



Oregon Public Universities Retirement Plan Summer Newsletter

In This Issue

**Social Security Funds that
are Available to You in
Retirement**

**For the Cost of a Pizza or
Cup of Coffee. . .**

**The Importance of
Accurate Beneficiary
Information**

**Financial Education and
Tools, Provided by TIAA**

**Master Your Money:
Action Plan, Provided by
Fidelity Investments**

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Social Security Funds that are Available to You in Retirement

Many of us are participating in the PERS/OPSRP or the Optional Retirement Plan (ORP). However, in most cases, these plans aren't our only source of income in retirement. Whether you are in your 20's or your 60's, it is always smart to have an idea of what your full financial picture will look like in your retirement years.

We have all heard that it is important to check your credit report at least once a year, but it is equally important to check your social security benefits on an annual basis as well. You can do this online, and it is a fast and easy process. (For security purposes, we recommend that you use a secure internet connection when accessing your account, and avoid using public Wi-Fi, such as in a restaurant, hotel or coffee shop.)

The Social Security Administration has a great estimator tool, which can assist in determining what benefits will be available to you in your retirement. Simply navigate your internet browser to <https://www.ssa.gov/retire/estimator.html>. You will then click on the blue box that says "Estimate Your Retirement Benefits".

You will then be asked to input some personal information, and then create an account. Once your account is created, you will have access to your estimated retirement benefits, past earnings records, full statement access and statement data.



A beneficial feature on this page is the estimated benefits section. If you click on "View Estimated Benefits", it will provide insight on how much money will be available to you in retirement, and how it is impacted by the age in which you retire. For example, if you retire at age 67, your estimated benefit will be listed. However, if you retire at age 70, your



benefits might be significantly higher. However, if you choose to retire at age 62, your benefits may be significantly lower than if you retire at 67 or 70 years of age.

It is also a good idea to check to ensure that your wage history is listed accurately. To do this, you will want to select the option that says “view earnings record”. You will then see a page that lists all of the years that you were employed, and the amount of taxed social security earnings. It also contains a breakdown of social security taxes paid by you and by your employers. This is important to verify, because any missing wage history could impact the amount of social security funds that you receive in retirement.

For the Cost of a Pizza or Cup of Coffee.....

Most of us feel that we work hard for our money, and want to spend our paycheck on immediate needs and wants. However, it is important that you consider your financial future—especially when you think about how you want to spend your retirement. Do you want to have a financial standard of living similar to what you have now? Would you like your retirement future to include more income? If you prepare now, it can provide you more income in your retirement years.

Some employees may argue that they are currently living paycheck to paycheck, and don't have money to invest in their futures. If this is the case, we encourage you to consider two options.



- 1) Evaluate your current spending habits.** Create a detailed log of each item or service that you currently spend money on. At the end of the month, look over the list and see if any of the items are non-essential, or if the item could be substituted for a less expensive alternative. For example, did you order a pizza from a pizzeria? If so, what was the cost of that pizza? Could you get a pizza at a local grocery store, and bake it at home for a lower cost? In most cases, this answer is yes. By making these small changes, you can often find money and provide yourself more financial wiggle-room. Plus, you don't have to miss out on delicious pizza!

EXAMPLE: Yolanda earns \$24,000.00 per year. She wants to invest in her future, but money is tight. She does a mathematical formula and determines how much money she would need to reach the 1% minimum to participate in the 403(b) plan by utilizing her employer's salary reduction agreement. Yolanda divides her annual salary of \$24,000.00 by 12 months and determines her monthly salary to be \$2,000.00 per month. She then multiplies \$2,000.00 X .01 (which is 1%), and determines that she would need to invest \$20.00 per month to participate. Yolanda evaluates her current spending habits and determines that she can find substitutions for her current purchases.

Yolanda has realized that she goes to a national coffee chain twice weekly and spends an average of \$4.00 per trip. This means that she spends approximately \$32.00 at the coffee chain each month. Yolanda is



not ready to give up her coffee habit entirely, and decides to make coffee at home and treat herself to the coffee chain only once per week. By doing this, Yolanda has created more financial wiggle room and only spends \$16.00 at the coffee chain per month, and keeps \$16.00 for herself. To meet her 1% goal, she needs to find another \$4.00 somewhere. Yolanda then realizes that she has been ordering a pizza once a month from a pizza chain. She spends an average of \$12.00 on this pizza. However, at her local supermarket, she can purchase a pizza from the deli for \$6.00. She has now saved \$6.00 on pizza, and \$16.00 on coffee, which equals \$22.00. Yolanda has exceeded her 1% goal and determines that by making small changes, she can afford to invest \$20.00 per month in her future.



- 2) If you absolutely cannot cut anything or modify your spending habits, there is another option. Make yourself a promise that with your next salary increase or raise, you pledge to spend that increase on yourself for your future. By doing this, you will not miss the money that will be withheld from your paycheck, because you are already accustomed to bringing home “X” amount of dollars.

EXAMPLE: Chuck is a university employee who has many financial obligations. Chuck has completed a financial analysis in regards to his spending habits and determines that he cannot afford to make cuts anywhere. However, he just had his performance review and is expecting a raise. Chuck decides to invest in his future, and chooses to put the percentage increase into his 403(b) account each month.

****Our salary reduction agreements allow you to reduce your paycheck by as little as 1%.****
<http://www.opurp.org/sites/opurp1.uoregon.edu/files/SRA.pdf>

You have the option of your money being processed on a pre-tax basis, or on a Roth (after tax) basis. This money is then handled by Fidelity Investments or TIAA and is invested on your behalf. (You choose the provider). If you are a new participant, this money will be invested in the provider’s default investment choice until you indicate to Fidelity or TIAA how you would like your money to be allocated. Salary reduction agreements can be initiated or terminated at any time; therefore, if your financial situation changes for the better or for worse, you are not boxed in.

It is important to consider all sources of retirement income early on in life. This way you can plan for the retirement that you want and deserve. By participating in the employer’s 403(b) plan, it will provide you additional income in your retirement years.

Prioritize your future!

Retirement is usually quite expensive, and it’s always better to have too much than too little when it comes to money. Not indulging in that expensive take-out or cutting back on café coffee can save you money in general, but what better way to use that new savings than to help your future? The younger you are, the more your money grows, and even if you’re about 15 years from retirement, it’s never too late! Let your money work for your wallet, instead of being a drain, and increase your deferral ASAP. Don’t know how? Call your benefits office and visit www.opurp.org for information and assistance.



The Importance of Accurate Beneficiary Information

Death can be a very uncomfortable topic for most people. However unfortunate, it is important to realize that nobody gets out of this world alive. We all will reach our final moment at some point—some deaths are expected, and others are not. For this reason, it is important that you express your final wishes before the time comes of your passing. This is especially important when it comes to your financial affairs. Unresolved financial issues can cause arguments, hurt feelings, and stress for your loved ones who are left behind after you are gone.

When there are changes that occur in your life, it is a perfect time to review your financial documents and current beneficiary information. For example, did you recently have a child? Did you marry or get divorced? Did your spouse or other beneficiary pass away? Did you recently reconnect with previously estranged family members?

If you do not have a beneficiary or beneficiaries designated, the plan administrator will direct the benefits to be paid to the surviving person or people in the first of the following categories of successive preference.

1. Current spouse who survives the participant for 30 days;
2. Same-sex domestic partner** who survives the participant for 30 days;
3. Children, including adopted children, who survive the participant for 30 days, to share payments equally;
4. Parents who survive the participant for 30 days, to share payments equally; or
5. The estate.



**For this purpose, a participant's same-sex domestic partner is the individual, if any, who the Oregon Family Fairness Act (which is sections 1 to 9 of 2007 Oregon Laws Chapter 99) requires to be treated the same as the participant's surviving spouse.

If you don't have a beneficiary or beneficiaries listed in your retirement account(s), it can be a simple process to make your final wishes known. If you have not selected any beneficiaries, or if you would like to amend your current choices, you must contact your plan provider. You can make those changes online or you can request that a form be mailed to you.

Get in touch with your Plan Sponsor to update your beneficiary information at:

TIAA - www.TIAA.org/opurp , 800-842-2776

Fidelity Investments - www.netbenefits.com/opurp , 800-343-0860

VALIC – www.VALIC.com , 866-283-4892



Online tools and calculators make financial planning easier

Many people spend more time planning for a vacation than planning for retirement. Now, TIAA makes it easy to plan for – and live well in – retirement. Whether you need help budgeting, planning, investing or estimating your retirement income there is a tool or calculator that can help. Click one of the links below to get started!

Retirement planning

- [Retirement Advisor](#) – Complete four easy steps and receive a customized retirement action plan with savings and investment recommendations.
- [Retirement Income Planner](#) (*requires TIAA login*) – Explore your income options and compare a wide range of scenarios to help you meet your retirement income goals.
- [Withdrawal Calculator](#) – Understand what an early withdrawal could do to your retirement account—including missed growth potential, tax consequences and penalties.
- [Live and on-demand webinars](#) – Attend a workshop without ever leaving your desk. TIAA subject-matter experts review a variety of topics. Several upcoming webinars will discuss Social Security. *Note: requires registration with email and password, which are used solely for workshop registration – no information is shared with TIAA.*

Budgeting

- [Budget Worksheet](#) – Learn to budget and create a plan for your financial future in 10 steps.
- [Retirement Budget Worksheet](#) – Evaluate the expenses you expect to have in retirement and create a budget.



Saving and investing

- [Asset Allocation Evaluator](#) – In only a few minutes, this tool will provide examples of how you may want to invest your retirement savings across different asset categories.
- [Compare Investments](#) – Research your investment choices by comparing historical performance, risk, holdings, and ratings for up to five mutual funds and/or Retirement Plan Annuities.

Additional tools and calculators are available at www.tiaa.org/tools. A little planning today can help you achieve your financial goals.



MASTER YOUR MONEY ACTION PLAN

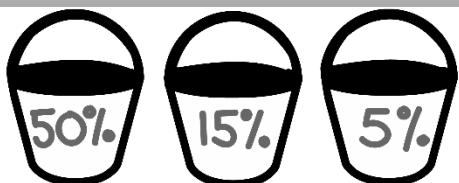
Mastering your money doesn't have to be hard. You just need to know these five core money concepts to build a solid foundation for your finances:

- **Budget:** Make the most of the money you have
- **Credit:** Use credit to your advantage
- **Debt:** Handle debt smartly
- **Invest:** Reach your money goals
- **Retire:** Start thinking about retirement



BUDGET

A budget is the foundation for all finances – but it doesn't have to be hard. The 50/15/5 rule helps you get started with creating a budget. Estimate where your money goes each month by filling in the budget buckets.



ESSENTIALS RETIREMENT SAVINGS
(you can do whatever you want with the rest!)

Cost of essential expenses per month (housing, utilities, etc.)	\$
Monthly retirement contribution	\$
Monthly short-term savings	\$

What's one thing you can do to help you get started with creating a budget?

CREDIT

Your credit health can affect your financial options in the future. Use this credit check-up at least once a year or when you open a new line of credit:

- Check your debt load** and make sure your debt payments are less than one-third of your income.
- Build credit** if you don't have any credit history
- Check your credit health** by checking your credit report at least once a year
- Read the fine print** and compare offers when opening a line of credit
- Pay on time** and pay at least the minimum

What can you do to boost your credit health today?



DEBT

Managing debt is a two-part game: paying off what you owe and avoiding it in the future. Use the money map to ditch debt and start to save.



1. Start an emergency fund
2. Contribute to your 403(b)
3. Pay off high interest debt
4. Pay off private student loans
5. Contribute more to your retirement
6. Pay off lower interest, federal loans

Where are you on this money map?

INVEST

Investing can seem scary or complicated, but it's one of the best ways to help reach your long-term financial goals. Pick at least 3 life goals from the list below and map them out on the timeline from short-term to long-term.



- Renting a house
- Buying a house
- Buying a car
- Travel
- Marriage
- Having a family
- Retirement
- Starting a business
- Other: _____



Which goals would make more sense to invest in versus to put into a savings account?

RETIRE

Retirement can seem a ways off, but you only need to do a few small things today to give yourself a big financial boost later!

1. **Open an account** and make sure you have a place to start saving for retirement.
2. **Make it automatic** and build up your retirement without even thinking about it!
3. **Meet the match** if your employer offers one – don't leave free money on the table!
4. **Bump up your contributions** if you're already saving.



What's something you can do today or in the future to give yourself a financial boost?



Oregon Public Universities

Retirement Plans



**For more information, tools and resources,
visit www.Fidelity.com/MyMoneyNow**

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