OREGON PUBLIC UNIVERSITIES
Retirement Plans

Quarterly Newsletter - Spring 2018

Are you a PERS/OPSRP Member & Planning to Retire Soon?

If you are a PERS/OPSRP member and are planning to retire soon, it is time to get your ducks in a row and start thinking about your Individual Account Plan (IAP) account.

Your IAP account is a defined contribution account that is provided alongside your PERS pension. At retirement, you will have two buckets of money. The first is your PERS/OPSRP pension. This means that you will receive "X" amount of dollars per month once you retire (if you are vested). The second bucket of money is comprised of your IAP account. At retirement, this is a lump sum of money that you can choose to take installments from, have distributed to you in a lump sum, or you can choose to roll it over to another qualified plan.

Some may wonder why they should not just take the lump sum. There are two thought processes surrounding this topic.

- If you take a lump sum payout, you could bumped up into a higher tax bracket, which means that you could be paying higher taxes for this payout.

- If you take a lump sum payout, you could be missing potential earnings and growth by having your money out of the market. You may choose one of the installment options available with the IAP. Or, if you choose to roll the money to another plan, you could delay withdrawing that money until you need it, or until you are required by IRS rules to take a required minimum distribution at 70½ years of age.

If you decide that the lump sum option is not for you, now is the time to start planning. Since you are an employee of the Oregon Public University System, you have the option to enroll in our 403(b) plan. Once you terminate employment, you will not have the option to enroll in this plan.

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To enroll, simply complete a Salary Reduction Agreement and dedicate a minimum of 1% of salary to be deducted from your paycheck and placed in your 403(b) plan with TIAA or Fidelity Investments. You may save on a pre-tax or after-tax (Roth) basis.

It only takes one contribution to get your account established. Then, when you retire, you can request to have your IAP money rolled into the 403(b) plan.

The benefits of rolling your money into the 403(b) plan are:

- You have more control over your money. You can choose to invest more aggressively or conservatively based on your choices. If one choice doesn't work for you, you aren't locked in. You can move your money around at any time.

- You have access to retirement plan representatives from TIAA and Fidelity Investments. They have individuals who routinely schedule appointments on campus and are available to meet with you face-to-face. If you have questions about your money, they are there to help.

If you feel that rolling your money into the 403(b) plan is something you might want to do, act now. Complete a Salary Reduction Agreement form and submit it to your payroll department. A fillable PDF can be found here: SRA 2018

Changes to the Individual Account Program (IAP) At PERS

Beginning on January 2, 2018, the funds in your IAP account were shifted to a Target Date Fund (TDF) based on the year of your birth. For more information on that change, please check out the PERS Announcement.

Based on those changes to the IAP, House Bill 4159 was introduced at the 2018 Legislative session and was passed. HB Bill 4159.

House Bill 4159 directs the Public Employees Retirement Board to adopt rules providing that, if the Oregon Investment Council invests assets of individual account program in multiple risk categories depending on characteristics of individual member, member of individual account program may elect to have moneys in member's individual accounts deposited into approved investment option.

To summarize, this bill will allow participants to make an election once per calendar year. The PERS board will establish the date by which a member must make an election under this section in order for the election to become effective on January 1 of the following year. The bill would allow for participants to move their funds from the fund they were initially placed in on or about January 2, 2018, a fund that was chosen based on the year closest to when the participant turns 65, to any of the other available target date funds.

More information should be available from PERS in the coming months and Retirement Plans Management will update our site accordingly.

ORP Participants: What Happens to Your Account When You Leave Employment and are then Rehired?

If you previously worked for one of the Oregon Public Universities and were a member of ORP, but did not vest, you may be eligible to have your employer portion of your account reinstated. Below is some information regarding rehire and vesting.

A) If I choose to come back to work for an Oregon Public University in the future how would a distribution affect my standing under the ORP?

Your standing with the plan is affected by whether you have taken a full, partial, or no distribution from the ORP.

• **Full Distribution:** If you take a full distribution of your vested ORP account, you will cease to be a participant under the Plan and any future employment with OPU will be the same as a new employee for purposes such as - but not exclusive to - provider selection, tier, vesting and wait time. If you return to service with OPU, your original election to participate in the ORP is unchanged.

• **Partial Distribution:** If you take a partial distribution of your ORP account, you will resume participation in the same contribution tier as your original employment. However, you will be required to serve a 6-month waiting period before resuming participation in the ORP. Your vesting status and forfeiture restoration to your account (if applicable) depends on how long you were separated from service.

• **No Distribution:** If you have not taken any distribution of your vested ORP account, you will resume participation in the same contribution tier as your original employment, and you will not be required to serve a new 6-month waiting period before resuming participation in the ORP. Your vesting status and forfeitures will be restored to your account (if applicable) depending on how long you were separated from service.

If you return to service with OPURP, your original election to participate in the ORP is unchanged whether or not you have taken any form of distribution from your ORP account.

B) I separated from service, but I may work for an Oregon Public University in the future. If I do return to work, how would my length of separation affect my ORP account?

Your standing with the plan is affected by the length of time that you were not employed by an Oregon Public University.

• **Separated less than 5 years:** If you are separated from service for less than 5 years, your years of service from your prior employment will count towards your vesting. If you were not 100% vested in your employer account at separation you may be eligible to have your forfeited Employer Account balance restored to your ORP account. Ensure that your benefits department is aware that you were employed before and work with them to request restoration of your forfeited non-vested Employer Account. Provide your campus benefits office the name of the ORP provider that held your ORP account and the date that you separated from service with an OPU campus.

- **Separated 5 or more years:** If you are separated from service for 5 or more years, your years of service from your prior employment will not count towards your vesting and you are not eligible to have any forfeitures restored to your account. If you return to service with OPU, your original election to participate in the ORP is unchanged regardless of the amount of time that you have been separated from service with OPURP.

Did you Know?

The Oregon Department of State Lands (DSL) holds many unclaimed assets for Oregonians. These assets vary, and can consist of tax refunds, uncashed checks, wages/salary/payroll funds, safe deposit box contents, insurance proceeds, rebate proceeds, court deposits and more.

According to the Department of State Lands website, $50 million is remitted to the DSL each year. All unclaimed funds are held in Oregon's Common School Fund until claimed. Interest earnings from the fund are sent to Oregon schools twice per year.

Many people might be surprised to find that money is being held for them by the state of Oregon. To see if you have money that the Oregon Department of State Lands is holding for you, simply click on this link: http://www.oregon.gov/DSL/Money/Pages/Lost.aspx

In the middle of the page, there is a blue box, which says "Search Now." You need to click on this box to initiate a search. A new page will open, and you can choose to Register / Log In, or you can simply click on the green "Search" button without registering.

A new page will then load, and you will be required to enter your last name. Entering your first name is not required, but it may be helpful to use this function if you have a popular last name. It is recommended that if you use the first name search box, to try inputting your first initial only, as well as entering your full name in another search. For example, if your name is Rebecca Nguyen, you would want to first search for Rebecca Nguyen, and the second search should be for R Nguyen. Since certain last names are more popular than others, and there may be more than one entries for R Nguyen in the database. The website also lists the address affiliated with the assets. You can review the affiliated address and determine if this is a location where you once lived or received mail.

If you discover that the state of Oregon is holding assets for you, you will need to follow the Claim Instructions here: https://oregonup.us/upweb/up/UP_ClaimInstr.asp

3 Practical Student Loan Repayment Options

Student loan debt can feel overwhelming for many young adults in America.

However, carrying student loan debt doesn't have to be a burden when you create a realistic payoff plan. Here are three practical ways to help pay off your student loans:

1. Choose the shortest student loan repayment program you can afford

If you have federal student loans, you can choose from four general repayment plans:

- The 10-Year Standard Repayment Plan, where you repay your college debt in equal installments starting six months after you've graduated or left school.

- The 10-Year Graduated Repayment Plan, where your payments start out very low and then increase every two years.

- The Extended Repayment Plan, where you stretch out your student loan payments for as long as 25 years, and you can make fixed or graduated payments.

- An Income-Related Repayment Plan, where you have a variety of loan repayment options, each of which has a payment term ranging anywhere from 10 to 25 years.

The shorter the time frame you select the less interest you'll pay and the quicker you'll repay those student loans.

2. Seek out a loan deferment, forbearance, or cancellation if you can't make payments

When you face economic hardship, you may qualify for a loan deferment or forbearance. In some cases, you can have your loans canceled altogether.

For instance, Sallie Mae offers deferments for nearly 20 different types of life situations that have left the borrower in a state of economic hardship or financial distress.

If you become unemployed, are a new mother re-entering the workforce, volunteer for a non-profit, are a military enlistee, or meet other eligibility requirements, you might also qualify for a loan deferment.

3. Consider the extra benefits of volunteering and your career path

If you volunteer at AmeriCorps, VISTA, or the Peace Corps, or you volunteer for any organization that helps people in under-served communities, you may be eligible to have your student loans canceled completely.

Police officers, doctors, nurses, teachers, lawyers, and healthcare professionals may also qualify for loan forgiveness programs and outright cancellations.

Use these three tips and your student loans can be paid off before you know it.

Retirement 101

What is a basis point? In investment literature, I see this term or BPS, and want to know how it affects my account.

We asked our friends at Fidelity Investments to provide us some guidance on this commonly asked question. This was their reply:

The term basis points, which you'll often see expressed as bp, bps or bips, refers to the common unit of measure for interest rates, bond yields and other percentages in the world of finance. One basis point is 1/100th of 1% and is used to denote the percentage change in a financial instrument. For example, a 1% change = 100 basis points.

When it comes to retirement accounts, basis points are used to determine the cost of the mutual funds being offered. Fund expenses are expressed as an annual percentage of assets. For example, a mutual fund might have expenses of 0.17% or 17 basis points. When investors compare funds, they measure the difference in basis points. For example, a fund with expenses of 0.45% is five basis points more expensive than one with a 0.40% ratio. That little "bip" may seem small, but on $10,000 invested over 20 years, going with the fund with the lower ratio can add up to hundreds of dollars in savings, depending on fund performance.

I'm new to saving for retirement, and I often see the term "Mutual Fund" used. Can you tell me what a mutual fund is?

We asked our friends at TIAA to describe the ins and outs of a mutual fund. This was their reply:

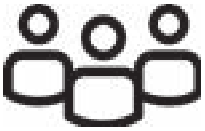
A mutual fund is a collection of professionally selected and managed stocks, bonds, cash or alternative investments grouped together in one fund.

A convenient, simple approach to investing

Here are 3 advantages of mutual funds to consider as part of your investment strategy.

Don't put all your eggs in one basket

Mutual funds provide multiple investment opportunities in one fund. This can provide lower risk through diversification and lower costs for you.



Professional money management

We handle all the day-to-day decisions, such as buying, selling and researching investment opportunities for our actively managed funds

Easy access to your money

Mutual funds allow you to buy and sell shares as well as convert your assets to cash with ease.

Women & Investing: Are you in the front seat?

Does gender matter when it comes to investing? Of course! Many women don't take an active role in investing. Why? The obvious reason: Because they're busy. But, busy or not, life happens and we all have to face financial decisions. The fact is, 90 percent of women will be solely responsible for their finances at some point in their lives, whether they stay single, experience divorce or just live longer than their spouse.

Yes, that's the truth. Women live longer than men, spend around seven years out of the workforce caring for their children or elderly relatives and earn only 80 cents for every dollar earned by men. Then, in retirement, they receive lower pension and Social Security benefits. What does all this mean for women? Here's the bottom line: To make up for the difference in earnings and benefits, plus to account for that longer life span, women simply need to invest more.

Everyone, men and women alike, needs to be in the front seat when it comes to investing. It's perfectly okay to let someone else take the lead or work with a financial professional for guidance. You don't have to be a financial expert, but you do need to understand your plan and how it's working for you. Build experience with finances before it becomes a necessity due to a major life event, such as divorce, illness or loss of a spouse. Here's how:

- Recognize the special challenges women face and start investing as early as possible.
- Become familiar with the retirement benefits available through Oregon Public Universities and take advantage of the plans offered.
- Look for educational opportunities available through OPU's retirement plan sponsors and use them as an opportunity to learn how to reach your retirement goals.

Wherever you are in life, Fidelity will work with you to create, monitor, and tweak your plan with easy-to-use checklists and guides. Whether you're new to the workforce or approaching retirement, we'll help guide you throughout your career.

Ladies, it's time to get into the driver's seat. Get started with Fidelity's tools, education, and resources designed to help you create a personalized retirement plan that can evolve over time as your goals change. Start by visiting Fidelity's new Women and Investing digital experience at Fidelity.com/FrontSeat

VALIC Fund Changes

Recently, a decision was made that affects participants who have accounts in VALIC. Effective January 31, 2018, the Oregon Public Universities began offering the VALIC mutual-fund-based program for the OPURP 403(b) Plan and the Optional Retirement Plan. Some of the benefits of the new mutual-fund-based program include the following:

- An array of investment options from well-known mutual fund companies
- No front- or back-end sales charges on contributions for mutual funds and no surrender charges if you choose to convert your annuity account to the mutual fund based program
- Continued personal face-to-face services including financial planning and investment education
- Secure account access 24 hours a day, seven days a week through VALIC Online or by calling VALIC by Phone, a toll-free interactive telephone service
- Ongoing account statements with complete account and investment summaries

The plan changed as an attempt to both improve fund quality and reduce fund expenses to achieve lower costs for OPURP participants.

The VALIC retirement plan changed in the following ways:

- OPURP changed the investments available in the retirement program from an annuity-based fund menu to a lower cost mutual-fund-based fund menu.
- The new mutual fund investment options provide more diversification and significantly reduced fees.
- In the annuity menu, the lowest fund expense is 1.20% and the highest fund expense is 2.25%. In the new mutual fund menu, the lowest fund expense is 0.04% and the highest fund expense is 1.04%. The average cost reduction moving from the annuity menu to the mutual fund menu is over 1.0% (100 basis points). For example: If you have $50,000 in your account in a fund that charged 1.20%, it would cost you $600 per year in fund management fees; while if you were invested in a fund at 0.04%, your fund management fees would be $20. That could be a significant savings over a 20 or 30-year career.

- An annual administration fee of 0.17% (17 basis points) is applied to the total value of your account at VALIC.
- One-fourth of this fee is from your accounts each quarter. The annual fee is reduced by reimbursements received (if applicable) from the mutual funds in which participants are invested. The reimbursements are be credited to your account each quarter and will be reflected on your statement.
- Easy access is available to change investment options within the plans.
- Face-to-face meetings with a local VALIC financial advisor is available.

If you have any questions about these changes, you can call the team at OPURP by calling 541-346-8574 or talk to the Benefits department at your campus. Your future contributions will begin to flow to the mutual fund based program in accordance with the Fund Mapping Schedule.

No new money will go into the annuities. Your current assets will remain with the VALIC annuity investment program until you choose to move your account to the new mutual fund based program, which you can do at any time. There are no surrender fees charged when you move to the mutual fund line-up.

VALIC members with an active loan should not worry. There is no change to the loan repayment process. Payments will continue to be deducted from the participant's personal banking account via ACH.

As a reminder, the only employees who are permitted to participate in the VALIC plan are those who have been grandfathered in due to participation before October 2007. No new enrollments are permitted in the VALIC plan.

REMINDER

Be sure to keep your contact information current with your employer and your provider. As your plan administrators, we want to ensure that you receive any plan updates or information, as well as account statements from your provider. Missing these communications and updates could result in not knowing when changes are made that affect your account.

As always, we strive to provide our participants with high quality options and services. For more information on our committees, meetings, and plan information, please visit our website at https://www.opurp.org

Contact Information

For questions about our plans and other inquiries, please call us at 541-346-8574 or email opurp@uoregon.edu

All of our plan guides, forms, and documents are available to download on our wesbite: https://www.opurp.org