

## THE CLAREMONT COLLEGES Academic Retirement Plan

### Plan Overview:

- ❖ The Academic Retirement Plan (ARP) is the primary retirement plan for The Claremont Colleges
- ❖ The ARP is a defined contribution plan qualified under IRC Section 403(b)
- ❖ TIAA is the record keeper for the ARP

### Plan Eligibility:

- ❖ You are eligible to participate through elective deferrals upon your date of hire
- ❖ Eligibility for employer contributions depends on satisfying a service requirement and attainment of age 21
- ❖ Check with your Human Resources Office for information on your institution's ARP eligibility for employer contributions

### Plan Enrollment:

To enroll in the ARP, please follow the instructions below:

- ❖ Go to <http://www.tiaa.org/theclaremontcolleges>
- ❖ Select the college of your employment and click "Save & Continue"
- ❖ Click "Ready to Enroll"
- ❖ Select the Academic Retirement Plan and click "Next"
- ❖ Click "Begin Enrollment"
- ❖ Log in to your TIAA-CREF account or Click "Register with TIAA" to set up your user name and password.
- ❖ Access Code: \_\_\_\_\_
- ❖ Follow the on-screen directions to complete your enrollment application

### Salary Reduction Agreement – Voluntary Elective Deferrals:

- ❖ Completion of a Salary Reduction Agreement is required to begin making voluntary elective deferrals through payroll deduction
- ❖ Salary Reduction Agreements are available on the CUC Benefits website at <http://www.cuc.claremont.edu/benefits/forms.asp>

### Default Enrollment – Employer Contributions:

- ❖ If plan enrollment is not completed within 30 days of your eligibility date, contributions by the institution on your behalf will be made by default to the age appropriate Vanguard Target Retirement Fund (See chart on the following page)

If you were born during the period below ...	then you will attain age 65 during the period below ...	and the investment fund below is the default investment fund
1952 and earlier years	2013-2017	Vanguard Target Retirement 2015
1953 to 1957	2018-2022	Vanguard Target Retirement 2020
1958 to 1962	2023-2027	Vanguard Target Retirement 2025
1963 to 1967	2028-2032	Vanguard Target Retirement 2030
1968 to 1972	2033-2037	Vanguard Target Retirement 2035
1973 to 1977	2038-2042	Vanguard Target Retirement 2040
1978 to 1982	2043-2047	Vanguard Target Retirement 2045
1983 to 1988	2048-2053	Vanguard Target Retirement 2050
1988 to 1992	2053-2057	Vanguard Target Retirement 2055
1993 and later years	2058 and later years	Vanguard Target Retirement 2060

### Voluntary Elective Deferrals:

- ❖ Pre-tax deferrals:
  - Lower taxable income in the year of the deferral
  - Accumulated deferrals and earnings are taxable upon withdrawal at retirement
- ❖ Roth after-tax deferrals:
  - No effect on taxable income in the year of the deferral
  - Accumulated deferrals and earnings are not taxed upon withdrawal at retirement
  - Deferrals must be in the plan for at least five years to receive favorable tax treatment
- ❖ Deferrals can be made in any combination of pre-tax or Roth after-tax
- ❖ Minimum elective deferral is \$25 per month
- ❖ Maximum elective deferral depends on IRS limits for the calendar year
  - Basic Maximum - \$18,000 for 2017
  - Age 50+ Catch Up - \$6,000 for 2017
  - 15 Year Rule Catch Up - \$3,000 for 2017 (\$15,000 lifetime maximum)
- ❖ Elective deferrals are remitted to TIAA after every pay period

### Employer Contributions:

- ❖ Employer contributions are made as a percentage of eligible compensation
- ❖ Contributions are vested 100% immediately upon participation
- ❖ Employer contributions are remitted to TIAA after every pay period

### Investment Choices:

- ❖ Four Track Investment Lineup
  - See Appendix A

**Distributions – Voluntary Elective Deferrals:**

- ❖ Available upon termination of employment from the institution
- ❖ Available upon attainment of age 59 ½
- ❖ Loans
  - Minimum loan - \$1,000
  - Maximum loan – The lesser of 50% of elective deferral accumulation or \$50,000
  - Maximum number of loans is two
  - Paid back through auto debit from bank account either monthly or quarterly
- ❖ Hardship Withdrawals
  - Available only after loan provision has been exhausted
  - Must qualify under IRS Safe Harbor guidelines
    - Expenses for medical care previously incurred by the employee, spouse, dependents or beneficiary or is now necessary for these persons to obtain medical care
    - Costs directly related to the purchase of a principal residence (excluding mortgage payments)
    - Tuition, related educational fees and room and board expenses for the next 12 months of postsecondary education for the employee, spouse, dependent children or beneficiary of the employee
    - Payments necessary to prevent the eviction of the employee from principal residence or mortgage foreclosure
    - Funeral expenses for the employee, spouse, dependents, or beneficiary of the employee
    - Certain damage repair expenses for the employee's principal residence
  - Employees who take a hardship withdrawal cannot repay it back to the plan and are not permitted to contribute to the plan for six months after the withdrawal
  - Hardship withdrawals are subject to income taxes and a 10% additional tax on early distributions
- ❖ Death of employee

**Distributions – Employer Contributions:**

- ❖ Available upon termination of employment from the institution
- ❖ Pomona College
  - Attainment of age 65, with 15 years of service
    - Once in a 24 month period
- ❖ Claremont Graduate University
  - Attainment of age 65, with 10 years of service
    - Once in a 24 month period
- ❖ Death of employee

Plan Resources:

- ❖ CUC Benefits Administration
  - Tony Romero – Retirement Analyst
    - (909) 621-8805
    - [tony\\_romero@cuc.claremont.edu](mailto:tony_romero@cuc.claremont.edu)
  
- ❖ TIAA on Site Counseling
  - One hour one-on-one confidential consultations
  - Scheduled four to five times a month
  - Open to participants in the ARP
  - To make an appointment call (800) 732-8353
  
- ❖ TIAA Phone Center
  - (800) 842-2252
  - Available 5:00 am to 7:00 pm (PT) Monday through Friday
  - Available 6:00 am to 3:00 pm (PT) Saturday
  
- ❖ TIAA/Claremont Colleges Microsite
  - [www.tiaa.org/theclaremontcolleges](http://www.tiaa.org/theclaremontcolleges)
    - Online enrollment
    - Investment option research
  
- ❖ TIAA Website
  - [www.tiaa.org](http://www.tiaa.org)
    - Log into your ARP account
    - Change allocations for future contributions
    - Transfer existing balances
    - View account performance
    - Apply for loans and hardship withdrawals
    - Designate beneficiaries

## FOUR TRACK INVESTMENT LINEUP

Participants may select one track, for instance if they want Vanguard Target Retirement Funds or TIAA accounts, or may mix and match investment choices from the various four tracks.

TRACK 1	TRACK 2	TRACK 3	TRACK 4
<b>Vanguard Target Retirement Funds</b> <ul style="list-style-type: none"> <li>■ Vanguard Target Retirement 2010 Fund</li> <li>■ Vanguard Target Retirement 2015 Fund</li> <li>■ Vanguard Target Retirement 2020 Fund</li> <li>■ Vanguard Target Retirement 2025 Fund</li> <li>■ Vanguard Target Retirement 2030 Fund</li> <li>■ Vanguard Target Retirement 2035 Fund</li> <li>■ Vanguard Target Retirement 2040 Fund</li> <li>■ Vanguard Target Retirement 2045 Fund</li> <li>■ Vanguard Target Retirement 2050 Fund</li> <li>■ Vanguard Target Retirement 2055 Fund</li> <li>■ Vanguard Target Retirement 2060 Fund</li> <li>■ Vanguard Target Retirement Income Fund</li> </ul>	<b>TIAA Accounts</b> <ul style="list-style-type: none"> <li>■ TIAA Traditional</li> <li>■ CREF Stock</li> <li>■ CREF Inflation-Linked Bond</li> <li>■ CREF Money Market</li> <li>■ TIAA-CREF Social Choice Equity</li> <li>■ TIAA Real Estate</li> </ul>	<b>Vanguard Index Funds</b> <ul style="list-style-type: none"> <li>■ Institutional Index Fund</li> <li>■ Small Cap Index Fund</li> <li>■ Mid Cap Index Fund</li> <li>■ Total Stock Market Index Fund</li> <li>■ Total International Index Fund</li> <li>■ Total Bond Market Index Fund</li> <li>■ Federal Money Market Fund</li> </ul>	<b>TIAA Self-Directed Brokerage Account (SDA)</b> Access to thousands of mutual funds, including funds with or without transaction fees.

**Track 1—Vanguard Target Retirement Funds:** These funds are professionally managed mutual funds that provide automatic asset allocation based on a target retirement date. In general, each fund is designed for investors who have a specific target retirement year in mind and each fund’s investments are adjusted from more aggressive to more conservative as a target retirement year approaches. As with all mutual funds, the principal value of a target retirement fund isn’t guaranteed. Also, please note that the target date of each fund is an approximate date when investors may plan to begin withdrawing from the fund. There are currently 12 Vanguard Target Retirement Funds that comprise Track 1.

**Track 2—TIAA Accounts:** Track 2 provides access to TIAA products with a range of asset classes and lifetime income options.

**Track 3—Vanguard Index Funds:** Track 3 affords participants the opportunity to invest in a selection of passively managed funds that track segments of the overall market and achieve asset diversification with lower expenses compared to actively managed funds. Vanguard has a reputation for being “the low cost provider” in the industry and a hallmark of Vanguard’s philosophy is the belief that minimizing cost is vital for long-term investment success. Track 3 includes seven Vanguard index funds representing seven separate broad asset classes: Fixed Income, Total US Stock Market, US Large Cap Blend, US Mid Cap Blend, US Small Cap Blend International and Money Market.

**Track 4—TIAA Self-Directed Brokerage Account:** The TIAA Self-Directed Brokerage Account is available to participants who are interested in having access to broader investment markets than is available in Tracks 1, 2 and 3. Participants can select from thousands of mutual funds, including funds with or without transaction fees. Fee-based mutual funds can be accessed at \$35.00 per trade; however, this can be limited to a one-time charge when using the Automatic Investment Plan (AIP). Minimum initial investment is \$5,000; minimum subsequent investments are \$1,000. Participants who choose to invest in Track 4 will need to enroll online and acknowledge that they are investing at their own risk with full understanding that funds offered under Track 4 are not monitored by The Claremont Colleges. This track is intended for sophisticated investors who will be able to navigate the broader universe of mutual funds. Only mutual fund investments and exchange traded funds (ETFs) are permitted under the Self-Directed Brokerage Account. For more information on the Self-Directed Brokerage Account, call 800-927-3059 to speak to a TIAA individual consultant who specializes in brokerage services.

Tracks 1 through 3 are considered “core” investment options and as such, these options are selected and monitored with the assistance of an outside investment advisor. Track 4 allows access to thousands of mutual funds outside of the core through a self-directed brokerage account.

