



## Fall 2020 Newsletter



### **Steps to Take if You Retire Earlier than Planned**

If you've recently suffered a medical disability or a layoff, the future may be challenging. But you do have options, even if you reenter the workforce.

#### **Bridging the Gap to Full Retirement**

A well-planned bridge strategy can help you transition between your career, retirement, and your Social Security benefits.

#### **Look at Your Spending**

If your current expenses are higher than you'd like, look for ways to cut your spending. You may be able to find ways to cut some of your discretionary expenses like restaurant and entertainment spending. Consider also looking for ways to cut essential expenses like housing and transportation. One way to do it could be downsizing your home. If you sell and receive a substantial amount of money, consider using it to buy a guaranteed income product called a period certain annuity. It has a defined beginning and end date. A period certain annuity could provide income until you start taking Social Security.<sup>1</sup>

#### **Look at Your Income**

You may be able to use some of your existing assets to bring in some money—for instance, by downsizing. If you were laid off you may receive a lump-sum severance payment or you may be eligible for unemployment benefits. Returning to work in your field

#### **IN THIS ISSUE:**

- **Steps to Take if You Retire Earlier than Planned**
- **Five Investment Planning Lessons Learned**
- **Current Updates to the ORP and TDI Plans Due to CARES Act Provisions**
- **Upcoming Webinars, Webcasts and Learning Opportunities from Fidelity Investments and TIAA**
- **Upcoming Recordkeeper Meeting Opportunities**

could be an option or you may prefer to look for a part-time job or something else entirely. Your health and personal circumstances may help you decide which path to take. Your savings and investments may be a source of income as well.

### **Potential Sources of Income if You Retire Early Due to Medical Disability**

- **Long-Term Disability Insurance Offered by Employer:** Payouts from these policies generally replace about 60% of your income. Any income you receive from an employer-provided policy is taxable.
- **Privately Funded Disability Insurance:** Payments from a self-funded disability policy are tax-free. If you have this type of plan, review your documents or consult your insurance agent for information about the duration and amount of your benefit.
- **Social Security Disability:** If you are approved to receive these benefits, be aware that your disability payments automatically convert to retirement benefits when you reach Social Security's full retirement age (which is either 66 or 67, depending on your year of birth), and this benefit will remain the same.

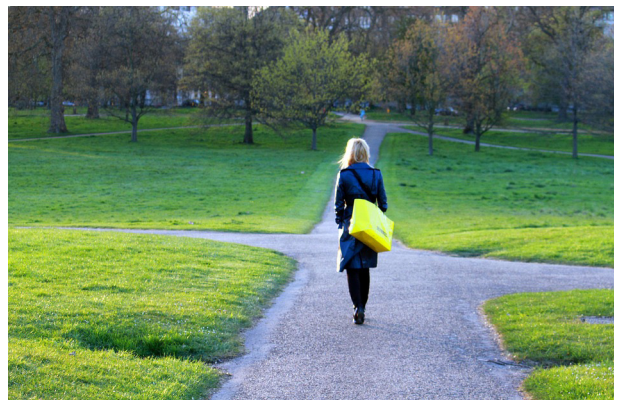
### **Consider Taxes When Withdrawing from Investment Accounts**

#### **Workplace Savings Plans and Traditional IRAs**

Withdrawals from these accounts are generally taxed as ordinary income. Also, a 10% early withdrawal penalty generally applies on distributions before age 59½ for IRAs and 401(k)s, unless you meet one of the IRS exceptions.

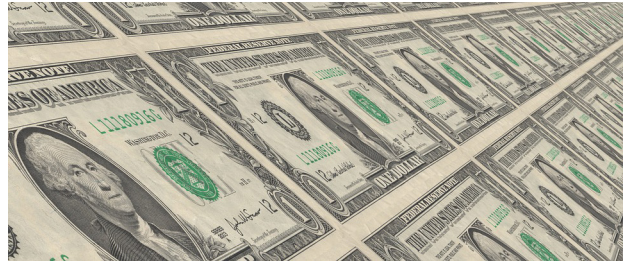
If you no longer work for the company that provided the 401(k) plan and you left that employer at age 55 or later but still maintain a 401(k) account, you can take early withdrawals beginning at age 55 without a penalty. You should contact your plan administrator for rules governing your plan.

You can avoid the early withdrawal penalty by arranging to take “substantially equal periodic payments” from the account. The amounts of your withdrawals are based on your age and account balance, and you must take them for 5 years or until you reach age 59½, whichever is longer. Under certain circumstances this can apply to workplace plans as well. Consult with a tax advisor if you are interested in taking substantially equal periodic payments.



## Roth IRAs

A distribution of earnings from a Roth IRA\* or Roth 401(k) is tax-free and penalty-free provided that it has been at least 5 years since your first contribution to the account (known as the 5-year aging requirement) and at least one of the following conditions is met: You reach age 59½, make a qualified first-time home purchase, become disabled, or die. You can always withdraw your after-tax contributions penalty-free and tax-free.



## Health Savings Accounts (HSAs)

You may have accumulated tax-advantaged money in an HSA from a previous employer that can be used to pay for a doctor's visit or other qualified medical expenses now or in the future. Although HSAs generally cannot be used to pay for health insurance premiums until age 65, there are 2 important exceptions: paying for COBRA continuation health care coverage and paying health plan premiums while receiving unemployment compensation.

## Taxable Accounts, Including Mutual Fund and Brokerage Accounts

If you have to sell appreciated assets in these accounts to generate cash, it may result in capital gains taxes.

## Learn About Living in Retirement

[Should you take Social Security at 62?](#): If you're able to wait to claim Social Security, you can increase your benefits—and your spouse's.

[Ready to Retire? You Still Need a Budget](#): A spending plan can help ensure that your essentials are covered and you know how much is left over for fun.

[Financial Decisions to Make Before Retirement](#): Things to consider before taking that retirement leap.

<sup>1</sup>. Guarantees are subject to the claims-paying ability of the issuing insurance company.

Fidelity does not provide legal or tax advice. The information herein is general in nature and should not be considered legal or tax advice. Consult an attorney or tax professional regarding your specific situation.

Fixed annuities available at Fidelity are issued by third-party insurance companies, which are not affiliated with any Fidelity Investments company. These products are distributed by Fidelity Insurance Agency, Inc., and, for certain products, by Fidelity Brokerage Services, Member NYSE, SIPC. A contract's financial guarantees are solely the responsibility of and are subject to the claims-paying ability of the issuing insurance company. In order to provide an income stream, there is no or limited access to assets. This information is general in nature and provided for educational purposes only.

\*A distribution from a Roth IRA or a ROTH source from a workplace savings plan is tax-free and penalty-free, provided the 5-year aging requirement has been satisfied and one of the following conditions is met: age 59½, disability, qualified first-time home purchase, or death. 918103.2.0

## Five Investment Planning Lessons Learned



Since the start of the global pandemic, many people in or nearing retirement have expressed interest in learning about ways to optimize their financial planning and investment strategies during periods of uncertainty. Below, we explore some of the key investing planning themes discussed by TIAA wealth advisors and subject matter experts over the past six months, including steps you can take now to remain on track toward your goals.

**1: Managing Risk Requires a Disciplined Process:** Anchoring yourself in a plan can help ensure risk-adjusted returns are aligned with your goals and investment time frame. This can identify vulnerabilities in your planning before extreme market events occur and help you to avoid the kind of emotional decision making that can derail your strategy over time.

**2: Diversify for Higher-Quality Returns:** Make sure that your strategy is not set up to simply chase returns but to provide a level of downside protection when the market shifts away from today's top-performing sectors. Diversifying your investments across a wide variety of asset classes, investment types and money managers may improve the likelihood that you will experience a smoother ride along the path to your goals.

**3: Rebalance Regularly to Remain on Track:** Regular rebalancing helps to maintain a target allocation aligned with the risk-adjusted returns you seek. This helps to prevent your portfolio from becoming overweight in specific asset classes, such as stocks or bonds, during a rising market, which can reduce exposure to volatility when a market correction occurs.

**4. Use Fixed Annuities and Guaranteed Income to Create a Buffer:** Guaranteed income can create a buffer against market losses, helping to buoy overall portfolio returns during a down market.

**5. Manage Your Investment Tax Bill:** Harvesting losses during periods of increased volatility can help smooth out returns while helping to offset taxes on both capital gains and income. In addition, losses can also be carried into the future indefinitely and used to offset future gains.

As the coronavirus continues to spread around the world, so too does economic uncertainty and global financial market volatility. Yet, investors' long-term goals and plans have not shifted. Explore our latest insights below about how to navigate what's happening, along with suggestions for what to expect and what to do.

<https://www.nuveen.com/en-us/thinking/coronavirus-navigating-the-global-economic-impact>

In March 2020, the United States Government passed the CARES (Coronavirus Aid, Relief and Economic Security) Act, which was intended to provide relief for individuals who were experiencing financial difficulty related to the COVID-19 crisis. Some of the provisions of this Act applied to the retirement plans administered by the Oregon Public Universities Retirement Plans office. This is a current summary of the retirement provisions that were affected by this Act and how they relate to the OPURP (Oregon Public Universities Retirement Plans) ORP (Optional Retirement Plan) and TDI (Tax-Deferred Investment) Plans

Provision	What does it do	Who is eligible	Additional Information
<b>Coronavirus Related Distribution (CRD)</b>	<ul style="list-style-type: none"> <li>10% penalty does not apply</li> <li>Limit up to \$100K</li> <li>Distribution can be paid back to plan</li> <li>Federal Taxes can be paid back over 3 years</li> <li>Available on or after 1/1/20 until 12/31/20</li> </ul>	<b>TDI and ORP Participants at Fidelity, TIAA and AIG who:</b> <ol style="list-style-type: none"> <li>1) is diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (COVID-19) by a test approved by the Centers for Disease Control</li> <li>2) Whose spouse or dependent is so diagnosed, OR</li> <li>3) Who, due to such virus or disease, experiences adverse financial consequences as a result of:               <ol style="list-style-type: none"> <li>1) being quarantined, 2) being furloughed or laid off, 3) having work hours reduced, 4) being unable to work due to lack of child care or 5) being unable to work due to the closing or reducing of the hours of a business owned or operated by the individual.</li> </ol> </li> </ol>	<p><b>Participants will self-certify that they meet the criteria. Documentation will not be required. Distributions will be approved by the record keeper.</b></p> <p><b>Payback of distribution will not affect contribution limits during the years it is paid back.</b></p> <p><b>You are able to spread the taxes and also pay back the distribution over a three year period. More guidance is expected from IRS on these options.</b></p> <p><b>This distribution is available in the TDI and ORP with all 3 vendors.</b></p>
<b>Loans (increase in amount and deferment of payment)</b>	<p>CARES Act Loans are no longer available. This provision was available until September 22, 2020.</p> <p>If a loan is outstanding on or after March 27, 2020, and any repayment on the loan is due from March 27, 2020, to December 31, 2020, that due date may be delayed under the plan for up to one year. Any payments after the suspension period will be adjusted to reflect the delay and any interest accruing during the delay.</p>	<p>Eligible Participants in the TDI plans at TIAA, Fidelity and AIG may still apply for a general purpose or residential loan. No loans will be permitted in the ORP. A participant may have two loans outstanding, with a maximum amount of \$50,000.</p>	<p><b>If you deferred your loan payments under the CARES Act, the vendors have different provisions for paying back the loans and restarting any deferred payments, so please contact your vendor if you have any questions.</b></p>



<b>RMDs</b>	RMDs could be delayed for 2020, but If you did not take action by this time, that option is no longer available.		
-------------	--	--	--

Participants should contact their vendor if they want to take advantage of these options under the CARES Act at:

**Fidelity:**

800-343-0860 [www.netbenefits.com/opurp](http://www.netbenefits.com/opurp)

**TIAA:**

800-842-2888 [www.tiaa.org/opurp](http://www.tiaa.org/opurp)

**AIG:**

866-283-4892 [www.valic.com](http://www.valic.com)





[REGISTER AND WATCH TODAY!](#)



## Women Talk Money

Did you know that 6 out of 10 people are not aware that women need to save more for retirement?<sup>1</sup> Why? Life expectancy, healthcare costs, and career interruptions are all contributing factors.

In this video series, Women Talk Money, we untangle the reality of how—and why—financial planning is different for women and give specific information that women should know when making financial decisions. Everyone can benefit from these <10-minute videos covering the following topics:

- Getting More from Social Security
- Investing (Beyond Your Retirement)
- Planning for Caregiving
- Retiring Early
- Planning for Healthcare Costs in Retirement

<sup>1</sup>Fidelity Investments. Women and Financial Planning Survey, December 2019.

The Fidelity Investments and pyramid design logo is a registered service mark of FMR LLC.

Fidelity Brokerage Services LLC, Member NYSE, SIPC, 900 Salem Street, Smithfield, RI 02917

© 2020 FMR LLC. All rights reserved.

914456.1.1

Financial Education Workshop Series



## Feel More Confident About Your Finances



View the workshops below, where you'll learn strategies and tips to help you manage your financial future with confidence. View details about the workshops available and click the image to start the videos.

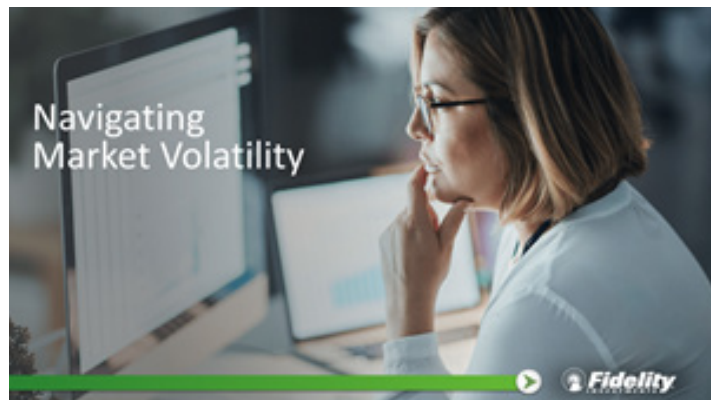
### Navigating Market Volatility workshop details:

This workshop reviews what is happening in the markets and why – and helps answer participant questions.

With the market's recent downturns, you may be concerned about the retirement savings you've worked so hard to build potentially being in jeopardy.

This workshop helps answer questions like:

- Should I change how I'm invested to something less risky?
- Should I move to cash right now?
- How do I pull my money out of the market?
- Why should I put more into my retirement savings plan?





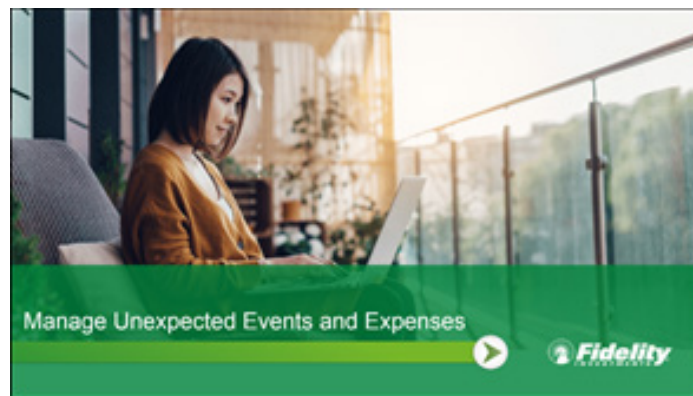
## **Manage Unexpected Events and Expenses** workshop details:

This workshop will help you learn how to take control of your budget and understand your financial options after an unforeseen event.

With the current economic conditions, you may be evaluating how to make ends meet.

This workshop covers:

- How to assess your spending and take control of your budget
- Considerations for taking money from a workplace savings plan
- Ways Fidelity can support you



Visit [www.fidelity.com/webcasts](http://www.fidelity.com/webcasts) to register for any of these upcoming webcasts, to view a calendar of upcoming events, and to access recordings of previously held webcasts.

Webcast topics available for replay:

- ✓ Keeping Your Personal Information Safe
- ✓ Women: Demand More from Your Money & Health
- ✓ Protecting Against Elder Financial Fraud
- ✓ Creating Your Retirement Income Plan
- ✓ Talking Taxes: A Year-Round Conversation
- ✓ Getting More Out of Social Security
- ✓ And Many More...

While we are home we can carve out some time to attend a live webinar and focus on financial literacy.



### **Attend a Live-Webinar from TIAA!**

#### **Planning with Retirement Assets**

Your retirement assets will play a significant role in creating your retirement income, however, there are many rules surrounding your use of these assets. When can I start taking distributions? When must I start taking distributions? What happens when I leave them to my loved ones? Join us to get the answers to all of these questions and more.

**October 13 at 9 am (PST)**

#### **Understanding Medicare**

Paying for healthcare in retirement is a critical part of financial planning and it is important to understand how Medicare operates and what choices you have. This webinar will help you understand some aspects of Medicare including eligibility and what plans are available to you. We hope that you will join us for this educational event.

**October 13 at 12 pm (PST)**

#### **Quarterly Economic and Market Update with TIAA's Chief Investment Strategist**

Take a closer look at our views on the financial markets, including key market drivers, U.S. economy, policy and politics, and investing in public markets. This seminar will also cover the challenges that investors face and how to navigate them. TIAA's Chief Investment Strategist will discuss economic and market developments that may impact your retirement savings strategy.

**October 14 at 9 am (PST)**

#### **An Introduction to Alternative Investments: Real Estate**

During times of market and other uncertainties, we believe that having real estate as part of your portfolio can help provide three critically important investment attributes: liquidity, low leverage, and diversification. This presentation will discuss the reasons to consider investing in private real estate and provide an overview of the real estate market and its outlook for the future.

**October 14 at 12 pm (PST)**

#### **Understanding Health Savings Accounts (HSAs)**

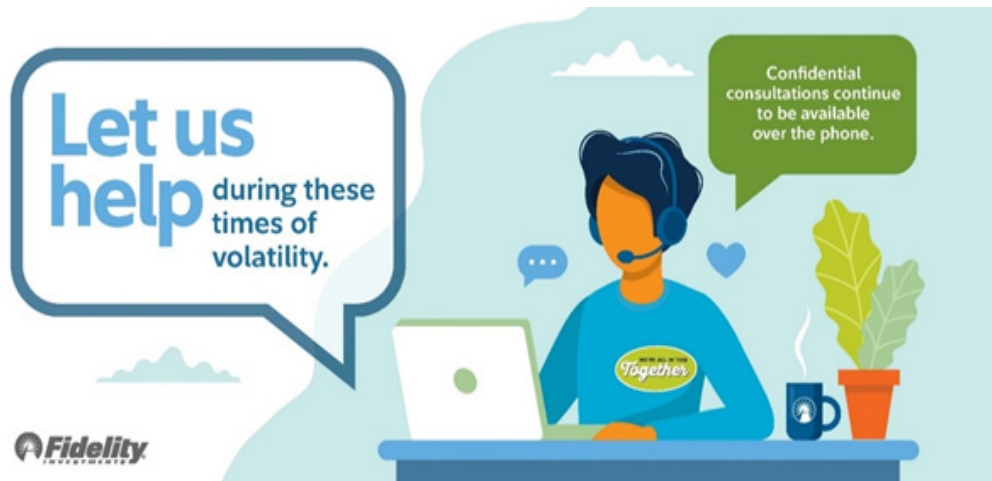
You may know about the tax advantages of contributing to a Health Savings Account (HSA), but did you know that HSAs are also a way to save for health care in retirement? This webinar will help you understand unique aspects of HSAs including how they help account owners to pay for current health care expenses and save for those in the future.

**October 15 at 9 am (PST)**

## Cybersecurity

Are you concerned about identity theft and your family's security online? TIAA's Information Security team will discuss how you can protect yourself and your family from cybercriminal social engineering.

**October 15 at 12 pm (PST)**



### **Phone-Based Consultations**

At Fidelity, we're here to help you give attention to your own future; we are committed to helping you make sure you're on track toward a future that's unique to you. Meet with us one-on-one and you'll be able to tap into the education, resources, and support that only a trusted partner can provide. Plus, consultations are free to you as an employee benefit.

Justin Blatny and Ronald Elia will be offering phone-based one-on-one consultations to employees at all of the Oregon Public University campuses and they are ready to help you address many questions, including:

- Am I investing properly?
- Am I on track with my retirement savings?
- How do I bring my retirement savings together?
- How do I turn retirement savings into ongoing, steady income?

Click [HERE](#) to view a schedule of dates and times when Justin and Ronald will be available for consultations.

Justin and Ronald are licensed professionals, experienced in helping people plan for their financial futures. You can meet with them whenever you want and can ask them anything. Really!

---

To protect the health and safety of you and our employees during the Coronavirus outbreak, TIAA is conducting appointments by phone and online.



To see when a TIAA consultant is offering a virtual counseling session, click [here](#). Select your state of residence, and choose one of the “available dates” from the calendar. Then pick a time that works best for your consultation.

---

### Contact Us

Oregon Public Universities Retirement Plans  
6226 University of Oregon  
Eugene, OR  
97403-6226

Phone: (541)346-5784  
FAX: (541)346-5783

E-mail: [opurp@uoregon.edu](mailto:opurp@uoregon.edu)  
Web: [www.opurp.org](http://www.opurp.org)

