Getting on the Right Path with Your Workplace Savings Plan

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So, you’re starting to think about saving for retirement

Today’s agenda:
- Steps to prioritizing your savings
- Benefits of saving at work
- Choosing your investments
- Determining your next steps
- Staying in touch with Fidelity
Commonsense budgeting

Let’s explore:
– How to create a budget
– Creative ways to reduce spending
– The importance of saving for retirement
Make the right moves with your money

- Track monthly expenses
- Categorize and budget for your expenses
- Look for creative ways to reduce spending
- Monitor your spending behavior

**A Tool to Help:** Use our Savings & Spending Checkup to conduct an income and expense analysis. Or use the Budgeting Worksheet.
What do you spend your money on?

**Essential expenses**
Things you know you absolutely need:
- Mortgage
- Food
- Health care

**Discretionary expenses**
Things you don’t need, but would like to have:
- Travel
- Hobbies
- Club memberships

**Tip:** The goal of successful budgeting is learning to live within the bounds of your discretionary income.
Your workplace savings plan is hard to beat

- Ease and convenience
- Investment choice
- Potentially lowers taxable income
- Tax-deferred growth
- Compounded growth potential

Some Tools to Help: Use our Contribution Calculator to try some “what-if” planning—and the Take-Home Pay Calculator to see what a bargain it can be to save in your plan.
Bad debt has an interest rate greater than 9%

- Use extra savings to pay down the balance
- Work with account that has the highest interest rate first
- Make minimum required payments on the other cards to avoid penalties

Tip: Don’t let your retirement savings slip.
Pick highest interest rate card and attack

The facts

- Starting credit card balance of $5,150
- 14.99% interest rate
- Two payoff scenarios – $150 and $250 a month

Paying $100 more a month saves over $1,000 in interest

Year 1 2 3 4 5

$250/Month $924 in interest payments

$150/Month Potential savings: $1,038

$1,962 in interest payments

For illustrative purposes only.
A safety net for your financial plans

Everyone needs an emergency savings fund:

- At least three to six months’ worth of living expenses
- Safe and easily accessible
Maximize your workplace savings

Let’s explore:
– The importance of starting early
– Annual IRS limits
– How consolidation can help simplify finances
Because contributions are made before taxes are withheld

The net effect on take-home pay

- 6% contribution
- 8% contribution
- 10% contribution

This hypothetical example assumes a $30,000, $50,000, and $75,000 annual salary; filing single at a 25% federal income tax rate on the take-home-pay chart; state and local taxes are not included. The weekly contribution to your account is a tax-deferred contribution; income taxes will be due when you withdraw from the account.
First, maximize your employer match

Don’t put it off another day

- “Free” money
- Your decision to start now could help you accumulate a lot more for retirement
- You can always increase your contribution later

Reminder: If you have not already selected your beneficiaries, or if you have experienced a life-changing event such as a marriage, divorce, birth of a child, or a death in the family, it’s time to consider your beneficiary designations.
The power of compounding

Potential account balance at age 65 if participant invested $125/month starting at various ages:

- Participant contributions
- Participant contributions with the benefit of tax-deferred growth

This hypothetical example assumes a beginning plan account balance of $0; pre-tax contributions of $125.00 every month beginning at the age shown above until age 65 and an effective annual rate of return of 7%. The ending values do not reflect taxes, fees or inflation. If they did, amounts would be lower. Earnings and pre-tax contributions are subject to taxes when withdrawn. Distributions before age 59 1/2 may also be subject to a 10% penalty. Contribution amounts are subject to IRS and Plan limits. This example is for illustrative purposes only and does not represent the performance of any security. Individuals 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.
15% of your pay is a good benchmark

- Strive to reach the maximum annual pretax contribution limit ($18,000 in 2016)
- Take advantage of catch-up contributions, if eligible ($6,000 in 2016)
- Continue ease and discipline of payroll deduction

Once you’re at that level, then you can think about other tax deferred savings vehicles outside of your workplace savings plan.
Over time, that can add up to big savings

Invest now, thank yourself later

Growth of investment over 25 years

- 6% contribution
- 8% contribution
- 10% contribution

$209,581
$261,350
$313,119
$313,119
$399,400
$485,682
$442,541
$571,964
$701,386

This hypothetical example assumes a beginning plan account balance of $10,000; starting annual gross salary of $30,000, 50,000 and 75,000; salary increase of 3% each year; pre-tax contributions of 6%, 8% and 10% of salary every week for 25 years and an effective annual rate of return of 7%. The ending values do not reflect taxes, fees or inflation. If they did, amounts would be lower. Earnings and pre-tax contributions are subject to taxes when withdrawn. Distributions before age 59 1/2 may also be subject to a 10% penalty. Contribution amounts are subject to IRS and Plan limits. This example is for illustrative purposes only and does not represent the performance of any security. Individuals 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.
Offers compelling benefits for managing retirement savings

- Keep all of your assets in one place
- Fewer statements
- Track overall performance
- Maintain investment strategy of choice

We Can Help: For help consolidating your retirement savings, schedule a complimentary one-on-one consultation

Be sure to consider all your available options and the applicable fees and features of each before moving your retirement assets.
Reviewing your plan details
Tax Deferred Savings Plan (TDSP)

Enrollment

• You may enroll in the TDSP at any time using employee self-service
• Vested upon enrollment
• If you leave UVA, all the contributions are yours for retirement
• Vendors – Fidelity and TIAA-CREF
Tax Deferred Savings Plan (TDSP) Contributions

- You can contribute a minimum of $20 per month, up to the annual IRS dollar limits.

- Annual additions to the plan may not exceed 100% of your pay or $53,000 for 2016 (whichever is less).

- If you are under age 50, federal tax law generally limits your contribution limit for deferrals and Roth Contributions to $18,000 for 2016.

- If you will be at least age 50 during the year, your plan allows you to contribute an additional $6,000 in "catch-up" contributions.
UVA Medical Center Cash Match Plan

Enrollment

• You may enroll in the employer Cash Match at any time using employee self-service.

• To be eligible, employees must be eligible to participate in the Medical Center Retirement Plan (MCRP) or the Virginia Retirement System (VRS) and must be participating in the Tax Deferred Savings Plan.

• Vendors - Fidelity and TIAA-CREF
UVA Medical Center Cash Match Plan

Contributions

• Paid for by UVA

• For Medical Center employees hired on or after September 30, 2002, the University of Virginia will match contributions at 50% up to 4% of salary, not to exceed a 2% employer match contribution.

• For Medical Center employees hired prior to September 30, 2002 who participate in the Medical Center Retirement Plan or any Medical Center employees who participate in the Virginia Retirement System regardless of their date of hire, the University of Virginia will match contributions at 50% up to a maximum as determined by the General Assembly. As of July 1, 2000, the monthly maximum is $40.
UVA Medical Center Retirement Plan (MCRP)

Enrollment

- You have 60 days from your hire date to enroll in the MCRP. If you do not choose a program, you will be automatically enrolled with Fidelity.
UVA Medical Center Retirement Plan (MCRP)

Contributions and Vesting

• You do not make contributions to the MCRP.

• The current employer-paid contribution is 4% of salary for employees hired on or after September 30, 2002. If you were hired prior to this date the employer paid contribution is 8% of salary.

• 100% vested with 2 years consecutive benefit eligible employment

• 50% with less than 2 years consecutive benefit eligible employment
The fundamentals of investing

Let’s explore:
– The principles of asset allocation
– Different investment types
– The importance of diversification
Asset allocation = combining different investment types

Up to 91.5% of variations in returns can be attributed to asset allocation.*

The three investment types and the role they play

<table>
<thead>
<tr>
<th>Short-term investments</th>
<th>Bonds</th>
<th>Stocks</th>
</tr>
</thead>
<tbody>
<tr>
<td>– Relatively stable value</td>
<td>– Debt securities issued by governments and corporations</td>
<td>– Long-term growth potential</td>
</tr>
<tr>
<td>– Potential to pay interest</td>
<td>– Potential to pay interest</td>
<td>– Value can go up and down</td>
</tr>
<tr>
<td>– Lower risk, lower potential return</td>
<td>– Moderate risk, moderate potential return</td>
<td>– Higher risk, higher potential return</td>
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An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although money market funds seek to preserve the value of your investment at $1 per share, it is possible to lose money by investing in these funds.
Diversification = spreading out investments within investment types

Diversification
Spread out your investments within investment types

Mutual Funds
Include a variety of stocks and/or bonds

Stocks (equities)
Bonds (fixed income)
Cash (short-term)

Stock Fund
Bond Fund
Cash (short-term)
Asset allocation + diversification = a smart investment mix

Combining them skillfully can help you

- Reduce portfolio risk and volatility
- Match your investment strategy to your time horizon, financial situation, and risk tolerance
- Tap into market opportunities
- Avoid the pitfalls of market timing

A Tool to Help: Visit the NetBenefits Planning tab to find your target asset mix or complete the Investor Profile Questionnaire.
Finding the right mix depends on your:

- Tolerance for risk
- Time horizon
- Financial situation

**A Tool to Help:** Visit NetBenefits > Planning to find your target asset mix and create an action plan to help align your portfolio with your goals. Or, complete the Investor Profile Questionnaire.
Then, determine what mix of investment types match your investment approach

Finding the right mix
How four hypothetical investment mixes align with different approaches to investing

Aggressive Growth
May be appropriate for investors:
• Comfortable with wide fluctuation
• > 10 years until retirement goal

Balanced
May be appropriate for investors:
• Comfortable with moderate fluctuation
• < 5 years until retirement goal

Growth
May be appropriate for investors:
• Comfortable with significant fluctuation
• > 5 years until retirement goal

Conservative
May be appropriate for investors:
• Looking to minimize fluctuation
• < 5 years until retirement goal

For illustrative purposes only.

The purpose of the target asset mixes is to show how target asset mixes may be created with different risk and return characteristics to help meet a participant’s goals. You should choose your own investments based on your particular objectives and situation. Remember, you may change how your account is invested. Be sure to review your decisions periodically to make sure they are still consistent with your goals. You should also consider any investments you may have outside the plan when making your investment choices.

These target asset mixes were developed by Strategic Advisers, Inc., a registered investment adviser and Fidelity Investments company, based on the needs of a typical retirement plan participant.
Hands-on or hands-off?

- Do you want to make your own investment decisions?
- Are you comfortable building your own portfolio?
- Do you have the time to actively manage your investments?

**Hands-off**

**Lifecycle funds**
Provide an automatic investment mix that becomes continually more conservative as time goes on. Just pick the fund with the year that’s closest to the year you plan to retire.

**Let us guide you**
Use our investment guidance, on the NetBenefits Planning tab, to identify a target investment mix, receive a model portfolio suggestion, and easily implement your strategy.

**Hands-on**

**Do-it-yourself**
Access Fidelity’s research resources, and utilize our fund selection tools to build your own portfolio.

*Lifecycle funds are designed for investors expecting to retire around the year indicated in each fund’s name. The investment risk of each lifecycle fund changes over time as its asset allocation changes. Lifecycle funds are subject to the volatility of the financial markets, including equity and fixed income investments in the U.S. and abroad, and may be subject to risks associated with investing in high-yield, small-cap, and foreign securities. Principal invested is not guaranteed at any time, including at or after their target dates. Neither diversification nor asset allocation ensures a profit or guarantees against loss.*
Stay on track

Let’s explore:
– Steps to get enrolled in your plan
– The benefits of consolidating accounts
– How Fidelity can help
Stay on track

Make saving a priority

- Enroll in your plan
- Set your savings contribution rate
- Choose your investments
- Pay down high-interest credit card debt
- Create a budget — and find ways to save more
For additional information

- Visit NetBenefits®
  [www.netbenefits.com](http://www.netbenefits.com)

- Call Fidelity at 800-343-0860 to speak with a representative familiar with the features of your workplace savings plan
Put all you’ve just learned to work for your future

We will work one on one with you to provide:

– Information about your plan’s features and benefits
– Assistance with a range of services from plan enrollment to investment education as well as account consolidation
– Guidance on next steps to help you maximize your workplace savings plan and other retirement savings opportunities
– Assistance with more complex needs including, multi-goal and retirement income planning, charitable giving strategies, and investment management

Contact our Workplace Planning and Guidance Consultants for a one-on-one consultation today!

Call 800-642-7131

Representatives are available from 8:30 am – 9:00 pm EST

Stay on track

Be sure to consider all your available options and the applicable fees and features of each before moving your retirement assets.
Before investing in any mutual fund, consider the investment objectives, risks, charges, and expenses. Contact Fidelity for a prospectus or, if available, a summary prospectus containing this information. Read it carefully.

Investing involves risk, including risk of loss.

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