



Spring 2020 Newsletter

COVID-19 Business Continuity for Retirement Plans Management (RPM)

The staff in RPM will be working remotely for at least the next several weeks, possibly longer. During that time, we will still be able to process transactions for you including, but not limited to, loans, hardships, distributions – including required minimum distributions and age 59 ½ withdrawals. We will also be able to process QDROs.

TIAA, Fidelity and AIG have all indicated that they will be able to process contributions and any other retirement transactions. Most of their employees are also working remotely, but they have the capability and bandwidth to handle transactions and business as usual.

If you are an AIG participant, they normally require paperwork. You can still fax that to us at 541-346-5783, and it will come directly to our email so that we can get it signed and returned to AIG in a timely manner. Both TIAA and Fidelity have the capability for us to approve transactions on-line.

TIAA, Fidelity, and AIG will not be holding in-person meetings with participants, but you can still set up appointments with the representatives and they will hold them virtually or via a phone call. You can contact them at:

Fidelity – 800-343-0860; www.netbenefits.com/opurp

TIAA – 800-842-2888; www.tiaa.org/opurp

AIG – 866-283-4892; www.valic.com

With the volatility in the market, I am sure many participants have questions and concerns about their investments.

We will be posting information from the record keepers on the current market as soon as possible.

Please stay healthy and email us at opurp@uoregon.edu if you need anything or have any questions.

IN THIS ISSUE:

- **COVID-19 Business Continuity for Retirement Plans Management**
- **What is the SECURE Act and How Does it Impact Me?**
- **Fee Change Announcement from Fidelity**
- **2020 Required Minimum Distributions (RMD) Questions and Answers**
- **Beneficiary Designations Explained**
- **Upcoming Webcasts, Webinars and Consultations**

What is the SECURE Act and how does it impact me?



The Setting Every Community Up for Retirement Enhancement (SECURE) Act, which took effect January 1, 2020, is one of the most significant pieces of retirement legislation in over 13 years. It affects many aspects of retirement and savings plans, including:

- Workplace retirement plans such as 403(b), 401(k) and 457 plans
- Individual retirement accounts (IRAs)
- College savings plans (529).

In general, the SECURE Act brings much needed reform to the retirement system and will help more Americans save for the future, increase their savings and gain access to guaranteed income for life when they retire. Below are some of the changes you should know about. Since a number of the SECURE Act's provisions will be subject to interpretation by the Internal Revenue Service or other authorities, be sure to consult with a tax advisor about your own situation.

Lifetime income

TIAA is proud to have supported provisions of the SECURE Act that recognize the importance of lifetime income in helping people feel ready for retirement. This is a major step forward at a time when market investments alone are proving to be inadequate for many retirees.

Other than pensions and Social Security, annuities are the only retirement option that can guarantee income for as long as you live. As life expectancy increases and healthcare costs continue to rise, annuities have become an important way for people to literally “insure” they won't run out of money in retirement. New SECURE Act rules will now:

- Make it easier for employers to include annuities as an option in their retirement plans
- Require employers to show employees how their retirement account balances translate into guaranteed monthly income
- Enhance the ability of plans to distribute lifetime income investments in certain circumstances

The SECURE Act will help many people feel more confident about retirement. Here are the changes:

Contributions to IRAs

Previously, you could not contribute to a traditional IRA once you reached age 70½. This rule has been eliminated, so you can now contribute at any age, if you qualify. This may help people who continue working into their 70s.

Required minimum distributions (RMDs)

Until now, RMDs, or the amount you have to take out of your pretax retirement accounts annually to claim on your taxes, started at age 70½. This age has now been raised to 72 for people who reach age 70½ after 2019 (born after 6/30/1949), giving your money more time to potentially grow before you have to take it out and pay taxes on it.



Retirement plan beneficiaries

A significant change affects the beneficiaries of retirement accounts, including employer plans and IRAs (traditional, Roth and others). The new law requires non-spouse beneficiaries to take out the entire balance within 10 years instead of “stretching” payments over their lifetime. This rule does not apply to:

- Spouses
- Disabled or chronically ill individuals
- Minor children of the account owner (until they reach the age of majority)
- Anyone else not more than 10 years younger than the original account owner
- Anyone who inherited a retirement account prior to January 1, 2020

This change could have a big impact on estate planning strategies. Alternative strategies may be available, so be sure to consult with an attorney or tax advisor. TIAA has a history of actively engaging policymakers to keep the “stretch” rules for beneficiaries in place. In the legislative compromises that led to the SECURE Act’s passage, we were pleased to see that the “stretch” provision was not eliminated altogether as was originally proposed.

Access to retirement plans

Many of the SECURE Act’s rules are designed to allow more people to save for retirement within their workplace retirement plans. A few examples include:

- Giving incentives to small businesses to set up retirement plans
- Allowing smaller employers to join together to offer a retirement plan to their employees
- Requiring 401(k) plans to permit certain long-term, part-time workers to make contributions

Other rules that can help individuals and families include:

- Increasing the amount that can be contributed under automatic enrollment and contribution plans to improve retirement savings for those that aren’t actively engaged in their plans

- Allowing penalty-free withdrawals—from IRAs and from retirement plans that allow withdrawals—for birth or adoption expenses, up to \$5,000 from each parent's account, along with the ability to pay the money back

College savings plans

The law expands the definition of a tax-free or qualified distribution from a 529 savings plan to include repayment of up to \$10,000 (lifetime limit) in qualified student loans and payment of expenses for certain apprenticeship programs. The SECURE Act makes these changes retroactive to distributions made after December 31, 2018. TIAA is working to analyze and implement this change as quickly as possible.

Fee Change Announcement from Fidelity



Your Oregon Public Universities Retirement Plans are a key benefit, and it is important that you are informed about changes to the Plans. We are pleased to announce a reduction in your annual record keeping fee.

Effective January 1, 2020 the record keeping fee for the Oregon Public Universities Retirement Plans was reduced from \$20 annually to \$12 annually. This means that the quarterly fee deducted from your TDI and ORP accounts will reduce to \$3. You will see this change in deduction amount beginning with your April 2020 statement.





Oregon Public Universities Retirement Plans Management

Required Minimum Distributions (RMD) Q&A

The SECURE (Setting Every Community Up for Retirement Enhancement) Act was signed in December of 2019 and went into effect on January 1, 2020. One of the provisions was to increase the age of RMD requirements from age 70½ to age 72.

- 1. Who do the required minimum distribution rules apply to?** They generally apply to anyone who is age 70½ in 2019 or earlier, or age 72 or over in 2020 and thereafter. There is an exception if you're still working.
- 2. What if I turned 70½ in 2019; do I have to continue taking RMDs, or can I wait until I turn 72 to take my next one?** If you turned 70½ in 2019, you are required to take a distribution before April 1, 2020, and you will have to take a second one before December 31, 2020 for 2020, and then continue to take RMDs each year, even though you may not yet be age 72. For people who have not hit 70½ by the end of 2019, the SECURE Act pushes out the RMD start date until age 72.
- 3. What if I'm age 72 or over and still working?** If you continue to work past age 72, you can delay withdrawing funds from **your current employer's retirement plan** (Oregon Public Universities Retirement Plans) until April 1 following the calendar year in which you retire. This applies to the Oregon Savings Growth Plan (OSGP) as well.
- 4. What if I'm working and also have tax-deferred retirement accounts from previous employers?** You must satisfy the minimum distribution rule for those accounts each year, beginning when you reach age 72. You should verify your situation with your tax advisor.
- 5. If I have an account with the Oregon Savings Growth Plan (OSGP) 457(b) plan, do I also need to take a Required Minimum Distribution from that plan?** Yes, if you are no longer working for an Oregon Public University. You will receive a letter from OSGP if you are eligible for the distribution letting you know that you have to take a minimum distribution. If you have questions, please contact OSGP or VOYA.
- 6. Do I have to satisfy the Required Minimum Distribution rules for my tax deferred Traditional IRAs?** Yes, regardless of your employment status. You must take your first Required Minimum Distribution from your Traditional IRAs no later than April 1 of the year following the year you turn age 72, (e.g., if you turn age 72 in 2020, you must begin taking distributions by no later than April 1, 2021).

7. **Do I have to satisfy the Required Minimum Distribution rules for my Roth 403(b)?**
Yes. Even though the money was contributed on an after-tax basis, RMDs are still required for Roth plans that are sponsored by your employer. This would also include the OSGP 457(b) Roth.
8. **What about a Roth IRA?** Minimum distribution rules don't apply to Roth IRAs during the owner's lifetime, but will apply to the beneficiary that inherits the Roth IRA.
9. **What do I do if I think I need to take a withdrawal?** You should contact your record keeper if you have never taken a minimum distribution and would like to begin; or if you're already withdrawing funds, but aren't sure it's enough to meet the IRS requirement.
10. **How do I set up withdrawals?** If you need help setting up your minimum distribution withdrawals, you should contact your plan record keeper.
11. **Are Required Minimum Distributions eligible for rollover to another plan or IRA?**
No, they are not.
12. **When do I have to take a distribution?** You generally have to start distributions when you turn age 72 or retire, whichever is later:

If you turn age 72 or retire (and you're already age 72 or over) in 2020, you have two choices; you can take your first withdrawal (the amount required for 2020) in 2020. Or, you can wait and take it in 2021, as long as it is paid by April 1. However, if you wait until 2021 to take your first withdrawal, you'll have to take two withdrawals in that year—one for the amount required for 2020 and one for 2021—which may increase your tax liability in 2021.

13. **How much do I need to withdraw from my accounts?** Your Required Minimum Distribution for 2020 is based on two things: your age this year and your account balance at the end of last year. (Since your age and account balance change every year, your Required Minimum Distribution must be recalculated annually.) The amount is based upon your life expectancy factor as recalculated each year using the Uniform Life Table. If your spouse is named as your sole beneficiary, and is 10 years younger than you, a joint life expectancy calculation will be used. To find out the amount you're required to take for 2020, you should call the customer service lines at your specific record keeper (TIAA, Fidelity or AIG), and they should be able to assist you. Some plan websites also have online calculators to help you estimate your RMD.

Note: Contact your tax advisor regarding the tax impact of any minimum distribution decision.

- 14. I have a small account balance. What options do I have?** If your account balance is less than \$5,000, you may be able to withdraw the entire amount; that way, you won't have to worry about satisfying the minimum distribution requirement for that account in the future. Different rules apply to different accounts, so please contact your representative at your specific record keeper.
- 15. What if I don't take the required amount?** If you don't comply with the IRS rules, you could be subject to a 50% excise tax on the amount you should have taken, but did not.
- 16. Where can I get more information about minimum distributions?** Contact the record keeper for your account(s) (TIAA, Fidelity, or AIG and their customer service representatives will be able to provide you with more information.) Additional information regarding minimum distributions is also available on their websites.

Required Minimum Distributions (RMDs) based on your employment status with an Oregon Public University:

Account	Still Working	RMD Required	When is the RMD required	Subsequent Years (after reaching age 72)
*OPURP 403(b) - Tax Deferred	Yes	No	After you retire	
*OPURP 403(b) – Roth	Yes	No	After you retire	
*OPURP Optional Retirement Account	Yes	No	After you retire	
Oregon Savings Growth Plan (Pre-Tax and Roth)	Yes	No	After you retire	
Previous Employer's Tax Deferred Retirement Accounts	Yes	Yes	April 1st following the year you turn age 72	By December 31st of that year
IRA	Yes	Yes	April 1st following the year you turn age 72	By December 31st of that year
Roth IRA	Yes	No	No distributions requirement during your lifetime	

*OPURP 403(b) Tax Deferred	No	Yes	April 1st following the year you turn age 72 or retire (whichever is later)	By December 31st of that year
*OPURP 403(b) Roth	No	Yes	April 1st following the year you turn age 72 or retire (whichever is later)	By December 31st of that year
*OPURP Optional Retirement Account	No	Yes	April 1st following the year you turn age 72 or retire (whichever is later)	By December 31st of that year
Oregon Savings Growth Plan (Pre-Tax and Roth)	No	Yes	April 1st following the year you turn age 72 or retire (whichever is later)	By December 31st of that year
Previous Employer's Tax Deferred Retirement Accounts	No	Yes	April 1st following the year you turn age 72	By December 31st of that year
IRA	No	Yes	April 1st following the year you turn age 72	By December 31st of that year
Roth IRA	No	No	No distributions requirement during your lifetime	By December 31st of that year

*OPURP = Oregon Public Universities Retirement Plans



Beneficiary Designations Explained

You may be wondering why we are always sending reminders about checking your beneficiary designations for your retirement accounts. Life changes very quickly, and the following events may warrant a review of your beneficiary designations for your retirement account:

- Birth
- Death
- Marriage
- Divorce
- New Partnership
- Dissolutions of Partnership
- New People in Your Life
- Estrangement
- Reconciliation

Some participants may state that they have a will in place. However, it is important to understand that the 401(a) and 403(b) plans do not take wills into consideration. If a participant passes away, and has failed to designate a beneficiary or if the beneficiary does not survive the participant, the administrator will direct the benefits to be paid out in the following order:

- Current spouse who survives the participant for 30 days;
- Same-sex domestic partner who survives the participant for 30 days;
- Children, including adopted children, who survive the participant for 30 days, to share payments equally;
- Parents who survive the participant for 30 days, to share payments equally; or
- Estate.

Let's see some real-world scenarios that can happen if you don't stay on top of who your beneficiaries are.

Scenario 1:

John and Mary are married. John has listed Mary as his beneficiary, and in the event of his death, she will inherit his retirement accounts. A few years later, John and Mary divorce. John plans on changing his beneficiary designation form, but keeps procrastinating. John then marries Alice. A few years later, John passes away.

In this case, the plan administrator will direct the record keeper to distribute John's retirement accounts to Mary. As you can imagine, this could cause some hurt feelings and anger from Alice. However, we are required to follow the information that is listed in the beneficiary designation that was selected by John. Although it may have been John's intent to leave his retirement accounts to Alice, he never updated his beneficiary designation indicating this wish.

This is why it is important to check your beneficiary designations at least once per year, so your funds are distributed to the people that you care about the most. The plan administrator has no choice but to follow the information provided, even if it outdates your life events.

Scenario 2:

Jane is a single woman, with no children, who is estranged from her family. She does have a best friend named Frank, who has an 18 year-old son named Troy. Jane thinks of Frank and Troy as family, because of their close connection with her. Jane decides to list Troy as the beneficiary for her retirement accounts. If she passes away, she wants Troy to inherit her money. Sadly, Troy passes away in an unforeseen accident. Jane is overwhelmed, and never updates her beneficiary designation to select someone else as her beneficiary. Then, a few years later, Jane passes away.

In this case, the plan administrator will direct the record keeper to distribute Jane's account in the hierarchy prescribed by the OPURP plan documents.

As a reminder, the hierarchy is below:

The Participant's:

- Current spouse who survives the participant for 30 days;
- Same-sex domestic partner who survives the participant for 30 days;
- Children, including adopted children, who survive the participant for 30 days, to share payments equally;
- Parents who survive the participant for 30 days, to share payments equally; or
- Estate.

As you can imagine, this may be against what Jane would have wanted. Since Jane was estranged from her family, she may not have wanted her retirement funds to be inherited by her family members.

After being notified of Jane's death, our office would first try to determine if Jane was married or had a same-sex domestic partner. If none were found, we would then try to determine if Jane had any living children. If none were found, we would then move to the parental tier of the hierarchy. If both of her parents were living, Jane's retirement accounts would be divided equally between her parents.

Although this may not be what Jane would have wanted, she failed to update her beneficiary designation to elect someone else to inherit her OPURP retirement accounts. The plan administrator would have no choice but to comply with the hierarchy that is listed in our plan document.



The scenarios listed above are just examples of what can go wrong if you fail to designate a beneficiary, or fail to regularly monitor who your beneficiaries are.

Our office is aware that we send you multiple notifications every year, reminding you to elect or check your beneficiaries. We recognize that you have worked hard to earn your retirement benefits, and in the event of your death, we want to be sure that we are sending your accounts to the people that you care most about. Our team wants to respect your final wishes, and follow through on information that is accurate and up-to-date.

To update your beneficiary designations, please contact your record-keeper.

Fidelity

Web: Navigate your web browser to www.netbenefits.com and log into your account. Then click on “profile”, and then click on “Beneficiaries”. From this page, you can update your beneficiaries.

Phone: To call Fidelity for a form, please call 800-343-0860 and request a form from the representative.

TIAA

Web: Navigate your web browser to www.tiaa.org. Then click on your initials in the upper right-hand corner of the page. From the drop-down, click on “Beneficiaries”. From this page, you can update your beneficiaries.

Phone: To call TIAA for a form, please call 800-842-2252 and request a form from the representative.

AIG/VALIC

Phone: To call AIG/VALIC for a form, please call 800-448-2542 and request a form from a representative.





Register now for TIAA's April live webinars

Keep your financial goals on track with TIAA's live webinars. Reserve your spot today.

Schedule online
TIAA.org/webinars

Tax planning in 2020

It is that time of year, when taxes are on our minds. Many of us will have just filed our income tax return and will want to think about income tax planning strategies for 2020. We also want to know if estate, gift or generation skipping transfer (GST) taxes will impact our planning. Join us to learn some common strategies to help leave more for you and for your heirs.

April 14 at 12 p.m. (ET)

The starting line: Why and how retirement savings begins now

Learn how to evaluate and manage debt, find additional ways to save, create a budget and begin to plan for retirement.

April 14 at 3 p.m. (ET)

Quarterly Economic and market update

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 webinar will also cover the challenges that investors face and how to navigate them.

April 15 at 12 p.m. (ET)

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.

April 16 at 12 p.m. (ET)

Looking to turn your retirement savings into a “paycheck” for life

Learn how creating a diversified income plan—one that uses a combination of income sources and includes annuity income that's guaranteed for life*—can help reduce the risks you may face in retirement and ensure you have income that never runs out.

April 16 at 3 p.m. (ET)



[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?**¹ 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

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...

Visit 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.

¹Fidelity 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

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?

Visit the "Contact Us" tab on netbenefits.com/opurp 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!

**Ask Us
Anything**

You don't have to know all the answers —
we're here to help.



CONTACT US:

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