

Office of Human Resources

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DATE: March 22, 2016

TO: Employees Enrolled in the UA Retirement Plan Who
Contribute Less than 5%

FROM: Becky Goins, Director of Employee Benefits

Letter # 2

**This is an update on the changes to the
University's Retirement Plan that take effect in July.**

**You are receiving this notice because you
currently contribute less than 5 percent.**

At this point you've most likely seen or at least heard something about the July 2016 changes in the University's Retirement Plan.

When the first notice of changes was released we received feedback from several employees. Some responses were positive and some employees had questions and concerns. As a follow up, enclosed is information that addresses the most common questions and comments received in response to that first notice.

(continued on the back)



Am I required to begin a 5% contribution to my retirement account in July 2016?

No. The required contribution process will begin slowly. Your required contribution for July 2016 through June 2017 will be 1%. Each July it will increase by 1% until July 2020 when it will reach 5%. At that point there will be no more required increases, but you can continue to voluntarily increase your contributions and the University will continue to match contributions one-for-one over 5% up to 10%.

How much will a 1% contribution reduce my take-home pay?

The required contribution will be made pre-tax. The retirement contribution is removed before most of the federal and state taxes are applied so you are paying those taxes on a lower salary. Everyone's personal tax situation is different, but that pre-tax contribution most often means that \$1 in retirement contributions will cost you less than \$1 in actual take-home pay.

As examples:

For someone earning \$19,000 per year, a 1% contribution is \$15.83 per month. And based upon the personal tax situation, the true reduction in take-home pay could be less than \$15.83, perhaps closer to \$12 or \$13 per month.

At a \$24,000 annual salary, the 1% contribution to retirement would be \$20 per month with the true take-home pay reduction in the range of \$15 to \$17.

Visit our website, www.hr.uams.edu, and click on "July 2016 Retirement Changes." This will take you to our UA Retirement Plan website where you can find more details on what your paycheck will look like with the required 1% contribution.

What are the next steps?

That's up to you. If you want to begin contributing or begin contributing more, you can do that at any time by completing a Salary Deferral Agreement Form with the Human Resources Office. If you want to wait until July, the 1% contribution will begin automatically with the first full pay period of July.

I'm contributing over 1% to my retirement account now. Am I required to make an additional 1% contribution this July?

No. If you are already contributing over 1% on a pre-tax basis, there will be no changes in your contributions unless you choose to make changes.

The cost of everything is increasing. How can I afford to make a retirement contribution?

Getting started can be a real challenge. But preparing for the future is important and there's never going to be the perfect time to begin saving for retirement. The contributions are beginning slowly and you still have three full months to prepare for the change.

TIAA and Fidelity are offering complimentary workshops to assist you.

Register for one or more of these workshops to learn strategies and tips to help you manage your retirement and financial future with confidence. These are open to all UAMS employees.

Be sure to register to reserve a seat. Here's how:

Fidelity: Online at <http://getguidance.fidelity.com> or by phone 800-642-7131.

TIAA: Online at <https://publictools.tiaa-cref.org/public/publictools/events/eventswelcome> or by phone at 800-732-8353.

TIAA: The Starting Line: Why and How Retirement Saving Should Begin Now

This workshop will cover the real effect of time on money; why saving for retirement is important and how to plan; the differences between good and bad debt; and how budgeting can help you save.

Friday, May 6, 11:30-12:30, Hospital Gallery

Thursday, June 2: Employees at all UA campuses may participate in a live webinar, time and instructions to be announced later. A recording of the webinar will be available for 30 days following.

TIAA: Tomorrow in Focus: Saving for Your Ideal Retirement

This workshop will cover retirement saving and planning; the real benefit of time in regards to saving; and the essential features of retirement investments.

Friday, May 6, 2:30-3:30, Hospital Gallery

Fidelity: Get Started and Save for the Future You

The benefits of saving in the University of Arkansas 403(b) Defined Contribution Retirement Plan: how to enroll; small steps you can take to save more.

Thursday, June 9, 3-4pm, COPH 8/240

Regional Programs employees may participate in this workshop via remote on June 7, noon to 1pm. For set-up, contact Julian Tunno at 501-686-2590.

Fidelity: Designing Your Financial Roadmap

Design a plan to help you achieve multiple savings goals. Establish a budget and manage debt. Balance and prioritize savings goals, including college planning.

Thursday, June 9, 11:30-12:30, COPH 8/240

I'm ready to get started, what do I do next?

You can increase your contribution at any time. You do not have to wait until July 2016 to begin and you can contribute more than the required contribution percentage. Contact Human Resources at (501) 686-5650 or visit our office 4C of the Central Building to complete a Salary Deferral Agreement Form and your contributions can begin with the next available payroll.

More questions?

Contact us at (501) 686-5650 or AskHR@uams.edu. Also, if you have questions about your account balance or current investments with TIAA or Fidelity, please contact them directly at 800-842-2252 for TIAA and at 800-343-0860 for Fidelity.

New TIAA name

Wonder why we now refer to “TIAA” instead of the longer name “TIAA-CREF?” They recently rebranded their company name to be shorter. But the same CREF stocks and bonds investment opportunities remain available.



From either the UAMS internet or intranet site, do a search on “**UA Retirement Plan.**” The first result should be our website where there are resources to help you understand your retirement plan benefits.

Check out “Retirement benefit scenarios” to see how the personal contributions you make now can impact how much you’ll have for your future retirement.

Consider scheduling a one-on-one appointment with a TIAA or Fidelity representative. This is a must if you’re within a year or two of retiring. But you can also meet to make sure you’re on track. You’ll find a link at this site called “Meet with a retirement counselor.” Click there to see the dates they will be on campus and how to schedule an appointment.