

THE UNIVERSITY OF IOWA

RETIREMENT PLANS COMPARISON

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. Here is a basic comparison of the two retirement 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>	<table border="1"> <thead> <tr> <th colspan="2"><u>11/01/09–06/30/11</u></th> <th colspan="2"><u>07/01/11</u></th> </tr> <tr> <th><u>Employee</u></th> <th><u>University</u></th> <th><u>Employee</u></th> <th><u>University</u></th> </tr> </thead> <tbody> <tr> <td>First \$4,800 of salary</td> <td>3.33%</td> <td>5.33%</td> <td>3.33%</td> <td>6.66%</td> </tr> <tr> <td>Salary above \$4,800</td> <td>5%</td> <td>8%</td> <td>5%</td> <td>10%</td> </tr> </tbody> </table>		<u>11/01/09–06/30/11</u>		<u>07/01/11</u>		<u>Employee</u>	<u>University</u>	<u>Employee</u>	<u>University</u>	First \$4,800 of salary	3.33%	5.33%	3.33%	6.66%	Salary above \$4,800	5%	8%	5%	10%	<table border="1"> <thead> <tr> <th colspan="2"><u>07/01/09-06/30/10</u></th> <th colspan="2"><u>07/01/10-06/30/11</u></th> </tr> <tr> <th><u>Employee</u></th> <th><u>University</u></th> <th><u>Employee</u></th> <th><u>University</u></th> </tr> </thead> <tbody> <tr> <td>First \$4,800 of salary</td> <td>4.3%</td> <td>6.65%</td> <td>4.5%</td> <td>6.95%</td> </tr> <tr> <td>Salary above \$4,800</td> <td>4.3%</td> <td>6.65%</td> <td>4.5%</td> <td>6.95%</td> </tr> </tbody> </table>		<u>07/01/09-06/30/10</u>		<u>07/01/10-06/30/11</u>		<u>Employee</u>	<u>University</u>	<u>Employee</u>	<u>University</u>	First \$4,800 of salary	4.3%	6.65%	4.5%	6.95%	Salary above \$4,800	4.3%	6.65%	4.5%	6.95%
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<u>Maximum Eligible Salary</u>	\$326,666 (Staff hired before January 1, 1996) \$245,000 (Staff hired after January 1, 1996)		\$245,000																																					
<u>Vesting</u>	Immediately vested. 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. Even if you do not retire under IPERS, the employee contribution is your money. Upon vesting, you can receive a portion of the University contribution at a prorated amount based on your years of service.																																					
<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 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.																																					
<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.																																					

IPERS

Staff with temporary appointments of six months or more and staff with regular appointments under 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.

A staff member with a regular appointment of 50% or more earning \$7,800 or more in annual budgeted salary is automatically enrolled in TIAA-CREF or may choose to participate in IPERS. In order to elect IPERS, an IPERS Election form must be completed. This form can be obtained from the University Benefits Office (319) 335-2676. You must also complete an IPERS Membership Information and Beneficiary Designation Form.

You can download this printable form on the IPERS website listed below. You must designate a beneficiary for these funds in case of your death before retirement. It is also important for IPERS to have your current address so that you may receive your annual IPERS statement.

For further information on the IPERS program, please refer to their website: <http://www.ipers.org> or contact IPERS directly at (800) 622-3849.

TIAA-CREF

TIAA/CREF was established to enable faculty and staff to participate in a single retirement program without losing benefits when moving from one participating institution to another.

This is the default retirement program. Funds are deducted from each paycheck and sent to TIAA-CREF, where they are automatically deposited into a lifecycle fund based on your age. If you wish to learn more about the many additional investment options available, or if you wish to allocate your retirement funds between any of the multiple investment funds, you can do so on the TIAA-CREF website (<http://www.tiaa-cref.org>).

You must complete the beneficiary designation for TIAA-CREF online. You can also learn about account management and set up a personal financial counseling appointment on the site.

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.

IRREVOCABLE DECISION

Serious consideration must be given to choosing a retirement plan. Changing retirement plans must be done within 60 days of your hire date. 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.

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>.