Better preparation for retirement. Starting now.

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Checklist: What you need to do

- ✓ Review this booklet, **"Better preparation for retirement."** It contains an overview of the Tax-Deferred Annuity (TDA) Plan and the benefits of tax-deferred and after-tax Roth savings to meet your long term goals.

- ✓ **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 online tools that help you figure out if you're saving enough for retirement by going to **hr.harvard.edu** > Total Rewards > Retirement > 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 or Roth after-tax account for additional retirement savings. With Roth, earnings on your after-tax contributions grow tax free. 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 on a pretax basis, 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. If you change your pretax contribution to Roth after-tax or a combination of the two, automatic enrollment and automatic escalation will be cancelled. 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.

Social Security	Employer plans	Tax-Deferred Annuity Plan	Other retirement savings
Employer and employee contribute over course of working life	Pensions and 401(k)s from employers, including Harvard, if you are eligible	Employee-funded retirement savings plan	IRAs, personal savings, etc.

Your Harvard TDA Program: An overview

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

Tax advantages of pretax contributions: 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.

Tax advantages of after-tax contributions: Your contributions are made on an after-tax basis. Any earnings accumulate tax free and you pay no taxes when you withdraw money from the Roth option in the future, provided you are at least age 59½ or disabled and your withdrawal is made at least five years after your first Roth contribution.

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

A wide range of investment choices: You can invest in mutual funds from Vanguard and Schwab and annuities from TIAA. 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 provides the opportunity to save and invest supplemental funds (beyond those provided by employers or Social Security) for retirement. The employee owns the benefit from day one of savings (no waiting or vesting period).
- You can invest your TDA Plan in a selection of mutual funds from Vanguard and Schwab and annuities from TIAA.
  - 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 10 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.
- The TDA Plan allows you to accumulate the savings you need for retirement on a pretax or Roth after-tax basis.

Pretax example:

- 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.

Roth example:

- A $100 Roth contribution will reduce your take-home pay by $100.
- Earnings accumulate tax free.

- 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.
- For additional details, go to **hr.harvard.edu** and select Total Rewards > Retirement > Employee-Funded Retirement Programs.
- 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.

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 10 for more information). You can select a different investment option(s) from among Harvard's available choices by going to the Harvard University Retirement Center website.

Making your own TDA election

You may increase or decrease your TDA contributions from the 3% (pretax) default at any time or enroll sooner than the 60-day waiting period (changing your pretax contribution to Roth after-tax or a combination of the two will cancel automatic enrollment and automatic escalation participation).

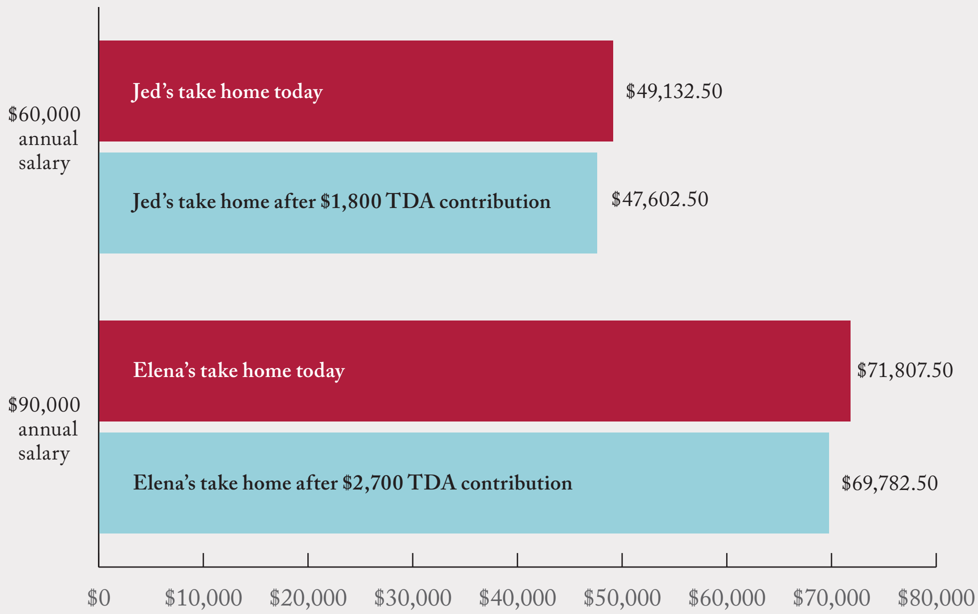
If you want to take any of these actions, you can do so by going to the Retirement Center website via **hr.harvard.edu** and selecting *Harvard University Retirement Center* under *Employee Tools* at the bottom of the page. You may be prompted to sign in with your HUID and PIN. Follow the screen prompts 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 **hr.harvard.edu** and selecting *Harvard University Retirement Center* under *Employee Tools* at the bottom of the page. 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**, weekdays, 8 a.m. to 5 p.m.
- To request reimbursement within 60 days, call the Harvard University Retirement Center (HURC) at **800-527-1398**, weekdays, 8 a.m. to 5 p.m.
- After 60 days, funds will be held as retirement savings.

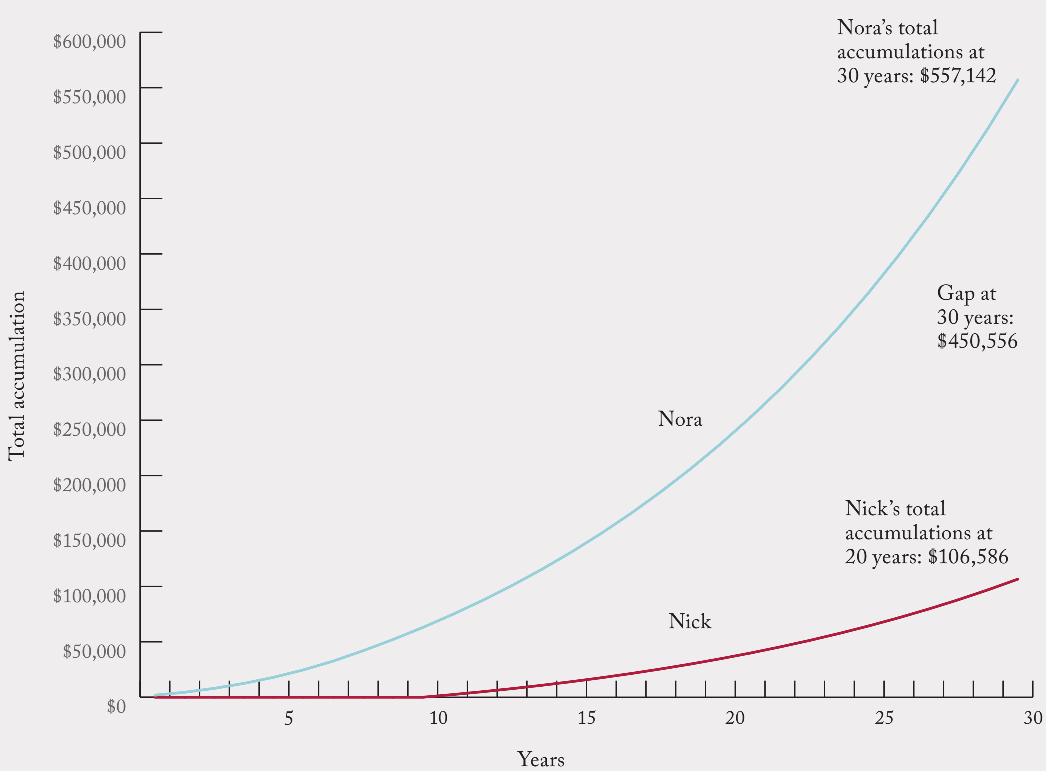
Automatic enrollment illustrated

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.)

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.)

Comparing Roth after-tax and pretax contributions

The following table will help you compare the differences between making a $3,000 annual Roth after-tax contribution and a $4,000 pretax contribution to the TDA plan. The illustration assumes an annual return of 6% over 20 years, and the future value of your account will depend on the actual rate of return plus your tax bracket before and after you retire.

The bottom three rows of the chart reveal three scenarios, illustrating different tax situations.

If you expect your tax bracket to increase, the Roth contribution option may provide you with greater tax savings over the long run. If you anticipate that you will be in a lower tax bracket in the future, pretax contributions may benefit you more in the long run.

It's difficult to predict what your future tax situation will be, but you'll want to consider that and also take into consideration what type of contribution will help your current tax situation as you compare the two TDA options. Remember, you can also split your contributions among the two options.

	Roth after-tax contributions	Pretax contributions
Annual contribution	**$3,000**	**$4,000**
Annual tax savings	**$0.00**	**$1,000**
Effect on annual income	**($3,000)**	**($3,000)**
Future account value	**$116,978**	**$155,971**
Tax bracket remains the same in retirement. Future account value (after taxes paid)—assuming 25% bracket before and after retirement	**$116,978**	**$116,978**
Tax bracket is higher in retirement. Future account value (after taxes paid)—assuming 25% bracket while working and 30% bracket after retirement	**$116,978**	**$109,180**
Tax bracket is lower in retirement. Future account value (after taxes paid)—assuming 25% bracket while working and 20% bracket after retirement	**$116,978**	**$124,777**

This illustration is hypothetical and not intended to represent the performance of any specific investment product and cannot be used to predict or project investment performance. Charges and expenses that would be associated with an actual investment are not reflected.

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.

Fund name	Ticker symbol	Date of birth range
Vanguard Target Retirement Income Fund	VITRX	01/01/1900 to 12/31/1942
Vanguard Target Retirement 2010 Fund	VIRTX	01/01/1943 to 12/31/1947
Vanguard Target Retirement 2015 Fund	VITVX	01/01/1948 to 12/31/1952
Vanguard Target Retirement 2020 Fund	VITWX	01/01/1953 to 12/31/1957
Vanguard Target Retirement 2025 Fund	VRIVX	01/01/1958 to 12/31/1962
Vanguard Target Retirement 2030 Fund	VTTWX	01/01/1963 to 12/31/1967
Vanguard Target Retirement 2035 Fund	VITFX	01/01/1968 to 12/31/1972
Vanguard Target Retirement 2040 Fund	VIRSX	01/01/1973 to 12/31/1977
Vanguard Target Retirement 2045 Fund	VITLX	01/01/1978 to 12/31/1982
Vanguard Target Retirement 2050 Fund	VTRLX	01/01/1983 to 12/31/1987
Vanguard Target Retirement 2055 Fund	VIVLX	01/01/1988 to 01/01/1992
Vanguard Target Retirement 2060 Fund	VILVX	01/01/1993 or later

About your other investment options

- You can change to another investment option(s) within Harvard's retirement plan at any time.
- You can invest in mutual funds from Vanguard and Schwab and annuities from TIAA.
- For more information on your investment options, go to **hr.harvard.edu** under Total Rewards > Retirement > Investment Options.

For questions

Harvard University Retirement Center (HURC): 800-527-1398

Weekdays, 8 a.m. to 5 p.m. (ET)

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

Financial planning and guidance tools are available to Harvard participants. Go to **hr.harvard.edu** under Total Rewards > Retirement > Retirement Education & Planning Resources.

- To meet with your TIAA Financial Consultant call **800-732-8353.**

Additional resources

- Roth Contribution Option Brochure: **hr.harvard.edu/files/humanresources/files/harvard_roth_brochure.pdf**
- Summary Plan Description (SPD). Select *Total Rewards* > *Retirement* and click on *Retirement Plans Summary Plan Description (SPD)* on the far right, or call the Harvard University Retirement Center at **800-527-1398**.

  QDIA: Go to **hr.harvard.edu/files/humanresources/files/qdianotice.pdf**

  EACA: Go to **hr.harvard.edu/files/humanresources/files/eacanotice.pdf**
- Fee disclosures. For prospectuses and plan- and investment-related information, including plan fees and expenses and current investment performance, please contact:

  TIAA.org/planinvestmentoptions and enter 100314.

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