

THE UNIVERSITY OF IOWA

RETIREMENT PLANS COMPARISON - 2012

All faculty and staff members participate in either the Iowa Public Employees Retirement System (IPERS) or the University Funded Retirement Plan through Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF). **Serious consideration must be given to choosing a retirement plan because it is an irrevocable decision. You must submit a Retirement Plan Election Form to the University Benefits Office within 60 days of your hire date.** Here is a basic comparison of the plans:

| <u>PLAN</u> | <u>TIAA/CREF</u> (http://www.tiaa-cref.org/) | <u>IPERS</u> (http://www.ipers.org/) |
|--|---|--|
| <u>Plan Type</u> | Defined Contribution Plan. Individually-owned retirement accounts issued by TIAA/CREF. Federal and State income taxes on contributions are deferred until the benefits are received. Retirement income is contingent upon your individual investment returns. | Defined Benefit Plan. Federal and State income taxes on contributions are deferred until the benefits are received. Retirement income is contingent on a formula based on your years of service and salary earned. |
| <u>Contribution Rate: First Five Years</u> First \$4,800 of salary Salary above \$4,800 | <u>07/01/11</u> <u>Employee</u> <u>University</u> 3.33% 6.66% 5% 10% | <u>07/01/11</u> <u>Employee</u> <u>University</u> 5.38% 8.07% 5.38% 8.07% |
| <u>Contribution Rate: After 5 yrs</u> All Salary | 5% 10% | 5.38% 8.07% |
| <u>Maximum Eligible Salary</u> | \$333,333 (Staff hired before January 1, 1996) \$250,000 (Staff hired after January 1, 1996) | \$250,000 |
| <u>Vesting</u> | Both the Employee and University contributions are fully and immediately vested. This means that you own all contributions to your account, even if you leave the University before retirement. | 4 years or 16 quarters or age 55. If not vested by 07/01/2012, vesting occurs after 7 years (28 quarters) or at age 65 and contributing to IPERS. |
| <u>Terminating Before Retirement</u> (Under age 55) | You own all contributions to your account. You can leave your money with TIAA-CREF as long as you like. You can receive withdrawals from your account or roll it into an IRA. If you withdraw funds before age 59-1/2, they may be subject to an additional 10% early withdrawal penalty. | You can leave your money with IPERS, receive a refund of your contribution, or roll it into an Individual Retirement Account (IRA). If you are vested, you will receive a portion of the University contribution at a prorated amount based on years of service. If you withdraw funds before age 59-1/2, they may be subject to an additional 10% early withdrawal penalty. |
| <u>Retirement</u> (Over age 55) | If you retire after reaching 55, the 10% tax penalty will not apply. There are multiple withdrawal options including annuities. For more details see the TIAA-CREF and/or University Benefits Office websites. | You will receive all your contributions, plus a portion of the University contribution based on a formula that looks at years of service, age, and salary. There are multiple withdrawal options. For more details see the IPERS and/or University Benefits Office websites. |

SELECTING A RETIREMENT PLAN - IRREVOCABLE DECISION

A staff member with a regular appointment of 50% or more, earning \$7,800 or more in annual budgeted salary must select a retirement plan. The staff member may choose either to participate in TIAA-CREF or to participate in IPERS. Serious consideration must be given to choosing a retirement plan. It is an irrevocable decision. Once one retirement program is elected over the other, you have waived your right to participate in the other retirement program in the future during your employment with The University of Iowa. **If a Retirement Plan Election Form is not received by the University Benefits Office within 60 days of your hire date, you will automatically be enrolled in the IPERS retirement plan.**

Retirement plan contributions will begin on the first paycheck. If a Retirement Plan Election Form is not submitted before the first paycheck, IPERS contributions will be automatically deducted. If TIAA-CREF is later elected before the end of the 60 day election period, IPERS contributions will be refunded, and TIAA-CREF contributions will begin on the following paycheck.

Staff with temporary appointments of six months or more and staff with regular appointments less than 50% time or with an annual salary less than \$7,800 are required to participate in the IPERS program. The deduction will automatically come out of your paycheck.

IPERS

The IPERS retirement plan is a Defined Benefit Plan. Retirement income is contingent on a formula based on your years of service and salary earned. For further information on the IPERS program, please refer to their website: <http://www.ipers.org> or contact IPERS directly at (800) 622-3849.

If you elect to participate in IPERS, you must complete an IPERS Enrollment/Beneficiary Designation Form to designate a beneficiary for these funds in case of your death before retirement. This form can be downloaded from on the IPERS website or found in your Benefits Orientation packet.

TIAA-CREF

The TIAA/CREF retirement plan is a Defined Contribution Plan. Retirement is contingent upon your individual elected investment returns. For further information on the TIAA-CREF program, please refer to their website: <http://www.tiaa-cref.org/>, or contact TIAA-CREF directly at (800) 842-2776. You can also contact the Coralville office at (319) 356-8000 or toll-free (866) 842-2977.

If you elect to participate in TIAA-CREF, you should complete a TIAA-CREF beneficiary designation on line at the TIAA-CREF website <http://enroll.tiaa-cref.org/uiowa/>. At this site, you can learn about the investment options available and allocate your retirement funds between any of the multiple investment options. If you do not make an investment selection, your funds will be automatically deposited into a lifecycle fund based on your expected year of retirement based on your age.

VOLUNTARY RETIREMENT SAVINGS PROGRAM

No matter which retirement plan you select, arrangements can also be made for additional before-tax and after-tax contributions (over and above required contributions), within IRS guidelines, to a Voluntary Retirement Savings Program (VRSP).

An individual is allowed to freely change or terminate VRSP contributions during the calendar year. There is additional information regarding VRSPs available in the Retirement section of the University Benefits Office website <http://www.uiowa.edu/hr/benefits/index.html>.