

WASHINGTON STATE UNIVERSITY

Washington State University New Employee Retirement Orientation

Faculty and Administrative Professionals


Hosted by Tracy Vaughn



February 2017

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When you think about retirement, what does it look like?



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What should I be thinking about?

- ❖ How long will I work with WSU or the state of Washington?
- ❖ How much can I afford to contribute? Will that change over my career?
- ❖ What are my plans for retirement?
- ❖ What type of investor am I?

February 2017

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Two Different Plans to Choose From

- ❖ The Washington State University Retirement Plan (WSURP)
- ❖ Department of Retirement Systems Plan 3
 - Teachers Retirement System (TRS) 3 for Faculty
 - Public Employees Retirement System Plan 3 (PERS) for Administrative Professional employees

Prior State of Washington retirement service can impact your options

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What do the plans have in common?

- ❖ 30 day plan selection period, from your date of hire/eligibility date
- ❖ Participation is required
- ❖ Contributions are tax deferred
- ❖ Contributions are retro-active to date of hire
- ❖ Choice election is irrevocable while at WSU
- ❖ Both plans require enrollment forms

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Washington State University Retirement Plan (WSURP)

- ❖ Currently investment options are through TIAA
- ❖ 403b defined contribution plan
- ❖ 100% match from WSU, even at optional 10% rate
- ❖ Immediate vesting. Account balance, including WSU's contributions, are yours upon separation or retirement.

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WSURP Contribution Rates

Age	Contribution Rate
Under 35	5%
35 and Over	7.5%
50 and Over	10%

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Investment Options

39 Investment options available, ranging from conservative to aggressive, including:

- ❖ Lifecycle Account Options: Managed accounts based on when you want to retire
- ❖ Build Your Own Portfolio: Select and manage your own account
- ❖ A mix of both
- ❖ Change your investment options any time

Visit tiaa.org/ws to set up allocations and identify beneficiaries

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Investment Performance and Expense Ratio

NAME	ASSET CLASS	MOONSHOTS	RATING	1 YR	3 YR	5 YR	SINCE INSP	% AS OF DATE	WEEK - 1 YR
CRSP Bond Market Account (R2)	Fund Income	★★★★☆	3.47%	2.51%	4.02%	5.90%	12/31/2016	0.20%	
CRSP Equity Index Account (R2)	Equities	★★★★☆	12.46%	14.30%	8.71%	9.12%	12/31/2016	0.20%	
CRSP Global Equities Account (R2)	Equities	★★★★☆	9.11%	10.47%	9.70%	7.20%	12/31/2016	0.37%	
CRSP Growth Account (R2)	Equities	★★★★☆	2.92%	14.27%	8.39%	7.92%	12/31/2016	0.31%	
CRSP Inflation-Linked Bond Account (R2)	Fund Income	★★★★☆	4.23%	0.50%	5.91%	5.10%	12/31/2016	0.28%	

Fund pricing and prospectuses available under "Research and Performance" on the Investment Options tab.

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1. Create/Log in to your TIAA account and complete your personal information.

These retirement plans are available from your employer. To enroll today, select **Choose Investments** below. You can return and make changes at any time.

Plan 1 - Retirement Plan
 WASHINGTON STATE UNIVERSITY RETIREMENT PLAN

This plan is for faculty and administrative exempt employees only. You may participate in this plan immediately but must participate after one year of service. Contributions are made by WSU and you and vary depending on your age.

Enroll in this plan

Plan 2 - Supplemental Retirement Plan
 WASHINGTON STATE UNIVERSITY VOLUNTARY INVESTMENT PROGRAM

The WSU Tax-Deferred Investment (TDI) plan is available to all employees. This voluntary plan enables you to save more money for retirement on a before-tax basis. Your contributions reduce your current taxable income. Also, your contributions and any earnings aren't taxed until withdrawal.

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2. Choose your investments

Choose Investments Need Help?

Your Plan: WASHINGTON STATE UNIVERSITY RETIREMENT PLAN

I have no idea what to pick

Select an investment based on your retirement age.

[Choose for me](#)

I would like to pick my own with help

Pick an approach and we'll guide you through selecting investments.

[Help me choose](#)

I know what I want

Pick from a list of available investments.

[Choose my own](#)

[Back](#)

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3. Select the investment approach that best suits you. Think about how long it will be before you need to access this money. How comfortable are you with market risk?

Conservative Moderately Conservative Moderate **Moderately Aggressive** Aggressive

The Moderately Aggressive approach may appeal to you if you are 20 years from retirement, willing to take on more risk in exchange for more growth potential and are able to stay invested for a decade or longer.

Equities	72%
Fixed Income	13%
Guaranteed	7%
Real Estate	8%

[Select this approach and continue](#)

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4. Review the allocation suggestions and edit as needed

Once investments are chosen, you'll be directed to the beneficiary screen.

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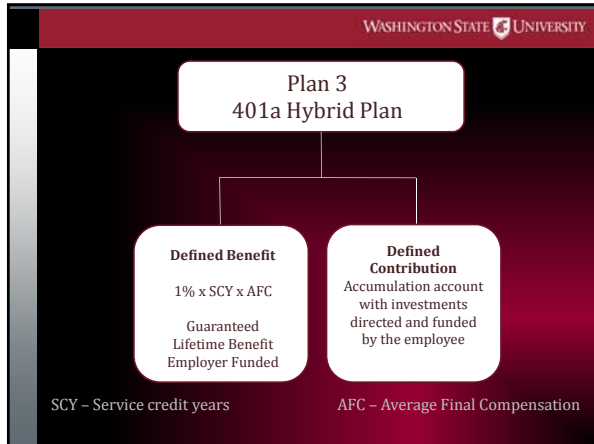
Retiring or Separating under the WSURP

- ❖ All funds are available upon retirement or separation
- ❖ Funds can remain in your account, be withdrawn, rolled over, or a combination
 - ❖ Upon withdrawal, the funds are subject to income tax and early withdrawal penalties
- ❖ Upon retirement from WSU, eligibility for lifetime retiree medical and dental coverage is available at:
 - ❖ Age 62
 - ❖ Age 55 with at least 10 years of service
 - ❖ Or upon proof of drawing a retirement annuity

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Department of Retirement Systems Plan 3

- ❖ Administered by the state of Washington
- ❖ Defined benefit funded by employer, defined contribution funded by employee
- ❖ Contribution rates locked in while with WSU
- ❖ 5-10 year vesting period
- ❖ Hybrid plan: Lifetime defined benefit, and defined contribution

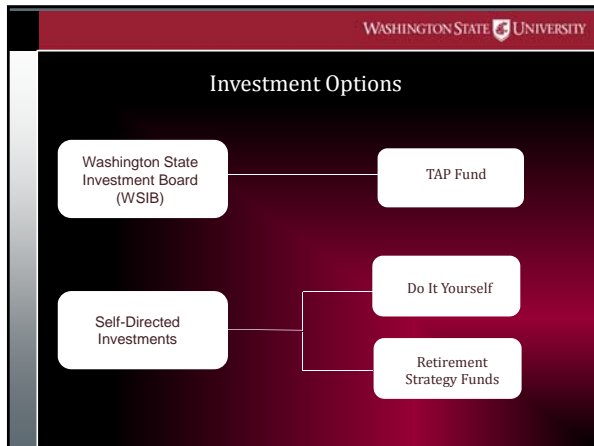


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Percentage
5% at all ages
5% until age 35 6% for ages 35 - 44 7.5% at age 45 & over
6% until age 35 7.5% for ages 35 - 44 8.5% at age 45 & over
7% at all ages
10% at all ages
15% at all ages

- ❖ Tax Deferred Contributions
- ❖ Immediately vested in defined contribution portion
- ❖ Contribution rate is irrevocable unless changing employers
- ❖ Plan is available at other state of Washington agencies

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- Investment Decisions – What do I need?**
- ❖ Do I want to select my own mix of individual funds?
 - ❖ Am I comfortable deciding how much to invest in each fund?
 - ❖ Do I have time to watch investments and make changes as I approach retirement?
 - If yes, you may be interested in the build and monitor approach.
 - If no, you may be interested in the one-step investing approach.



Build and Monitor Funds
You select, monitor, and adjust your own investments

Fund name	Fund manager
Short-Term Investment Fund	BlackRock
Washington State Bond	Washington State Investment Board
Socially Responsible Balanced	Walden Asset Management
U.S. Large Cap Equity Index	BlackRock
Global Equity Index	BlackRock
U.S. Small Cap Value Equity Index	BlackRock
Emerging Market Equity Index	BlackRock

Conservative ↑

↓ Aggressive

One-Step Investing
Automatically managed for you

Your birth year:	Your default fund:
1937 or before	Retirement Maturity Strategy
1938 – 1942	2005
1943 – 1947	2010
1948 – 1952	2015
1953 – 1957	2020
1958 – 1962	2025
1963 – 1967	2030
1968 – 1972	2035
1973 – 1977	2040
1978 – 1982	2045
1983 – 1987	2050
1988 – 1992	2055
1993 or after	2060

Conservative ↑

↓ Aggressive

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Washington State Investment Board Total Allocation Portfolio (TAP Fund)

- ❖ Actively managed by the WSIB: diversified mix of investments.
- ❖ Investment strategy: Generate a maximum return in the long term at a prudent level of risk
- ❖ Includes some asset classes not available in the Self-Directed Investment Program

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Investment Performance and Expense Ratio

Fund name	Manager fee	Manager administrative fee	WSIB fee	Recordkeeping fee	Total
Short Term Investment Fund (STIF)	0.0800%	0.0007%	0.0208%	0.0925%	0.1940%
Washington State Bond Market Fund	0.0000%	0.0041%	0.0208%	0.0925%	0.1174%
Socially Responsible Balanced Fund	0.3300%	0.0200%	0.0208%	0.0925%	0.4633%
U.S. Large Cap Equity Index Fund	0.0000%	0.0030%	0.0208%	0.0925%	0.1163%

INVESTMENT OPTION	Expense %	Returns as of Month Ending 10/31/2017				Returns as of Quarter Ending 12/31/2018				Calendar Year Returns					
		1 Year	3 Year	5 Year	10 Year	1 Year	3 Year	5 Year	10 Year	2018	2019				
Retirement Options PLAN															
2040 Retirement Strategy Fund ¹	0.2442	2.41	2.41	17.83	30.4	4.43	8.82	8.40	30.4	30.4	3.28	8.82	30.4	30.4	
2040 Composite Benchmark ²	-	2.46	2.46	17.96	30.4	4.38	8.89	8.38	30.4	30.4	3.26	8.38	30.4	30.4	
2051 Retirement Strategy Fund ¹	0.2442	2.60	2.60	17.66	3.81	8.96	8.83	6.79	8.81	3.16	8.77	8.83	-1.84	4.30	
2051 Composite Benchmark ²	-	2.46	2.46	17.96	3.82	8.83	8.28	8.89	8.38	3.80	10.19	8.01	8.38	-1.74	4.11

Visit drs.wa.gov/plan3 for investment details, prospectus, costs and limitations

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Enrollment and Online Tools

- ❖ Form A and B to HRS
- ❖ Confirmation email with beneficiary form from HRS
- ❖ After you receive a welcome letter from DRS, create online account at www.drs.wa.gov
 - Change investments, review account balance, beneficiaries

Contact Empower Retirement for detailed investment questions.

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Separating From Plan 3

- ❖ All funds are available upon retirement or separation
- ❖ Funds can remain in account, be withdrawn, rolled over, or a combination
 - ❖ Upon withdrawal, the funds are subject to income tax, and 10% penalty tax for early withdrawal if accessed before 59 ½.
- ❖ If you separate with 20+ years of service, pension benefit grows approximately 3% per year that you delay receiving benefits until age 65.

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Retiring Under Plan 3

- ❖ All funds are available at retirement
- ❖ Funds can remain in the account, be withdrawn, rolled over or a combination
- ❖ Early retirement available at age 55+, with 10 years of service
- ❖ Upon retirement from WSU, eligibility for lifetime retiree medical and dental coverage is available at:
 - ❖ Age 62
 - ❖ Age 55 with 10+ years of service
- ❖ Eligibility for lifetime retiree medical and dental coverage at age 55 with 10 years of service, or age 65. No retirement draw required.

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Voluntary Investment Programs

- ❖ Pre-tax and post-tax contribution options available
- ❖ Minimum contribution of \$15 per pay period, up to maximum of \$18,000 if under age 50 or \$24,000 if 50 or older
- ❖ Flexible-Can enroll/change/stop contributions at any time
- ❖ Can accept roll-overs from qualified retirement plans
- ❖ Both plans available to you, no matter what retirement plan you choose

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Deferred Compensation Program (DCP)

- ❖ Pre-tax only
- ❖ IRS tax code 457b plan
- ❖ Administered by the Department of Retirement Systems
- ❖ Same investment options as Plan 3
- ❖ No early withdrawal penalty, even on roll-overs
- ❖ Auto enroll for employees hired after Jan. 1, 2017 with 100% FTE

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Automatic Enrollment - New full time employees* hired on or after January 1, 2017 will be automatically enrolled

New Hire Timeline

Within 30 days of hire WSU reports you to DCP	A packet will be sent to you by DCP.	You'll have 30 days from that mailing to opt out.	90 days after your hire date 3% contributions will begin if you did not opt out	Within 90 days of 1 st contribution you can withdraw funds with no penalty
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*Part-time employees can voluntarily participate at any time, but will not be enrolled automatically

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Voluntary Investment Plan (VIP)

- ❖ Pre-tax and/or post-tax contributions
- ❖ IRS tax code 403b plan
- ❖ Administered by TIAA
 - ❖ Select investments online
 - ❖ Select contribution amount with HRS
- ❖ Same investment options as WSURP
- ❖ If funds are withdrawn after separation, an early withdrawal penalty will apply if you are under age 59 1/2

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Resources

Human Resource Services
hrs.wsu.edu | (509)335-4521 | hrs@wsu.edu

TIAA
www.tiaa.org/wsu | (800) 732-8353 In person consultations
(800)842-2776 Telephone consultations

DRS
www.drs.wa.gov | (800)547-6657 | recep@drs.wa.gov

Empower Retirement
savewithwa.empower-retirement.com | (888)327-5596 |
savewithwa@empower-retirement.com
