



UNIVERSITY OF ILLINOIS SYSTEM

Altogether Extraordinary™



# UNIVERSITY OF ILLINOIS 403(b) RETIREMENT PLAN

*Investing in You*



**This guide will help you answer  
some key questions:**

- Why should I save in the 403(b) Retirement Plan?
- How do I get started?
- Where can I get help along the way?

# 5 REASONS TO START TODAY

Saving for your future with the University of Illinois Supplemental 403(b) Retirement Plan is an important part of your overall financial picture. Here are a few reasons why:

## 1 Save on taxes.



- Through the 403(b) Plan, you can save on taxes now with pre-tax contributions, or save on taxes in the future with Roth contributions.
- Not sure how much you can set aside from each paycheck? Try the [take-home pay calculator](#).

## 2 Help grow your savings through the power of compound earnings.



- Saving a little more and starting early can add up over time.

### Why should you increase your 403(b) contribution?

A **1%** increase only makes a small difference in your paycheck—but may make a big difference down the road. Consider the example below for a **\$35,000** annual income\*:

#### Increase your contribution by **1%** and by retirement you could ...

have an additional **\$15,237.89** to enjoy **VACATIONS**.



#### Increase your contribution by **3%** and by retirement you could ...

have an additional **\$45,713.68** to enjoy **FAMILY**.



#### Increase your contribution by **5%** and by retirement you could ...

have an additional **\$76,189.46** to enjoy **FUN**.



Assumptions: Annual salary of \$35,000, employee contribution of 1%, 3% and 5% respectively. 7% annual rate of return and a beginning balance of \$0. No withdrawals and contribution amount remains unchanged for the 20 years as indicated above. The ending values do not reflect taxes, fees, or inflation. If they did, amounts would be lower. Earnings and pretax contributions are subject to taxes when withdrawn. Your own plan account may earn more or less than this example. Investing on a regular basis does not ensure a profit or guarantee against a loss in a declining market.

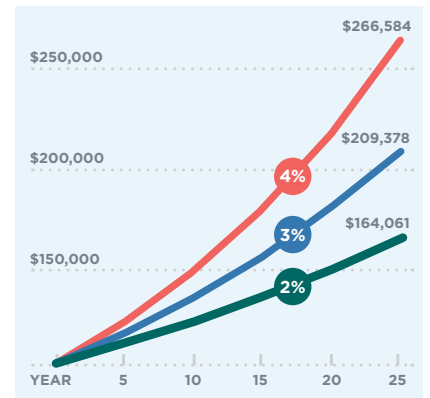
## 3 Cover future expenses.



- Understand [how much you might need for retirement](#).
- Consider the rising [cost of health care](#).
- Recognize the impact of inflation on your future dollars.

### The effect of inflation on retirement expenses

Even moderate inflation drives up your annual expenses over time. If you begin your retirement with an annual withdrawal of \$100,000, see what your lifestyle will cost after 25 years at 3 different rates of inflation:



Source: Fidelity analysis based on a hypothetical portfolio of \$2.5 million with a drawdown of 4% that assumes no growth, taxes, or inflation for simplicity. The hypothetical is not intended to predict or project the investment performance of any security.

## 4 Gain access to a diverse menu of investment options.



- Through the 403(b) Plan, you can invest in [low-cost options with Retirement Committee oversight](#).
- The core lineup offers a broad exposure to a variety of asset classes with low account fees.

## 5 Keep it simple.



- Contributions are deducted directly from your paycheck.
- Voluntary contributions are always 100% vested and yours to keep from day one.
- You can change your contribution rate at any time.

# DEMYSTIFYING COMMON SAVING MYTHS

There is a lot to consider as you think about your future financial goals. Let's start with the most common myths about saving.

## ❑ I have access to the State Universities Retirement System (SURS) Pension, so I don't need to save in the 403(b) Plan.

- While SURS is an excellent benefit, consider saving in the 403(b) Plan to:
  - Lower your current or future tax bill.
  - Avoid any retirement income gaps.
  - Keep pace with inflation and rising health care costs.
  - [Build a legacy](#) for your heirs or charitable organizations.
- Please keep in mind, most University of Illinois System employees do not contribute to Social Security, which could have an impact on expected retirement income.

## ❑ I can't afford to save.

- You can't afford **not** to save when you realize what a big difference small contributions can make. Small amounts of savings can add up through the power of compounding.
- Find out [how much you may want to save](#).
- Dealing with day-to-day [budget concerns or debt](#)? [We can help](#) with that, too.

## ❑ I don't understand investing or market volatility.

- Through the 403(b) Plan, you have access to [low-cost investment options](#) and [resources to help you](#) create a strategy that fits.
- Understanding the [current markets](#) and your unique investment profile can help you weather the market's ups and downs.
- [Meet 1:1](#).

## ❑ I'm just getting started at the University, I have plenty of time.

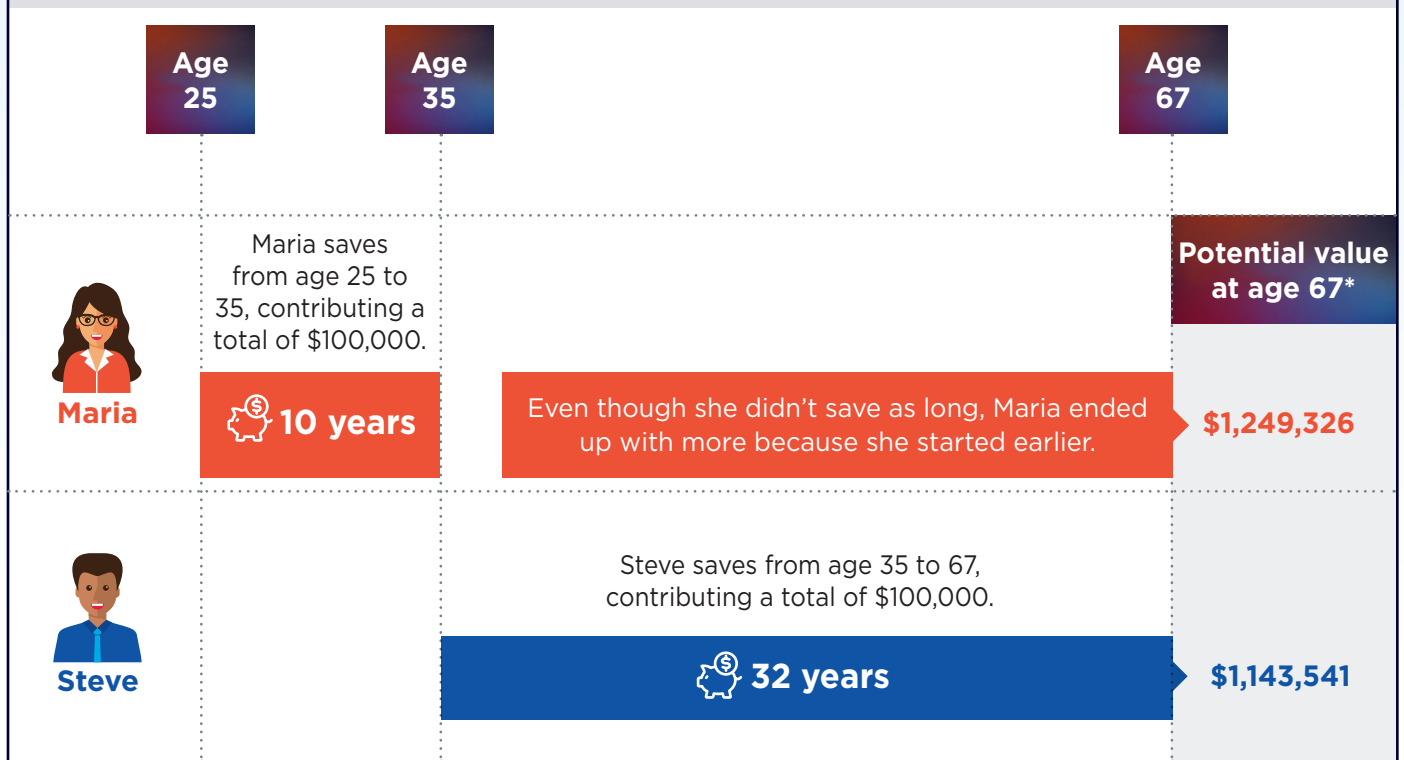
- The early years of saving can be some of the most beneficial.
- A Tale of Two Savers (on the following page) illustrates the power of compounded earnings—the money you save may multiply many times over in the years between now and retirement. In fact, if you start saving early and then stop, you could actually accumulate more for retirement than a coworker who starts later, saves longer, and contributes more.





## STARTING EARLY MAKES A DIFFERENCE—A TALE OF TWO SAVERS

By starting early, you could potentially generate a bigger balance at retirement while investing less along the way.



\*Although Maria stopped contributing to the plan at the age shown, assets remained invested in the plan until age 67.

This hypothetical example is based on monthly contributions of \$833.33 for Maria and Steve, made at the beginning of the month to a tax-deferred workplace savings plan, and a 7% annual rate of return compounded monthly. Your own plan may earn more or less than this example, and income taxes will be due when you withdraw from your account. Investing in this manner does not ensure a profit or guarantee against loss in declining markets.

## NEXT STEPS TO GET STARTED

- Go to the [University's website](#).
- Enroll with Fidelity, TIAA or both.
- Select your strategy—choose your own fund mix or choose a target date fund based on the year you plan to retire.
- Complete the Salary Reduction and/or Redirection Agreement (SRA) online.
  - You can make changes to your contribution amount or selected provider at any time.
  - Consider pre-tax (pay tax on future distributions) or Roth (pay taxes now, instead of later).
  - Decide the amount you want to contribute each pay period.

## LEARN MORE

- Review the [403\(b\) Plan's fund lineup](#).
- Understand the [Plan's administrative fees](#).
- Consider your savings options: [Roth v. Pre-tax](#) and dollar or percentage contributions.

## DON'T FORGET

- Designate a beneficiary on your account.
- Confirm communication preferences and provide important contact information.
- Schedule a time to meet or attend a workshop.



# WE'RE HERE TO HELP

## UNIVERSITY OF ILLINOIS BENEFITS

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View information on the [University 403\(b\)](#).



Go to the [University Payroll & Benefits Service Portal](#).



Call Urbana: **217-265-6363**.  
Call Chicago: **312-996-7200**.  
Call Springfield: **217-206-7144**.

## FIDELITY INVESTMENTS®



View the [Fidelity 403\(b\)](#) web page.



Call **800-343-0860** Monday through Friday, from 7 a.m. to 7 p.m. Central time.



Download the [NetBenefits Mobile App](#).



[Meet 1:1](#) with a licensed Fidelity Workplace Financial Consultant or call **800-642-7131**.

## TIAA



View the [TIAA 403\(b\)](#) web page.



Call **800-842-2252** Monday through Friday, from 7 a.m. to 9 p.m. Central time.



Download the [TIAA Mobile App](#).



[Meet 1:1](#) with a TIAA Investment Professional or call **800-732-8353**.

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