The University of Virginia Tax-Deferred Savings Plan Roth Contribution Option – A new way to save for retirement

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University of Virginia is introducing a Roth contribution option to the University of Virginia Tax-Deferred Savings Plan beginning January 11, 2013. It's yet another tool you can use to save for your financial future.

You now have more choices in retirement planning

- Pretax contributions to the University of Virginia Tax-Deferred Savings Plan
- Roth after-tax contributions to the University of Virginia Tax-Deferred Savings Plan
- Both pretax and Roth after-tax contributions

What is a Roth contribution option?

In the University of Virginia Tax-Deferred Savings Plan, your contributions with pretax dollars have the potential to accumulate tax deferred and are taxable upon distribution. With your new Roth option, contributions are made with after-tax dollars. So the savings in your Roth plan, and any earnings, will be tax free at withdrawal when you reach age 59 ½* – providing you with possible important tax benefits when you may need them the most.

Consider a Roth contribution if you:	Roth benefits
Are not eligible to make Roth IRA contributions because of high income	The Roth option does not have adjusted gross income (AGI) limits.
Want to make Roth contributions greater than the Roth IRA limit	Contribution limits are higher than those of the Roth IRA, allowing you to maximize your after-tax retirement savings.
Feel confident your retirement income needs are met and want to leave a potential tax-free legacy	Assets may be passed along to your beneficiaries income tax free.
Want to help protect your retirement assets from potential tax consequences	Having both pretax and after-tax assets in your retirement accounts allows you to hedge against the uncertainty of future tax rates.
Are just starting out and in a lower tax bracket	By making after-tax contributions that are based on a lower income, you pay less taxes now rather than at retirement when you are more likely to be earning more. Also, the earlier you start, the more time you give your money to work for you.

* Withdrawals of earnings prior to age 59½ are subject to ordinary income tax and a 10% penalty may apply. Earnings can be distributed tax free if distribution is no earlier than five years after contributions were first made and you meet at least one of the following conditions: age 59½ or older or permanently disabled. Beneficiaries may receive a distribution in the event of your death. For governmental 457(b) plans, withdrawals are only allowed following separation from service or when you reach age 70½.

Is the Roth contribution option right for you?

Contributing to the University of Virginia Tax-Deferred Savings Plan Roth option today can provide significant tax savings – especially if you expect your tax rate to be higher when you retire. While it's difficult to predict what your future tax situation may be, you'll want to estimate as best as you can, taking into consideration the best choice for your current tax circumstances.

If your tax rate in retirement is expected to be:	Your preferred option may be:
Higher than current rate	After-tax Roth contribution option
Lower than current rate	Pretax contribution option
Same as current rate	Either

Note: Roth contributions are included in your maximum contribution limits, plus any catch-up limits, if applicable.

Getting started

Enrolling in the University of Virginia Tax-Deferred Savings Plan Roth contribution option is easy. Simply complete and submit a new Salary Reduction Agreement, available through your benefits office or online at **tiaa-cref.org/uva**. Please also visit **tiaa-cref.org/uva** to learn more about the investment choices available through the University of Virginia Tax-Deferred Savings Plan.

To learn more about the advantages of the University of Virginia Tax-Deferred Savings Plan Roth contribution option, call TIAA-CREF at **800 842-2273**, Monday through Friday, 8 a.m. to 10 p.m., and Saturday, 9 a.m. to 6 p.m. (ET), or visit **tiaa-cref.org/uva**. We look forward to helping you as you plan for – and live well in – retirement.

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