plan in which you enroll and for each investment company you select. For example:

- *You enroll in the Basic Retirement Plan with TIAA and designate your fund choices and beneficiary.*
- *You enroll in the 403(b) SRA with TIAA.*
- *You will need to designate your fund choices and beneficiary again, this time for the 403(b) SRA even though it is with the same company as the Basic Retirement Plan.*

TIAA

Online

You can create your account, select your investment funds and designate your beneficiary online at any time instead of waiting for your welcome packet by going to: TIAA.org/umich

- Select “**Enroll Now**”
- Click on the type of plan for which you are creating an account: Basic Retirement Plan, 403(b) SRA, 457(b).
- Follow the online prompts and enter your selections.

By Phone

Call TIAA at 1-800-842-2252, Monday through Friday from 7 a.m. to 9 p.m. and Saturday from 8 a.m. to 5 p.m. (CT). A consultant will help you make the appropriate beneficiary designations for your retirement planning needs and record your investment fund selections.

FIDELITY INVESTMENTS

Online

You can create your account, select your investment funds and designate your beneficiary online at any time instead of waiting for your welcome packet by going to: netbenefits.com/uofm

- Select “**Enroll**”
- Click on the type of plan for which you are creating an account: Basic Retirement Plan, 403(b) SRA, 457(b).
 - **NOTE:** *You will need to open an account under two different plans for the Basic Retirement Plan. Open an account under **401(a) Base Plan 86503** for the U-M contribution and open an account under **403(b) Base Plan 72104** for your contribution.*
- Follow the online prompts and enter your selections.

By Phone:

Contact a Fidelity Retirement Services Specialist by calling 800-343-0860, Monday through Friday, 8:00 a.m. to midnight, Eastern time if you have questions or need assistance.

THE DEFAULT INVESTMENT FUND

A TIAA Lifecycle Index Fund or Fidelity Investments Freedom Index Fund is a mutual fund that is a diversified portfolio of other mutual funds offered by that company; essentially a fund of other funds. This includes domestic and international stock funds, bond funds, and money market funds. Each Lifecycle Index or Freedom Index Fund automatically selects the allocation of stock, bond, and money market funds that are appropriate for a target retirement date of approximately age 65.

The Lifecycle Index and Freedom Index Funds gradually adjust over time to become more conservative by decreasing the underlying equity holdings and increasing the fixed income holdings as the fund’s target retirement date nears. The gradual shift into fixed income from equities provides the potential for growth while reduces volatility as the retirement date approaches.

TIAA Lifecycle Index and Fidelity Freedom Index Funds are actively managed; however, the underlying mutual funds within each portfolio are index mutual funds. An index fund is a passive investment strategy that aims to replicate the movements of a specific benchmark that are held constant, regardless of market conditions. Using underlying index funds are a lower cost option to meet your retirement savings goals.

Your date of birth will be included in the enrollment notice sent to your chosen investment company. This will determine the specific Lifecycle Index or Freedom Index Fund into which you will be enrolled.

Lifecycle Index and Freedom Index Funds provide a simple solution if you lack the time, confidence, or investment knowledge to create and manage a well-diversified portfolio. Each fund is professionally managed and provides you with a simple, single investment fund.

LIMITS ON CASH WITHDRAWALS AND ROLLOVERS

Basic Retirement Plan

Employee contributions are not available for cash withdrawals or rollovers until you have terminated employment. University contributions are not available for cash withdrawals or rollovers until you have terminated employment and you are age 55 or older. Loans and in-service cash withdrawals are not available under any circumstance.

403(b) SRA

Cash withdrawals and rollovers are available upon termination of employment at any age and at age 59½ or older while you are still working at U-M. Withdrawals due to disability and hardship that meet IRS qualifications are also available.

457(b)

Cash withdrawals and rollovers are available upon termination of employment at any age, and at age 70½ while you are still working at U-M.

Loans

Loans are available for both the 403(b) SRA and the 457(b) but not from the Basic Retirement Plan.

TIAA

What is TIAA?

TIAA is the nationwide retirement and financial services system for people who work at more than 15,000 colleges, universities, independent schools, and other nonprofit education, hospital and health care, and research institutions throughout the United States. In fact, the University of Michigan was the first in the nation to offer TIAA in 1919.

TIAA has the highest rating for insurance financial strength from all four major rating agencies: Moody's; S&P; Fitch; A.M. Best and received the highest ranking for trust in the financial services and insurance industries by The Harris Poll (2010).

What are my investment choices?

The investment fund is automatically defaulted to an age-appropriate TIAA Lifecycle Index Fund. You may change this at any time. TIAA offers more than 40 fund choices, including mutual funds, and fixed and variable annuities. Domestic and international stock funds, bond funds, money market funds and real estate funds are available, along with a guaranteed fixed annuity and socially responsible funds. Several Vanguard funds are also available.

TIAA Institutional Class Mutual Funds

All TIAA mutual funds available through the University of Michigan plans are offered under the Institutional share class. This is the share class with the lowest management fees and expenses TIAA offers. The Institutional share class charges 25 basis point ($\frac{1}{4}$ of a percent) less in expenses than the Retirement share class that is typically offered through most employers. The lower fees mean more of your money remains in your account to work toward your financial future, and your retirement account balances have more earning potential.

Where can I find more information?

Visit: TIAA.org/umich

You can schedule an appointment with a TIAA investment professional by calling **1-800-732-8353**

Fidelity Investments

What is Fidelity Investments?

Fidelity Investments was founded in 1946 by Edward C. Johnson II and today is the largest mutual fund company in the world. Fidelity is one of the nation's top providers of 403(b) retirement savings plans for not-for-profit organizations, including colleges and universities, healthcare institutions, foundations, and charitable organizations. The University of Michigan added Fidelity Investments to its retirement plan in 1989.

What are my investment choices?

The investment fund is automatically defaulted to an age-appropriate Freedom Index Fund. You may change this at any time. Fidelity Investments offers over 200 mutual funds, including domestic and international stock funds, bond funds, money market funds and real estate funds. In addition, the Select Portfolio Funds allow you to invest in highly specialized sectors of the economy. Several Vanguard funds are also available.

Fidelity Freedom Index Funds: Class W

The Fidelity Freedom Index Funds available through the University of Michigan plans are offered as Class W shares. Class W is the share class with the lowest management fees Fidelity offers for the Freedom Funds. The low fees mean that more of your money goes to purchasing investments and you keep a higher percentage of the potential returns generated, which can help you reach your retirement goals faster.

Fidelity Class K Funds

Twenty-nine Fidelity fund options are available through the institutional Class K shares. These include funds like Blue Chip Growth, Contrafund and Magellan, among others. These 29 funds have lower fees and expenses than their non-Class K counterparts but have the same investment strategy and risk.

Where can I find more information?

netbenefits.com/uofm

You can schedule an appointment with a Fidelity Investments professional by calling **1-800-642-7131**

TAKE CHARGE

Review your paystub and quarterly statements; meet regularly with TIAA and Fidelity to review your savings goals and rebalance your portfolio; keep your name, address, and beneficiary updated; periodically increase your 403(b) SRA and 457(b).