A foundation for your future

Make the most of your 403(b) plan
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**The University System of Georgia (USG) 403(b) plan enrollment guide**

Investing for retirement is one of your most important financial goals. At USG, we’re offering you the best possible retirement plans to help you create a foundation for your financial future.

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The 403(b) plan at USG

The 403(b) plan at USG offers you added flexibility to create a foundation for your financial future. Contributions can be made to this plan in addition to your participation in either the Teachers Retirement System of Georgia or the USG Optional Retirement Plan.

This guide provides an overview of the 403(b) plan, steps to enroll and the investment lineup you can use to save for retirement.

Why should you save more?

1. We’re living longer
With longevity, comes the increased risk of outliving your retirement savings.

Average life expectancy

<table>
<thead>
<tr>
<th></th>
<th>Female: 81.1 years</th>
<th>Male: 76.1 years</th>
</tr>
</thead>
</table>

Source: From birth to 2016, National Center for Health Statistics, 2017

2. Inflation is here to stay
Inflation can shrink the buying power of money over time. Notice the effect of inflation on prices of common expenses over a 20-year period nationally.

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>2019</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bread1</td>
<td>$0.86</td>
<td>$1.30</td>
<td>+51%</td>
</tr>
<tr>
<td>Gas1</td>
<td>$1.05</td>
<td>$2.63</td>
<td>+150%</td>
</tr>
<tr>
<td>Postage stamp2</td>
<td>$0.32</td>
<td>$0.49</td>
<td>+53%</td>
</tr>
</tbody>
</table>


3. Social Security is just one part of your retirement plan
Social Security is designed to supplement other retirement income sources.

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated average annual benefit payable to retired worker in 2019*</td>
<td>$17,532</td>
</tr>
<tr>
<td>Estimated average annual benefit payable to a couple in 2019*</td>
<td>$29,376</td>
</tr>
<tr>
<td>Maximum annual benefit for a worker at full retirement in 2019*</td>
<td>$34,332</td>
</tr>
</tbody>
</table>

* After 2.8% cost of living adjustment (COLA)
Source: Social Security Administration Fact Sheet: 2019 Social Security Changes

4. Healthcare costs continue to rise

A retired couple with high healthcare expenses may need an average of $399,000 to cover these costs for the rest of their lives.

Source: Employee Benefits Research Institute, 2018.3

3 “Savings Medicare Beneficiaries Need for Health Expenses: Some Couples Could Need as Much as $400,000, Up from $370,000 in 2017.”
   https://www.ebri.org/content/savings-medicare-beneficiaries-need-for-health-expenses-some-couples-could-need-as-much-as-400-000-up-from-370-000-in-2017
Eligibility
All employees of USG, except student workers, may enroll in the 403(b) plan at any time during employment. You can enroll online and contribute through convenient payroll deduction. Your contributions to the 403(b) plan are immediately vested in the plan, meaning you own the account balance and can take it with you if you leave employment with USG.

Your 403(b) plan contribution options

Choose how much to contribute
Once you enroll in the plan, you can contribute up to $19,500 in 2020. If you are age 50 or older, you can contribute an additional $6,500. You can then choose how to allocate these contributions among the plan’s investment lineup to create a retirement portfolio suitable for your needs.

Choose pretax or after-tax contributions
You can set aside money by contributing before taxes are taken out, which lowers your taxable income and could possibly reduce your current income taxes, make after-tax contributions to a Roth account or contribute to both. These contributions are subject to federal annual contribution limits.

With pretax contributions, you defer taxes on interest and earnings until you withdraw your money. Taxes must be paid at withdrawal, and federal withdrawal restrictions apply.

Qualified distributions from a Roth account are tax free. Generally, a qualified Roth distribution is a distribution that (1) is withdrawn after the end of the five-year period beginning with the first year in which a Roth contribution was made to the plan, and (2) is after age 59½, death or disability.

Rollover additional savings into your 403(b) plan
It may make sense to move vested retirement savings from a prior employer’s plan to your retirement plan with USG. Transferring existing retirement account balances can give you a more comprehensive view of your finances and ensure that your overall investments are suitably diversified¹ to help meet your financial goals. Before moving funds, check with your other provider to determine if your account has any restrictions, imposes a withdrawal penalty or provides favorable terms.

Before rolling over assets, consider your other options. You may be able to leave money in your current plan, withdraw cash or roll over the assets to your new employer’s plan if one is available and rollovers are permitted. Compare the differences in investment options, services, fees and expenses, withdrawal options, required minimum distributions, other plan features, and tax treatment.

¹ Diversification is a technique to help reduce risk. It is not guaranteed to protect against loss.
The sooner you start saving in the retirement plan, the more time your money will have to grow through compounding—where earnings on your money get reinvested and may continue to generate their own earnings. If you start contributing now instead of waiting, it may make a big difference in how much you might have when you’re ready to retire. Let’s look at an example of two investors:

**Take a look at two investors**

<table>
<thead>
<tr>
<th>Maria starts saving at age 25...</th>
</tr>
</thead>
<tbody>
<tr>
<td>She contributes $200 a month to the retirement plan.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Robert starts saving when he is 35...</th>
</tr>
</thead>
<tbody>
<tr>
<td>He also contributes $200 a month to the retirement plan.</td>
</tr>
</tbody>
</table>

Assuming a 6% annual return until the age of 65, Maria's early start gives her $187,542 more than Robert.¹

This illustration is purely hypothetical and is not intended to predict or project returns. Actual returns will vary.

**Consider investing in yourself with every paycheck**

- You can start with a small amount per pay period, using convenient payroll deductions.
- Pretax contributions mean you’ll have less in current taxable income.²
- Increase your contributions over time as your salary increases.
- Any earnings are tax deferred.

¹ The examples shown here reflect only voluntary contributions and do not take into account matching contributions from your employer. It does not reflect deduction of any expenses or taxes due upon distribution. If expenses were included, the performance would be lower. Withdrawals made prior to age 59½ may be subject to an additional 10% penalty, in addition to ordinary income tax.

² Pretax contributions and any earnings are taxable upon withdrawals.
In addition to this 403(b) plan, USG sponsors a 457(b) plan to help you save even more for retirement. You can choose to contribute to both plans, up to the federal contribution limits for each plan as shown below.

<table>
<thead>
<tr>
<th></th>
<th>2020 contribution limits</th>
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<tbody>
<tr>
<td>403(b) contribution</td>
<td>$19,500</td>
</tr>
<tr>
<td>403(b) age 50 catch-up contribution</td>
<td>$6,500</td>
</tr>
<tr>
<td>457(b) contribution</td>
<td>$19,500</td>
</tr>
<tr>
<td>457(b) age 50 catch-up contribution</td>
<td>$6,500</td>
</tr>
</tbody>
</table>

For 2020, this means that an employee, under age 50, may contribute $19,500 to a 403(b) plan and $19,500 to a 457(b) plan for a total of $39,000. Employees age 50 or older may contribute $26,000 ($19,500 contribution and $6,500 catch-up contribution) to each of the two plans for a total of $52,000.

The primary differences between a 403(b) and the 457(b) plan are how and when you can withdraw your money. Before enrolling in either plan, review these events:

<table>
<thead>
<tr>
<th>403(b) plan</th>
<th>457(b) plan</th>
</tr>
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<tbody>
<tr>
<td>Turning age 59½</td>
<td>Turning age 70½</td>
</tr>
<tr>
<td>Death</td>
<td>Death</td>
</tr>
<tr>
<td>Disability</td>
<td>Severance from employment</td>
</tr>
<tr>
<td>Severance from employment</td>
<td>Unforeseen emergencies</td>
</tr>
<tr>
<td>Immediate financial hardship</td>
<td></td>
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</table>

Note: You must begin taking distributions when you reach age 70½ or retire from USG, whichever occurs later. Remember that income tax is due upon withdrawal, and withdrawals from your 403(b) account before age 59½ are subject to federal restrictions and may be subject to a 10% federal early withdrawal tax penalty. The 10% penalty also applies to the amounts rolled over to the 457(b) plan from non-457(b) eligible retirement plans.
All employees of USG, except student workers, may enroll in the 403(b) plan at any time during employment. You must select one or more of the 403(b) retirement plan providers and complete the necessary enrollment.

It’s easy to enroll in the 403(b) plan:

- From OneUSGConnect.usg.edu, the USG Faculty & Staff Portal, click the OneUSG Connect in the Active Employees section
- Select Benefits from the Employee Self Service page
- Select the Retirement@Work tile from the Benefits page

If you have questions or need assistance in enrolling in the 403(b) plan, please visit your institution’s Human Resources Department or Benefits Office.

Creating your 403(b) plan investment strategy

You should review and compare the investments from each of the three 403(b) retirement plan providers before selecting which accounts and funds to invest in.

You can find the investment lineups in the following materials included in this kit:

- The University System of Georgia investment menu with AIG Retirement Services (formerly VALIC)
- The University System of Georgia investment menu with Fidelity
- The University System of Georgia investment menu with TIAA

You can also find these guides at retirement.usg.edu.
A four-tiered approach

The 403(b) plan provides an enhanced, four-tiered investment lineup through the three providers—AIG Retirement Services, Fidelity Investments® and TIAA. These providers offer a wide array of fund options, interactive financial planning tools and high-quality customer service to help you create a diversified retirement portfolio.

Tier 1: Allocation tier¹² and stable value

The Allocation tier includes options that offer a diversified investment within a single fund. Many options in this tier are age-based target-date funds. Selecting a target-date fund may be a good choice if you prefer a hands-off approach to managing your retirement savings. Each of these investments creates a diversified³ portfolio within one fund, based on your expected retirement year.

The “target date” indicates when you may plan to begin making withdrawals, and the fund’s investments become more conservative as the target date approaches. After the target date, the fund may be merged into a fund designed for investors already in retirement.

Tier 2: Passively managed/index fund options

As a part of the core lineup, passively managed funds are offered for participants who would like to construct and manage their own investment portfolios to meet their specific objectives. Passive management is designed to provide consistency of returns relative to a benchmark, at relatively low cost.
Tier 3: Actively managed fund options

As another part of the core lineup, actively managed funds are also offered for participants who would like to construct and manage their own investment portfolios to meet their specific objectives. Active strategies are designed to have the potential to generate above-market returns.

Tier 4: Self-directed brokerage services

For experienced investors seeking maximum flexibility, USG offers a self-directed brokerage option that allows you to select from a wide array of mutual funds, individual stocks and ETFs for employee contributions. The self-directed brokerage options vary by plan and retirement plan provider, so be sure to inquire with the retirement plan provider that you select on what investment options are available. Investors may use this feature to add diversification above and beyond the core offerings. With a brokerage account, investors can independently research and select from thousands of mutual funds, individual stocks and ETFs. Individual investment options vary by plan and by provider. Additional brokerage account fees apply. However, please note that some investments offered through the self-directed brokerage window may have additional fees and expenses, and annual administrative fees may also apply. Please check with your provider prior to investing. It is your responsibility to determine if this option is appropriate for your goals. You are responsible for monitoring these investments over time and adjusting your portfolio when necessary.

It’s important to understand that USG will not monitor the performance of the funds offered through the brokerage account, and investment advice is not available for brokerage assets. Plan participants are responsible for determining if this option is appropriate for their goals and for monitoring investments in brokerage accounts over time and adjusting their portfolios when necessary.

USG recommends that participants exercise caution and consider seeking professional guidance when investing through a brokerage account. Please note that you may only invest up to 90% of your USG Retirement Plan account balance in a brokerage account.

See important disclosures for this section on back page.
Ready to get started? You can enroll in the 403(b) plan through the Retirement@Work online portal, where you can select providers and link to provider websites to select investments. Or, if you prefer to enroll by phone, you can call the Retirement@Work call center at 844-231-7917. You can also contact your chosen provider directly for answers to questions or to schedule an individual advice session using the information below.

**AIG Retirement Services**
- Website: valic.com/usg
- By phone: Call 888-569-7055, 8 a.m. to 9 p.m. (ET)

For confidential individual sessions, make an appointment:
- Online: Visit valic.com/usg and click on Contact Us on the upper right-hand side for a list of financial advisors by location

**Fidelity Investments®**
- Website: netbenefits.com/usg
- By phone: Call 800-343-0860, weekdays, 8 a.m. to midnight (ET)

For confidential individual sessions, make an appointment:
- Online: Visit fidelity.com/reserve to schedule an appointment online
- By phone: Call 800-642-7131, weekdays, 8 a.m. to 9 p.m. (ET) to schedule an appointment

**TIAA**
- Website: TIAA.org/usg
- By phone: Call 844-230-7524, weekdays, 8 a.m. to 10 p.m. and Saturday, 9 a.m. to 6 p.m. (ET)

For confidential individual sessions, make an appointment:
- By phone: Call 800-732-8353, weekdays, 8 a.m. to 8 p.m. (ET)
- Online: TIAA.org/schedulenow
How to access your account

You can access your account by phone or online through the Retirement@Work online portal or via phone with a live specialist at 844-231-7917. Or if you prefer, you can contact your provider via the info below.

<table>
<thead>
<tr>
<th>Provider</th>
<th>Phone Number</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIG Retirement Services</td>
<td>800-448-2542</td>
<td>valic.com/usg</td>
</tr>
<tr>
<td>Fidelity Investments®</td>
<td>800-343-0860</td>
<td>netbenefits.com/usg</td>
</tr>
<tr>
<td>TIAA</td>
<td>844-230-7524</td>
<td>TIAA.org/usg</td>
</tr>
</tbody>
</table>
1 Target-date funds share the risks associated with the types of securities held by each of the underlying funds in which they invest. In addition to the fees and expenses associated with the target-date funds, there is exposure to the fees and expenses associated with the underlying mutual funds. For more information about the target-date funds, see the University System of Georgia investment menus from each provider.

2 As with all mutual funds, the principal value of a target-date fund isn’t guaranteed at any time, even at the target date. The target date represents an approximate date when investors may choose to begin withdrawing from the fund.

3 Diversification is a technique to help reduce risk. It is not guaranteed to protect against loss.

4 The TIAA Brokerage account option is available to participants who maintain both a legitimate U.S. residential address and a legitimate U.S. mailing address. Certain securities may not be suitable for all investors. Securities are subject to investment risk, including possible loss of the principal amount invested.

Fidelity Investments BrokerageLink includes investments beyond those in your plan’s lineup. BrokerageLink accounts are brokerage accounts established as part of an employee retirement plan and are subject to plan rules. The plan fiduciary neither evaluates nor monitors the investments available through BrokerageLink. Plan participants have trading authority over BrokerageLink accounts. It is your responsibility to ensure the investments you select are suitable for your situation, including your goals, time horizon, and risk tolerance. See the fact sheet and commission schedule for applicable fees and risks.

The brokerage option offered through AIG Retirement Services is a Schwab Personal Choice Retirement Account® (PCRA). Investing involves risk, including the possible loss of principal. Please read the prospectus carefully before investing.

5 By opening a TIAA Brokerage account, you will be charged a commission only on applicable transactions and other account-related fees in accordance with the TIAA Commission and Fee Schedule. Please visit TIAA.org/SDA_CAA. Other fees and expenses apply to a continued investment in the funds and are described in the fund’s current prospectus.

This material is for informational or educational purposes only and does not constitute investment advice. This material does not take into account any specific objectives or circumstances of any particular investor, or suggest any specific course of action. Investment decisions should be made based on the investor’s own objectives and circumstances.

Investment products may be subject to market and other risk factors. See the applicable product literature or visit your investment provider for details.

Distributions from tax-deferred plans before age 59½, severance from employment, death or disability may be prohibited, limited and/or subject to substantial tax penalties. Different restrictions may apply to other types of plans.

Investment, insurance, and annuity products are not FDIC insured, are not bank guaranteed, are not bank deposits, are not insured by any federal government agency, are not a condition to any banking service or activity, and may lose value.

You should consider the investment objectives, risks, charges, and expenses carefully before investing. Please call your investment provider for current product and fund prospectuses that contain this and other information. Please read the prospectuses carefully before investing.