Washington State University
New Employee Retirement Orientation

Faculty and Administrative Professionals
Hosted by Human Resource Services

September 2019

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

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 and elections can impact your options
Things to Know

- 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

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.
- Default plan, if no form is submitted by deadline

WSURP Contribution Rates

<table>
<thead>
<tr>
<th>Age</th>
<th>Contribution Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 35</td>
<td>5%</td>
</tr>
<tr>
<td>35 and Over</td>
<td>7.5%</td>
</tr>
<tr>
<td>50 and Over</td>
<td>10%</td>
</tr>
</tbody>
</table>
WASHINGTON STATE UNIVERSITY

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
- TIAA Traditional Annuity – Guaranteed earnings
- Vanguard Index Funds
- Socially Responsible Fund
- A mix of both
- Change your investment options any time

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

Investment Performance and Expense Ratio

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Asset Class</th>
<th>1 Yr</th>
<th>5 Yr</th>
<th>10 Yr</th>
<th>20 Yr</th>
<th>3 Yr</th>
<th>5 Yr</th>
<th>10 Yr</th>
<th>20 Yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIAA Traditional Annuity – Retirement Annuity</td>
<td>Guaranteed</td>
<td>3.08%</td>
<td>3.00%</td>
<td>4.05%</td>
<td>5/1/2018</td>
<td>4.80%</td>
<td>4.80%</td>
<td>4.80%</td>
<td>5/1/2018</td>
</tr>
<tr>
<td>TIAA Bond Market Account</td>
<td>Fixed Income</td>
<td>3.15%</td>
<td>3.15%</td>
<td>4.00%</td>
<td>5/1/2018</td>
<td>3.15%</td>
<td>3.15%</td>
<td>3.15%</td>
<td>5/1/2018</td>
</tr>
<tr>
<td>TIAA Equity Index Account</td>
<td>Equity</td>
<td>6.55%</td>
<td>5.24%</td>
<td>10.32%</td>
<td>5/1/2018</td>
<td>6.55%</td>
<td>5.24%</td>
<td>10.32%</td>
<td>5/1/2018</td>
</tr>
<tr>
<td>TIAA Socially Responsible Account</td>
<td>Equity</td>
<td>5.71%</td>
<td>6.89%</td>
<td>10.44%</td>
<td>5/1/2018</td>
<td>5.71%</td>
<td>6.89%</td>
<td>10.44%</td>
<td>5/1/2018</td>
</tr>
<tr>
<td>TIAA Growth Account</td>
<td>Equity</td>
<td>6.97%</td>
<td>13.00%</td>
<td>15.00%</td>
<td>5/1/2018</td>
<td>6.97%</td>
<td>13.00%</td>
<td>15.00%</td>
<td>5/1/2018</td>
</tr>
</tbody>
</table>

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

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

These retirement plans are selected by your employer. To enroll today, select Choose Investments below. You can review and make changes at any time.

Plan 1 – Retirement Plan
WASHINGTON STATE UNIVERSITY RETIREMENT PLAN

This plan is in place for faculty and administrative except employees. You may participate in this plan immediately but must participate after one year of service. Contributions are made to TIAA and are subject to your age.

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

This plan is in place for 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 withdrawn.
2. Choose your investments

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?

4. Review the allocation suggestions and edit as needed.

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

Enrollment in the WSURP

- Form A to Pullman HRS – forms can be emailed, faxed, campus mailed, or scanned by HRS on other campuses
- Set up online account and allocations at www.tiaa.org/wsu

Department of Retirement Systems Plan 3
WASHINGTON STATE UNIVERSITY

Department of Retirement Systems Plan 3

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

Plan 3
401a Hybrid Plan

Defined Benefit
1% x SCY x AFC
Guaranteed Lifetime Benefit
Employer Funded

Defined Contribution
Accumulation account with investments directed and funded by the employee

SCY – Service credit years
AFC – Average Final Compensation

Employee Defined Contributions

<table>
<thead>
<tr>
<th>Option</th>
<th>Amount at Ages</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>5% at all ages</td>
</tr>
<tr>
<td>B</td>
<td>5% until age 35, 6% for ages 35 - 44, 7.5% at age 45 &amp; over</td>
</tr>
<tr>
<td>C</td>
<td>6% until age 35, 7.5% for ages 35 - 44, 8.5% at age 45 &amp; over</td>
</tr>
<tr>
<td>D</td>
<td>7% at all ages</td>
</tr>
<tr>
<td>E</td>
<td>10% at all ages</td>
</tr>
<tr>
<td>F</td>
<td>15% at all ages</td>
</tr>
</tbody>
</table>

- 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, school districts, etc.
Investment Options

- Washington State Investment Board (WSIB)
- TAP Fund
- Do It Yourself
- Retirement Strategy Funds

Do It Yourself
You select, monitor, and adjust your own investments

<table>
<thead>
<tr>
<th>Build and Monitor funds</th>
<th>Fund manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-Term Investment Fund</td>
<td>BlackRock</td>
</tr>
<tr>
<td>Washington State Bond</td>
<td>Washington State Investment Board</td>
</tr>
<tr>
<td>Socially Responsible Balanced</td>
<td>Wadden Asset Management</td>
</tr>
<tr>
<td>U.S. Large Cap Equity Index</td>
<td>BlackRock</td>
</tr>
<tr>
<td>Global Equity Index</td>
<td>BlackRock</td>
</tr>
<tr>
<td>U.S. Small Cap Value Equity Index</td>
<td>BlackRock</td>
</tr>
<tr>
<td>Emerging Market Equity Index</td>
<td>BlackRock</td>
</tr>
</tbody>
</table>

One-Step Investing
Automatically managed for you

<table>
<thead>
<tr>
<th>Retirement Strategy Funds</th>
<th>Maturity Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>2020, 2025, 2020</td>
</tr>
<tr>
<td>2025</td>
<td>2020, 2025, 2025</td>
</tr>
<tr>
<td>2030</td>
<td>2020, 2025, 2025, 2030</td>
</tr>
</tbody>
</table>

The Retirement Maturity Strategy Fund is for investors who have been retired for 15 years or more.
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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.

Do it Yourself Investment Expense Ratio

<table>
<thead>
<tr>
<th>Plan 3 Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short Term Investment Fund</td>
<td>0.1958%</td>
</tr>
<tr>
<td>Washington State Bond Fund</td>
<td>0.1253%</td>
</tr>
<tr>
<td>Socially Responsible Balanced Fund</td>
<td>0.4516%</td>
</tr>
<tr>
<td>U.S. Large Cap Equity Index Fund</td>
<td>0.1977%</td>
</tr>
<tr>
<td>Global Equity Index Fund</td>
<td>0.1707%</td>
</tr>
<tr>
<td>U.S. Small Cap Value Equity Index Fund</td>
<td>0.1790%</td>
</tr>
<tr>
<td>Emerging Market Equity Index Fund</td>
<td>0.3559%</td>
</tr>
</tbody>
</table>

Fees comprised of manager fee, administrative fee, WSIB fee and recordkeeping fee.

Investment Performance Example

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

Fees comprised of manager fee, administrative fee, WSIB fee and recordkeeping fee.
Separating From Plan 3
- All defined contribution 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 1/2.
- If you separate with 20+ years of service, pension benefit grows approximately 3% per year that you delay receiving benefits until age 65.

Retiring Under Plan 3
- All defined contributions funds are available at retirement.
- Early retirement available at age 55+, with 10 years of service, full retirement age 65 and vested.
- Upon retirement from WSU, eligibility for lifetime retiree medical and dental coverage is available at:
  - Age 55 with 10+ years of service
  - Or age 65 and vested
  - No retirement draw required.

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 some investment options, review account balance, beneficiaries
- Contact Empower Retirement for detailed investment questions.
Voluntary Investment Plans

- Pre-tax and post-tax contribution options available
- Minimum contribution of $15 per pay period, up to maximum of $19,000 if under age 50 or $25,000 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

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
- Auto enroll
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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 1st contribution you can withdraw funds with no penalty

*Part-time employees can voluntarily participate at any time, but will not be enrolled automatically

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

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