Better preparation for retirement. Starting now.
Checklist: What you need to do


- **Learn more about the automatic enrollment and automatic escalation features for the TDA Plan.**

- **Learn more about Vanguard Target Retirement Funds, the default investment for your TDA automatic enrollment contributions.** Target date funds are “pre-mixed” funds that simplify retirement investing. However, you may want to take time to learn about your other investment options.

- **Decide if you need to do anything.** You may not have to do anything if you want to participate in TDA automatic enrollment as described in this booklet. If you decide to cancel your participation or actively manage your investments, you may do so by going to the Harvard University Retirement Center (HURC) website or by calling the HURC at **800-527-1398**.

- **Link to other online tools and information.** You can find links to the investment companies and online tools that help you figure out if you’re saving enough for retirement by going to HARVie > Compensation & Benefits > Retirement Benefits > Retirement Education & Planning Resources.
Harvard University Tax-Deferred Annuity Plan: Better preparation for retirement

For most people, retirement income will come from a number of sources, such as Social Security, personal savings and investments, and retirement benefits from different employers.

The amount of money you will need to live comfortably during retirement depends upon your future expenses and goals for retirement. But, no matter your goals, in order to meet income-replacement needs for a retirement that could last 20 to 30 years or even longer, most people will need to save in addition to any government and employer benefits — and to do so over the course of their careers.

That’s where the Harvard Tax-Deferred Annuity (TDA) Plan comes in. The TDA Plan offers an easy, flexible, tax-deferred account for additional retirement savings. And the money in a TDA account is always yours — there is no vesting period. The assets are fully portable if you leave Harvard.

If you take no action, you will be automatically enrolled in the TDA Plan at 3% of your eligible pay, and this contribution rate will automatically increase each January by one percentage point (up to the applicable annual contribution limit), via the automatic escalation feature. The University’s goal is to help employees plan ahead, save enough for retirement and make good investment choices.

We encourage you to learn more here about the TDA Plan and these features.
Your Harvard TDA program: An overview

The Harvard Tax-Deferred Annuity (TDA) Plan provides:

Tax advantages: Your contributions are made on a pretax basis, reducing your taxable income. Any investment earnings then grow tax deferred, so you don’t pay taxes until you withdraw them, usually during retirement.

Convenient payroll deductions: Your contribution amount is deducted automatically from your paycheck.

A wide range of investment choices: The TDA Plan offers you a broad range of investment options. These investments give you flexibility to create a broadly diversified retirement portfolio.

Immediate vesting: You own the money in your account at all times and it is fully portable when you leave Harvard.

How the TDA Plan works

• The TDA Plan allows you to accumulate the savings you need for retirement on a pretax basis.
  – A $100 pretax contribution will only reduce your take-home pay by about $60, assuming a 28% federal tax rate.
  – Earnings accumulate on a tax-deferred basis as well.
  – Saving over the course of your career helps you take advantage of the power of tax-deferred growth.

• You cannot withdraw your TDA funds before age 59½, unless:
  – You take a financial hardship withdrawal, as defined by the IRS; you will owe a 10% penalty if you are under age 59½.
  – Alternatively, you may take a loan against your TDA balance subject to the rules of the TDA loan policy.

• See HARVie for additional details. Go to harvie.harvard.edu and select Compensation & Benefits > Retirement Benefits > Tax-Deferred Account (TDA).

• A note about deductions:
  – If you have multiple jobs with the University and elect a percentage deferral, that percentage will be taken from all of your eligible pay. If you elect to contribute a specific dollar amount, it will be deducted from the eligible pay on the paycheck associated with your primary University job.

  – If you make no investment selection for the TDA Plan, your contributions will automatically be invested in a Vanguard Target Retirement Fund closest to the year you turn 65. Please refer to the chart on page 7 for more information.

  – A target retirement fund is a low-cost, diversified fund that adjusts its asset allocation to become more conservative as it approaches the target date. Because these funds are well-diversified and adjust automatically over time, they are designed to be a one-fund approach to retirement investing.
Enrolling in the Harvard TDA Plan — Automatic enrollment and your options

If you take no action, you will be automatically enrolled in the TDA Plan 60 days after your Harvard employment start date.

If you want to participate in the automatic enrollment program for TDA, here’s what you can expect:

The initial contribution will be 3% of your eligible pay. Contributions will be deducted on a pretax basis. (If you are contributing to a 403(b) plan with another employer—or have done so this calendar year—you should be sure not to exceed the annual IRS contribution limits).

Each January, there will be a one percentage point increase in your contribution, until you reach 10% of eligible pay (or the applicable IRS annual contribution limit, if less)—this is “automatic escalation.” You will receive a notice of the upcoming increase each fall.

Your contributions will be invested in a Vanguard Target Retirement Fund based on your age (see page 7 for more information). You can select a different investment option(s) from among Harvard’s available choices by going to the Harvard Retirement Center website.

Making your own TDA election

You may increase or decrease your TDA contributions from the 3% default at any time or enroll sooner than the 60-day waiting period (these changes override and cancel automatic enrollment and automatic escalation participation).

If you want to take any of these actions, you can do so by going to the Retirement Center website via HARVie (harvie.harvard.edu)—choose Retirement Center from the drop-down menu in the “Go To” box at the top right. You may be prompted to sign in with your HUID and PIN. Follow the screen prompts to “Manage Your Contributions” where you can enroll in a TDA and select an investment(s).

How to cancel automatic enrollment

• You have 60 days from your first TDA automatic contribution to cancel and request reimbursement of any TDA contributions.

• If you decide to cancel your automatic enrollment, you may do so online by going to the Retirement Center website via HARVie (harvie.harvard.edu)—choose Retirement Center from the drop-down menu in the “Go To” box at the top right. Follow the screen prompts to “Manage Your Contributions,” where you can cancel participation or make other changes to your TDA. Or, call the Harvard University Retirement Center (HURC) at 800-527-1398, Monday through Friday, 8 a.m.–5 p.m.

• To request reimbursement within 60 days, call Vanguard directly at 800-523-1188.

• After 60 days, funds will be held as retirement savings.
Impact on savings over time

Delaying the day you start saving can make a big difference in your nest egg. This chart illustrates the experience of two employees—Nora and Nick—who both earn $60,000 a year. Nora and Nick start their jobs on the same day. Nora participates in automatic enrollment right away, investing 3% of her salary in the Harvard TDA Plan. Nora also benefits from automatic escalation, which is part of the automatic enrollment feature. Nick waits 10 years before enrolling in the TDA Plan. As you can see, after 30 years Nora’s TDA balance of $557,142—is much larger than Nick’s, $106,586. (Illustration assumes 2.5% annual salary increases and 6% return on investments. Nora’s contributions increase 1% annually up to 10% through automatic escalation.)

Impact on paycheck

This chart compares the paychecks of two individuals before and after automatic enrollment takes effect. Jed earns $60,000 a year. Elena earns $90,000 a year. In each case, 3% of their salary is invested in the Harvard TDA Plan on a tax-deferred basis, which may lower their current tax bill. Jed’s take-home pay is only reduced $1,530 for a $1,800 contribution because deductions are taken before taxes—saving almost $300 in taxes. Elena’s take-home pay is only reduced by $2,025, a tax savings of almost $700. Money in the TDA Plan is not taxed until retirement, when most people are in a lower tax bracket. (This illustration is based on a 28% federal tax rate.)
**Vanguard Target Retirement Fund Table**

**About the default investment: Vanguard Target Retirement Funds**

- If you don’t take any action, your contributions will be invested in the TDA Plan in a Vanguard Target Retirement Fund that corresponds to the year closest to when you turn age 65.

- Target date funds provide diversification and adjust assets to become more conservative as they approach their target date and have low administrative costs.

- Harvard monitors the fees and performance of the target date (default) funds.

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<thead>
<tr>
<th>Fund Name</th>
<th>Ticker Symbol</th>
<th>Date of Birth Range</th>
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<tbody>
<tr>
<td>Vanguard Target Retirement Income Fund</td>
<td>VTINX</td>
<td>01/01/1900 – 12/31/1942</td>
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<td>Vanguard Target Retirement 2010 Fund</td>
<td>VTENX</td>
<td>01/01/1943 – 12/31/1947</td>
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<td>Vanguard Target Retirement 2015 Fund</td>
<td>VTXVX</td>
<td>01/01/1948 – 12/31/1952</td>
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<tr>
<td>Vanguard Target Retirement 2020 Fund</td>
<td>VTXVX</td>
<td>01/01/1953 – 12/31/1957</td>
</tr>
<tr>
<td>Vanguard Target Retirement 2025 Fund</td>
<td>VTTTVX</td>
<td>01/01/1958 – 12/31/1962</td>
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<tr>
<td>Vanguard Target Retirement 2030 Fund</td>
<td>VTHRX</td>
<td>01/01/1963 – 12/31/1967</td>
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<tr>
<td>Vanguard Target Retirement 2035 Fund</td>
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<td>VFORX</td>
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<td>Vanguard Target Retirement 2045 Fund</td>
<td>VTIVX</td>
<td>01/01/1978 – 12/31/1982</td>
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<tr>
<td>Vanguard Target Retirement 2050 Fund</td>
<td>VFIFX</td>
<td>01/01/1983 – 12/31/1987</td>
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<td>Vanguard Target Retirement 2055 Fund</td>
<td>VFFXVX</td>
<td>01/01/1988 – 01/01/1992</td>
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<td>Vanguard Target Retirement 2060 Fund</td>
<td>VTTTSX</td>
<td>01/01/1993 or later</td>
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**About your other investment options**

- You can change to another investment option(s) within Harvard’s retirement plan at any time. Other options include:

  – Lifecycle funds from one of Harvard’s other retirement plan providers, Fidelity Investments or TIAA-CREF.

  – Core fund options — preselected funds from Harvard’s three retirement plan vendors, many of which are lower cost.

  – Self-directed brokerage accounts from Fidelity and Vanguard.

- See HARVie for more information on your investment options. Go to HARVie (harvie.harvard.edu) and select Compensation & Benefits > Retirement Programs > Retirement Investment Options.
For questions

Harvard University Retirement Center (HURC): 800-527-1398
Fidelity: 800-343-0860
TIAA-CREF: 800-527-1398
Vanguard: 800-523-1188

Additional tools and advice (by phone, face to face or online)

All three investment providers offer retirement education and planning tools. Go to HARVie (harvie.harvard.edu) and select Compensation & Benefits > Retirement Programs > Retirement Education & Planning Resources for a complete list.

• Meet with your Fidelity Investments, TIAA-CREF or Vanguard Financial Consultant

<table>
<thead>
<tr>
<th>To schedule an appointment:</th>
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<tbody>
<tr>
<td>Fidelity</td>
</tr>
<tr>
<td>800-642-7131</td>
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<tr>
<td>TIAA-CREF</td>
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<tr>
<td>866-842-2824</td>
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<tr>
<td>Vanguard</td>
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<tr>
<td>800-662-0106, ext. 14500</td>
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Additional resources

• Summary Plan Description (SPD). Available at HARVie.harvard.edu. Select Compensation & Benefits > Retirement Benefits > Tax-Deferred Account. SPDs are linked from the right. Or call the Harvard University Retirement Center at 800-527-1398.

• Fee disclosures. For prospectuses and plan- and investment-related information, including plan fees and expenses and current investment performance, please contact:

  Fidelity: requireddisclosureinfo.com (Password: 72627)
  Vanguard: http://retirementplans.vanguard.com/PubFundChart/harvard/3992
  TIAA-CREF: www.tiaa-cref.org/planinvestmentoptions and enter 100314.