OREGON PUBLIC UNIVERSITIES
Retirement Plans

Winter 2021 Newsletter

How to Handle the Ups & Downs of the Market

We have all experienced ups and downs this year due to Covid-19, national disasters and market volatility in general. When markets get rocky, it's tempting to take action. But that may only disrupt your long-term goals. Here are some things you may want to consider during times of market volatility.

Don't Veer Off Course: Not keeping all your eggs in one basket generally helps manage risk by spreading your savings or funds across different asset classes within your portfolio. Even when markets are down and one investment is performing poorly, another could be performing better. Resist the urge to try to "time" the market by readjusting your portfolio based on market conditions alone—and ask a professional for help if you think you're having trouble being objective.

Keep Your Eye on the Horizon: Building a solid financial plan that takes goals into account, like paying off your mortgage, saving for college, and living in retirement, can help you stay level-headed when the markets are most volatile. Also, as tempting as it might be, don't look! Checking your investment balance every day may add to your anxiety and takes the focus away from your long-term goals.

Don't Forget to Fill Your Piggy Bank: Having about six months' worth of living expenses saved in an account that's easy to access could also increase your financial confidence when markets are unsteady. A financial advisor can help you determine what steps to take to meet your income needs while not disrupting your long-term investments—and make sure your portfolio is diversified as well.

IN THIS ISSUE:

Explore "Market Proof" Investments: There are savings products, including some types of bank certificates of deposit and annuities that are not affected by market volatility. You may want to consider them as a way to safeguard a portion of your savings and diversify your retirement portfolio. With the TIAA Traditional fixed annuity, for example, your principal is protected and your balance is guaranteed to grow every day as well. And when you retire, you can choose to get guaranteed monthly income payments that will never run out.

CARES Act Distributions & Repayment Options with Fidelity

Did you take a CARES Act distribution from your retirement plan? Read on to confirm your eligibility and your option to recontribute all or a portion of the distribution amount, should you wish to replenish your retirement savings.

Certification of Eligibility

Only "qualified individuals" were eligible to obtain CARES Act Distributions. The IRS expanded the definition of "qualified individual" in June 2020 to include participants whose household member experienced adverse financial consequences, and included additional causes of financial adversity. You are considered a qualified individual if:

1. You, your spouse, or your dependent (as defined in Internal Revenue Code section 152) is diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (both referred to as "COVID-19") by a test approved by the Centers for Disease Control and Prevention (including a test authorized under the Federal Food, Drug, and Cosmetic Act); or

2. You have experienced adverse financial consequences because:

   a. you, your spouse, or a member of your household was quarantined, furloughed or laid off, or had work hours reduced due to COVID-19;

   b. you, your spouse, or a member of your household was unable to work due to lack of childcare due to COVID-19;

   c. a business owned or operated by you, your spouse, or a member of your household closed or reduced hours due to COVID-19; or

   d. you, your spouse, or a member of your household had a reduction in pay (or self-employment income) due to COVID-19 or had a job offer rescinded or start date for a job delayed due to COVID-19.

Note: A “member of your household” is someone who shares your principal residence.
If you believe that you were not eligible to receive a CARES Act Distribution, or have any questions, please contact Fidelity.

Option to Recontribute CARES Act Distributions
We understand that taking a CARES Act Distribution may have been your only accessible financial resource; however, your plan account is also a critical vehicle for retirement savings. CARES Act Distributions may be recontributed to the plan or an IRA within a three-year period beginning on the day after the distribution was received. Any recontribution will be deposited into your plan account as a rollover contribution. If you are able, please consider recontributing all or a portion of your CARES Act Distribution to the plan during the applicable three-year period. A copy of the Fidelity CARES Act Distribution Recontribution Form can be found on the Oregon Public Universities Retirement Plans website here. Please contact Fidelity to learn more.

Additional CARES Act Distribution Information
Please review the CARES Act Distributions Income Tax Overview for information about eligibility, the definition of a qualified individual, federal income tax benefits, income tax withholding and tax reporting, recontributions, and other features and requirements of this distribution. The overview can be found on the Oregon Public Universities Retirement Plans website here.

Please consult with your tax advisor about the tax consequences of your CARES Act Distribution and any recontribution. If you have any questions about any of the information in this communication, please contact Fidelity at 800-343-0860. Representatives are available Monday through Friday from 5:00 a.m. to 9:00 p.m. Pacific Time.

Ready to retire? You still need a budget.

It's important to start your retirement with a spending plan that works for you.

Key takeaways

- Try to match your essential expenses to guaranteed sources of income.
- Limit withdrawals from retirement savings accounts to 4%–5% in your first year of retirement, then adjust for inflation in subsequent years.
- Consider consolidating accounts at a trusted provider.

Making a budget may not be the first thing you look forward to in retirement, but it's one of the most important things to do to start your retirement on the right path. Along with an income plan that can deliver a steady "retirement paycheck" and an investing strategy that allows a portion of your nest egg the chance to grow, a realistic budget—based on all the sources of income you have coming every month—is an essential building block of retirement.

If you're ready to begin putting together a retirement budget, here are some tips to help.

Think big picture

For many people, the budgeting process stalls before it really gets started. That's often because they worry about the details of their discretionary (nice-to-have) spending instead of looking at the big picture. Start by understanding your essential (must-have) expenses and how you can use guaranteed sources of income, like

Social Security, pensions, and annuities, to pay for them. (See the "Essential expenses" section below.)

Then, create your discretionary budget by focusing on categories of spending—such as travel, gifting, and entertainment—rather than trying to account for every dollar you'll spend. A good practice is to match these nice-to-have expenses with income from individual retirement accounts (IRAs) and other tax-deferred retirement savings accounts.

Get organized
Plan ahead and think about the life you want to live in retirement, based on what you can afford. You need to know the details of your recent spending patterns, and determine whether your overall spending will go up, go down, or stay the same in retirement.

To start, tabulate your average monthly expenses like cable, telephone, and electric bills and know how much money is coming in versus going out. If you use credit cards, go online and look at year-end summaries to see where you spent the most money last year. Do the same with online bank statements. Next, identify your ongoing monthly bills and determine whether you need to continue all these services. Then look through your past bills and online bank statements to identify work-related expenses that you may no longer have to pay now that you're retired. Lastly, categorize expenses into "essential" and "discretionary" (see below).

Essential expenses
Cover essentials first. Health, comfort, and security are among life's most important priorities, so you'll want to make health care, housing, transportation, and food your budget priorities.

Health care: Planning for health care costs can be especially daunting with estimated costs for an average 65-year-old couple retiring in 2020 hitting a total of $295,000 (in today's dollars) over their entire retirement period. Even if you're covered by Medicare and an insurance plan from your former employer, supplemental premiums and out-of-pocket costs continue to rise.[1]

Housing: If your home is paid for, good for you! But don't forget to add utilities, maintenance, and possibly larger home repairs. A good rule of thumb is to budget at least 1 % of your home's value for annual maintenance. So, if your home is worth $400,000, then budget approximately $4,000 per year for standard repairs, general upkeep, or accessibility upgrades.

Transportation: No longer having commuting costs is a big bonus of retiring, but your transportation costs won't drop to zero. Most people don't retire to sit around the house, so remember to include the cost of gas or public transportation for trips to activities, as well as vehicle maintenance expenses. If you are considering buying a new or used car, add that expense too.

Food: Although you may not be eating out at lunch with colleagues, overall expenditures on food will likely remain constant. Now that you're retired, it might be a great time to do some fun things like taking cooking lessons or entertaining for friends and family.

Retiree spending habits:
Where does the money go?

Age 55–64		Age 65–74
22%	Housing	32%
6%	Health Care	11%
10%	Food	13%
12%	Transportation	14%
4%	Entertainment	4%

Note: The table illustrates the percentage of total income the average household spends on food, housing (including utilities), transportation, entertainment and health care. Data are based on the 2018 Consumer Expenditure Survey by the Bureau of Labor Statistics (BLS). From the survey, reported household income and expenditures were aggregated in the 5 categories. Aggregated spending amounts were then divided by the total reported expenditures to derive the average expenditures for each cohort. The percentages are the results of cohort average expenditures by average total income. Total household income by age segment may vary from year to year, resulting in higher or lower percentages of spending per category.[2]

Discretionary spending
Once you have accounted for your "must-haves," you can begin budgeting for discretionary items, such as dining out, going to the movies, and those bucket-list adventures you've been dreaming of.

Travel: How you budget for travel will depend on the types of trips you're contemplating—weekend getaways, long vacations, or visits to family and friends. For short jaunts, you can build a monthly expense into your budget, putting the money you don't use into a pool for spending later. If you are planning for longer vacations, add a vacation fund to the budget.

Entertainment/dining out/gifting: You probably already have a good idea of how much it costs to go to the movies and dine out, but many people forget to include money they use to buy gifts for family and friends. If your budget allows for it, consider larger gifting priorities—such as giving money to future heirs to minimize inheritance taxes or contributing regularly to charities.

Stick to your income plan
A well-designed retirement income plan should be backed by an investing strategy that provides opportunities for your assets to generate earnings and helps your income keep pace with inflation. But investment returns will vary, and that, along with unexpected expenses, may require you to build some flexibility into your budget. One solution is to express your discretionary spending as a range. That way, you can choose to put aside unspent money in months when your costs are at the bottom end of the range and use it during months when your discretionary spending may be higher.

Tip: Fidelity suggests limiting withdrawals from retirement savings accounts to 4%–5% in your first year of retirement, and then adjusting this number in subsequent years.

Keep it simple
Remember why you retired—to have fun and do the things you never had time for when you were working! One way to simplify may be to consolidate your retirement accounts with a trusted financial services provider, which enables you to organize your income, investing, and spending in one place while potentially reducing fees.
If you need help with budgeting or reviewing your retirement earnings, consider working with a financial advisor. Or, if you are more of a DIY person, check out Fidelity’s online budgeting tools.

1. Estimate based on a hypothetical couple retiring in 2020, 65-years-old, with life expectancies that align with Society of Actuaries' RP-2014 Healthy Annuitant rates with Mortality Improvements Scale MP-2016. Actual assets needed may be more or less depending on actual health status, area of residence, and longevity. Estimate is net of taxes. The Fidelity Retiree Health Care Cost Estimate assumes individuals do not have employer-provided retiree health care coverage, but do qualify for the federal government's insurance program, Original Medicare. The calculation takes into account cost-sharing provisions (such as deductibles and coinsurance) associated with Medicare Part A and Part B (inpatient and outpatient medical insurance). It also considers Medicare Part D (prescription drug coverage) premiums and out-of-pocket costs, as well as certain services excluded by Original Medicare. The estimate does not include other health-related expenses, such as over-the-counter medications, most dental services and long-term care.

2. The tax information and estate planning information contained herein is general in nature, is provided for informational purposes only, and should not be construed as legal or tax advice. Fidelity does not provide legal or tax advice. Fidelity cannot guarantee that such information is accurate, complete, or timely. Laws of a particular state or laws that may be applicable to a particular situation may have an impact on the applicability, accuracy, or completeness of such information. Federal and state laws and regulations are complex and are subject to change. Changes in such laws and regulations may have a material impact on pre- and/or after-tax investment results. Fidelity makes no warranties with regard to such information or results obtained by its use. Fidelity disclaims any liability arising out of your use of, or any tax position taken in reliance on, such information. Always consult an attorney or tax professional regarding your specific legal or tax situation.

Managing your cash flow in retirement

Learn smart ways to help make managing your finances easier with less work.

Key takeaways

- Balance cash flow and liquidity. Holding too much cash may mean you miss out on investing opportunities. But make sure to have enough liquid assets to cover ongoing expenses.
- Consider a bucket approach to manage cash for different shorter- and longer-term needs.
- Take advantage of web-based and smartphone technology to manage day-to-day financial transactions easily from anywhere.

Whatever the size of your nest egg, retirement will likely mean big changes in your financial life. Sources of income can shift, as can expenses. Financial priorities often change as well as you move from saving for retirement to generating income from your hard-earned retirement savings.

"For many retirees, having a cash cushion can help provide peace of mind," says Klara Iskoz, vice president of Fidelity Financial Solutions. "Although they have the ability to take distributions from their 403(b)s or IRAs, many people don't want to sell off invested assets to pay for unexpected expenses."

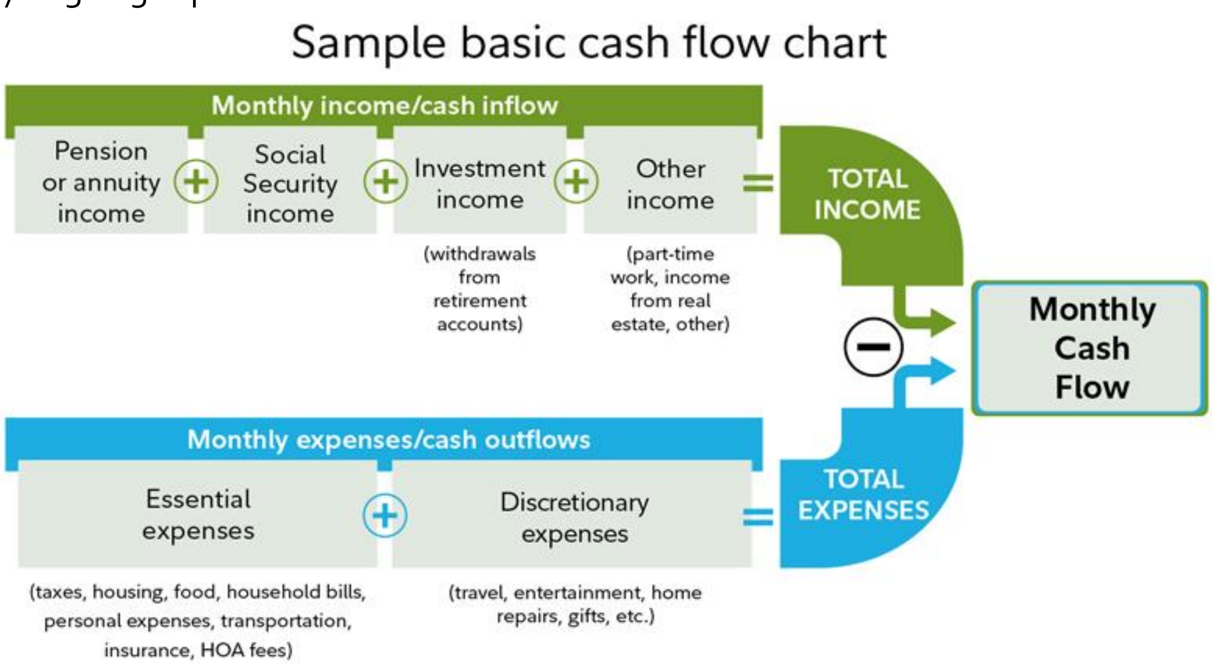
Balancing act: cash flow vs. liquidity

When it comes to managing cash flow in retirement, there are 2 key concepts to understand: cash flow and liquidity.

Cash flow simply means the amount of cash you have coming in and going out each month (see chart below). Think about it as mapping your income versus your expenses. If you anticipate risk factors that can often come with retirement (health care expense, a downturn in the market, or a family emergency) then consider increasing your position in cash (or cash equivalents like Treasury bills, CDs, and money market accounts).

Liquidity refers to the ease of turning an asset to cash—and how quickly you can access that cash. The easier an asset can be converted to cash, the more "liquid" it is. For example, your cash holdings in your brokerage account are more liquid than your house. Similarly, you can sell shares in a mutual fund to pay for expenses. However, you can't immediately convert certain insurance policies into cash (without generally paying penalties or surrender fees) or quickly sell valuables such as art or coin collections.

Like many challenges in retirement, this is also a balancing act. If you have too much money in cash, you can be missing out on potential growth. At the same time, you'll want to consider which assets will be available to you over the next few years to help pay ongoing expenses in retirement.



For illustrative purposes only.

Managing your retirement income

To start, consider the ways that retirement can change cash flow. Your weekly or biweekly paycheck may be replaced by income from a variety of sources, including Social Security benefits, pension distributions, and annuity payments. If you are age 72[1] or older, the IRS mandates that you take required minimum distributions (RMDs) from your retirement accounts. Some retirees may also generate income from part-time employment, real estate rental income, or sales of assets.

To help manage a variety of income sources efficiently, you can set up direct deposit services, or use a financial institution that offers remote deposit—meaning you can log on to your computer or smartphone and scan or snap a photo of a check.

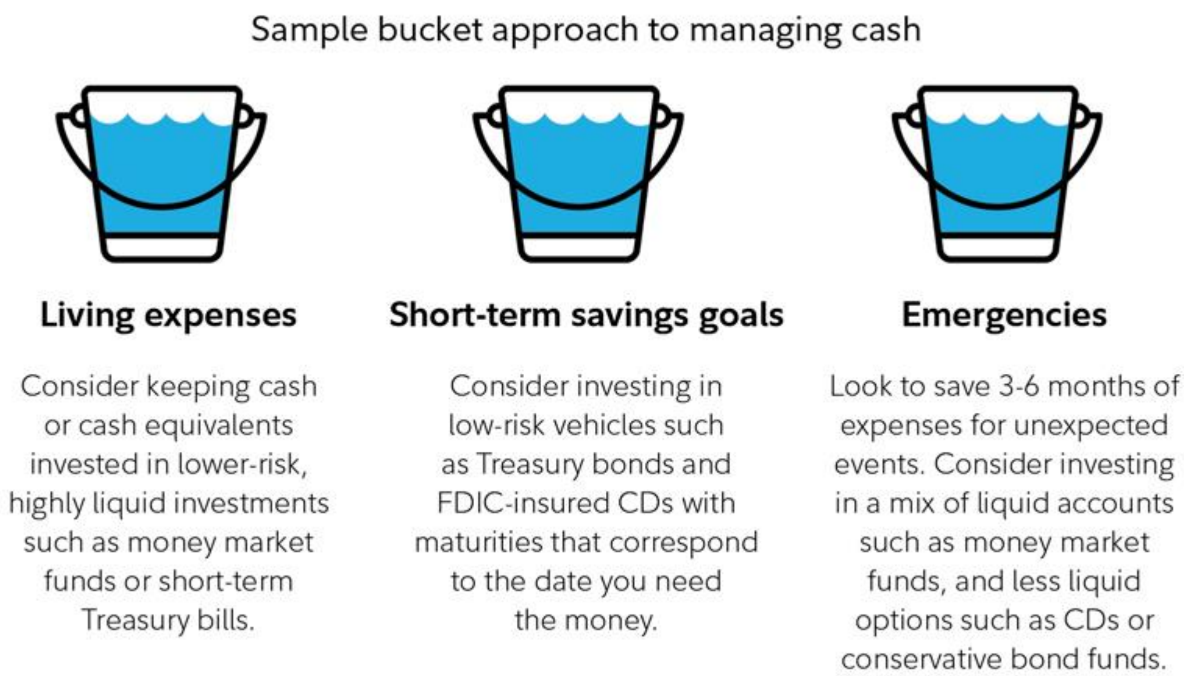
Spending patterns will also likely change, reflecting both your new lifestyle and shifting financial responsibilities. When you retire, often nothing is being withheld for state and federal income taxes, so you may be responsible for any quarterly estimated taxes. Likewise, most retirees generally have to pay health care and other insurance premiums directly to the insurance carrier(s). Some retirees may also find they are traveling more or living in dual residences. All these situations can make monthly bill paying even more complicated.

Tip: Learn how to take advantage of web-based and smartphone technology that makes it easy to effectively manage your day-to-day financial transactions from anywhere. Doing so can eliminate worries about paying the mortgage bill, no matter where you happen to be.

Consider a bucket approach to managing cash

At any point in your retirement, your income streams may be producing more cash than you are spending. If so, you'll want to think about how to continue to invest that excess cash flow to help meet both your near-term liquidity needs and longer-term needs for both income and growth. When investing, be sure to make liquidity—how quickly you need access to your cash—a central consideration.

One approach to consider is to bucket cash for different shorter- and longer-term needs, such as living expenses, short-term goals, and emergencies. Here are some ways to implement each:



For illustrative purposes only.

Managing cash when you take your RMDs

For many retirees, estimating and taking Required Minimum Distributions (RMDs) once you reach age 72[2] plays a big role in managing cash in retirement. "If you're planning to spend your RMDs to cover your ongoing retirement expenses," says Iskoz, "you may want to consider having the money sent directly to a cash management or bank account that provides helpful cash management tools." RMD distributions can also be a time to rebalance your asset allocation. For example, as you get older, you'll likely want to sell off higher risk investments and take proceeds from RMDs (after you pay your taxes) and put them into more conservative investment options.

Ordinarily, you have until December 31 each year to take your RMD. You can opt to take one-time distributions for your RMDs year after year, but the easiest way to satisfy your RMD is by setting up automatic withdrawals and potentially avoid paying penalties if you forget to take your RMD.

The CARES act temporarily waives required minimum distributions (RMDs) for all types of retirement plans (including IRAs, 401(k)s, 403(b)s, 457(b)s, and inherited IRA plans) for calendar year 2020. This includes the first RMD, which individuals may have delayed from 2019 until April 1, 2020.

Look for flexibility and convenience in a cash management account
The key to managing cash in your retirement is to make sure your money can be easily accessed, moved, and invested according to your needs, and, ideally, to do so in a way that mitigates overall fees. Look for a provider that offers options to easily transfer money from your retirement accounts, such as IRAs, into your cash account. Some firms offer periodic withdrawals to help you create a "just-in-time" income stream and allow remaining assets to produce potential earnings until you need more cash. If you are spending less than you expected, consider setting up access to a sweep system that automatically reinvests excess cash.

It's important to choose reliable financial institutions that provide the features you need to make your retirement finances easy to manage, affordable, and flexible.

Consider an account that offers:
- Mobile deposit
- Online access
- Free checks
- The ability to speak with a representative by phone or in person
- The option for a spouse or authorized person to act on your behalf
- The ability to link accounts across different banks and brokerage firms

Tip: If FDIC coverage is important to you, make sure that your cash accounts don't exceed the maximum covered by the Federal Deposit Insurance Corporation, which insures individual bank accounts for up to $250,000 per institution.

A clear picture helps you keep tabs on your finances throughout retirement
Finally, the retirement cash management system you create with your providers should offer a comprehensive view of your finances. Being able to access concise, up-to-date reports on your cash balances, transactions, and assets is a basic requirement and can help prevent unpleasant cash flow surprises.

Now that you're retired, take advantage of ways to streamline how you manage cash and pay bills. Your cash needs will change over the course of your retirement, so working with your Fidelity advisor to think through the "what ifs" of future cash management also means making decisions about how to use your financial resources during a retirement that may stretch 30 years or more.

1. The change in the RMD age requirement from 70½ to 72 only applies to individuals who turn 70½ on or after January 1, 2020. Please speak with your tax advisor regarding the impact of this change on future RMDs.

2. If you have an IRA, you may delay taking your first RMD until April 1 of the year after you turn 72. If you choose to delay your first RMD, you're required to take your first and second RMD in the same tax year. For your workplace retirement accounts, if you are still working and don't own 5% or more of the business you're employed by, you may be able to delay taking an RMD until April 1 of the year after you retire. This rule does not apply to IRAs or plans with companies you no longer work for.
This information is intended to be educational and is not tailored to the investment needs of any specific investor.

You could lose money by investing in a money market fund. Although the fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. The Fund may impose a fee upon the sale of your shares or may temporarily suspend your ability to sell shares if the Fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund and you should not expect that the sponsor will provide financial support to the fund at any time.

Treasury bond fund interest dividends are generally exempt from state income tax, but are generally subject to federal income tax and alternative minimum taxes and may be subject to state alternative minimum taxes.
In general, the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. Unlike individual bonds, most bond funds do not have a maturity date, so holding them until maturity to avoid losses caused by price volatility is not possible.

For the purposes of FDIC insurance coverage limits, all depository assets of the account holder at the institution issuing the CD will generally be counted toward the aggregate limit (usually $250,000) for each applicable category of account. FDIC insurance does not cover market losses. All the new-issue brokered CDs Fidelity offers are FDIC insured. In some cases, CDs may be purchased on the secondary market at a price that reflects a premium to their principal value. This premium is ineligible for FDIC insurance. For details on FDIC insurance limits, visit FDIC.gov.
Votes are submitted voluntarily by individuals and reflect their own opinion of the article's helpfulness. A percentage value for helpfulness will display once a sufficient number of votes have been submitted.

Stay in the know…..

We're bringing together updates, insights and expert analysis in one go-to resource so it's easy for you to stay informed.

Go to TIAA.org/StayCurrent for regular updates.

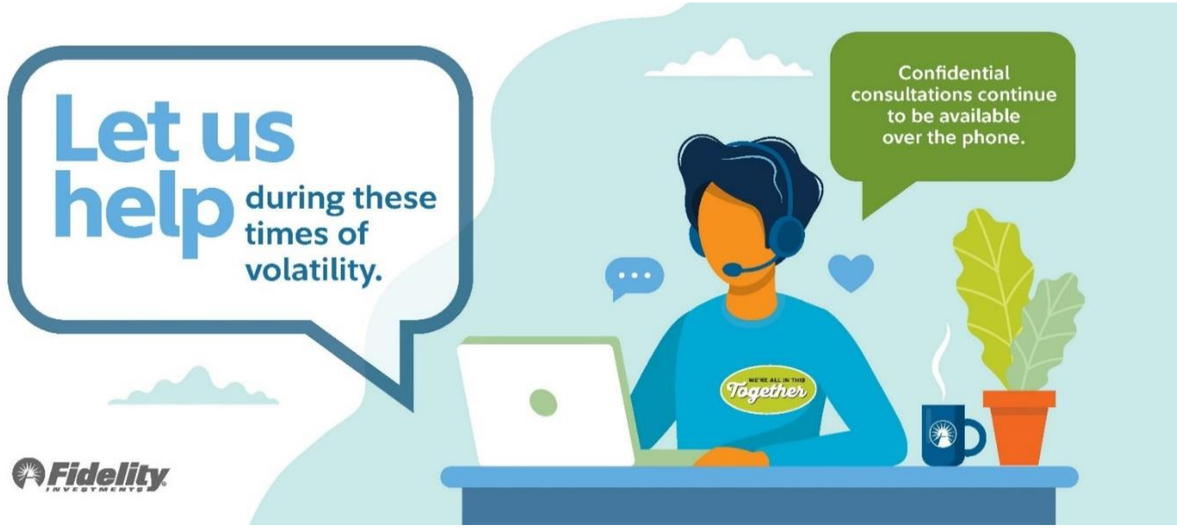
You'll be able to stay up-to-date on market impacts and our latest thinking with articles, webinars and more to keep your financial planning on track. For instance, you'll get ideas and answers to questions like:

- What's driving market volatility?
- How can I weather the market swings?
- What does all this potentially mean for my financial plan?
- Help when you need it

It's natural to be concerned in the current environment. Schedule a virtual or by-phone Appointment with a TIAA financial consultant to discuss steps to take to feel more financially confident and secure. Schedule easily on your Oregon Public Universities TIAA microsite or call us. Contact information is below.

https://www.tiaa.org/public/tcm/opurp

Schedule a 1:1 session with a TIAA financial consultant: call 800-732-8353 weekdays, 5 a.m. to 5 p.m. (PT)



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.

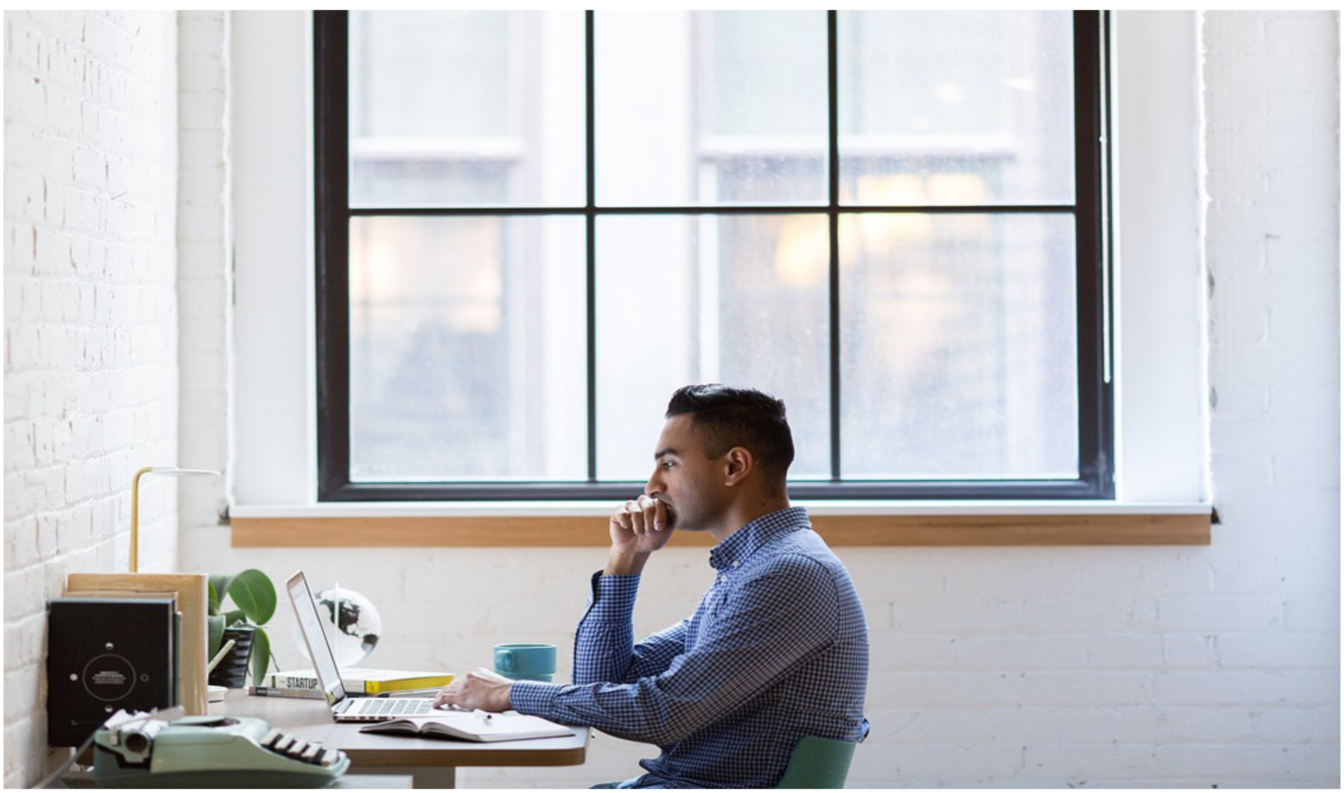
Justin and Ronald are licensed professionals, experienced in helping people plan for their financial futures. You can meet with them whenever you want and can ask them anything. Really!

Attend a live webinar to learn more about relevant financial topics!

All webinars are available at Tiaa.org/webinars or you can click the links below and register directly.

You can attend webinars if whether or not you are invested with TIAA. These are available to you as an Oregon Public University employee!!

Date and Time	Topic	Link
January 12, 12 p.m.	The Starting Line: Beginning to save for retirement	Click Here
January 13, 9 a.m.	Quarterly Economic and Market Update with TIAA's Chief Investment Strategist	Click Here
January 13, 12 p.m.	Lifetime Income: Looking to Turn Your Retirement Savings into a Paycheck for Life?	Click Here
January 14, 9 a.m.	10 Predictions for 2021	Click Here
January 14, 12 p.m.	The 411 on 529 Plans	Click Here

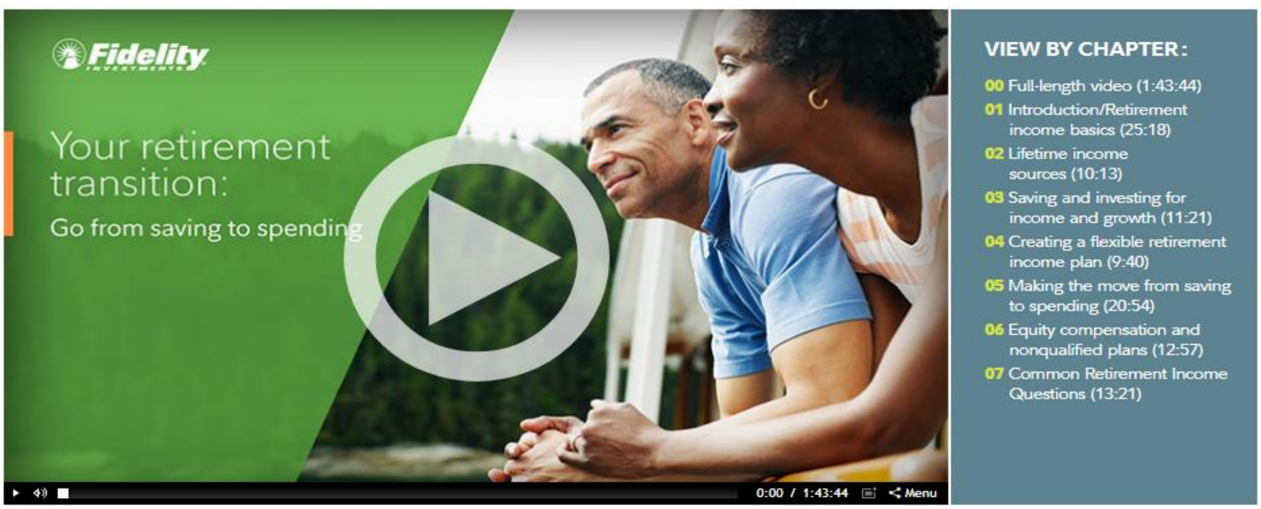


WEBCASTS FROM FIDELITY

YOUR RETIREMENT TRANSITION: GO FROM SAVING TO SPENDING

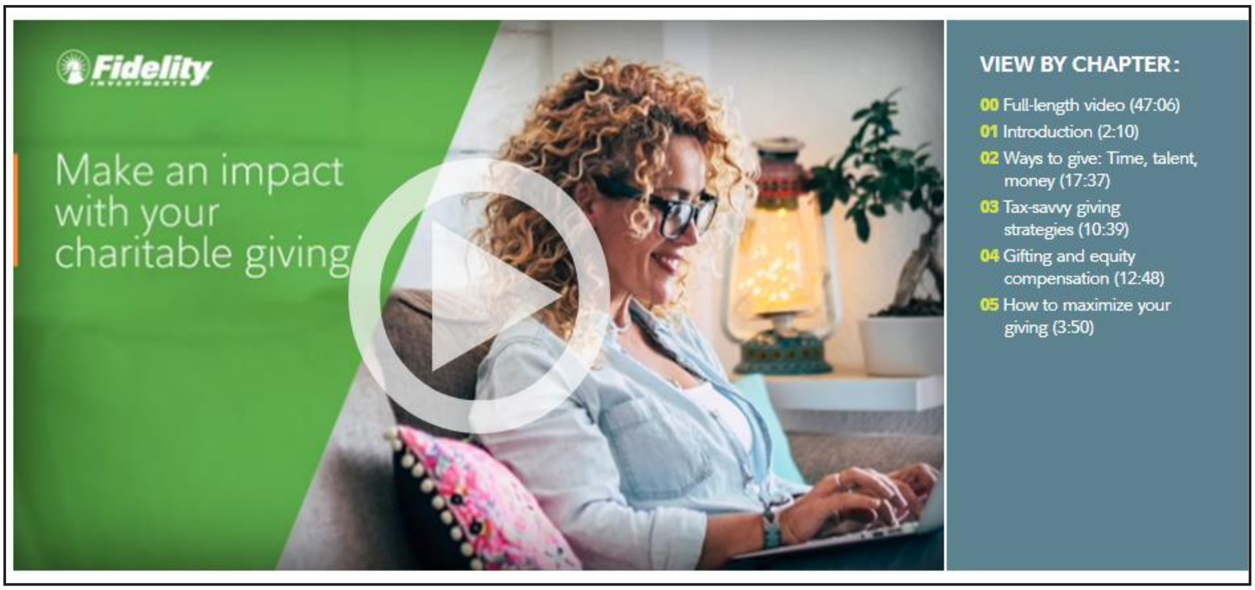
Retirement is all about transitions—and those transitions come with lots of questions: Have I saved enough? Which accounts do I withdraw from first? How do I know whether I will be able to reach my goals?

Join us as we explore how to make the shift from saving for retirement to spending in retirement; examine how Social Security and healthcare fit in; and take a look at which retirement accounts can be used to help create a monthly cash flow that has the potential to meet your needs.



MAKE AN IMPACT WITH YOUR CHARITABLE GIVING

In uncertain times, we see incredible generosity as people step up, give back to their communities, and make a difference in the lives of others. Join us as we explore emerging trends in philanthropy, take a look at tax-efficient donation strategies, review noncash gifting options, and highlight the ways you can maximize your giving—now and into the future. Watch all the segments or the ones that are most relevant to you.



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