

# Your Retirement Plans at Duke

NON-EXEMPT EMPLOYEES

Sept 2023

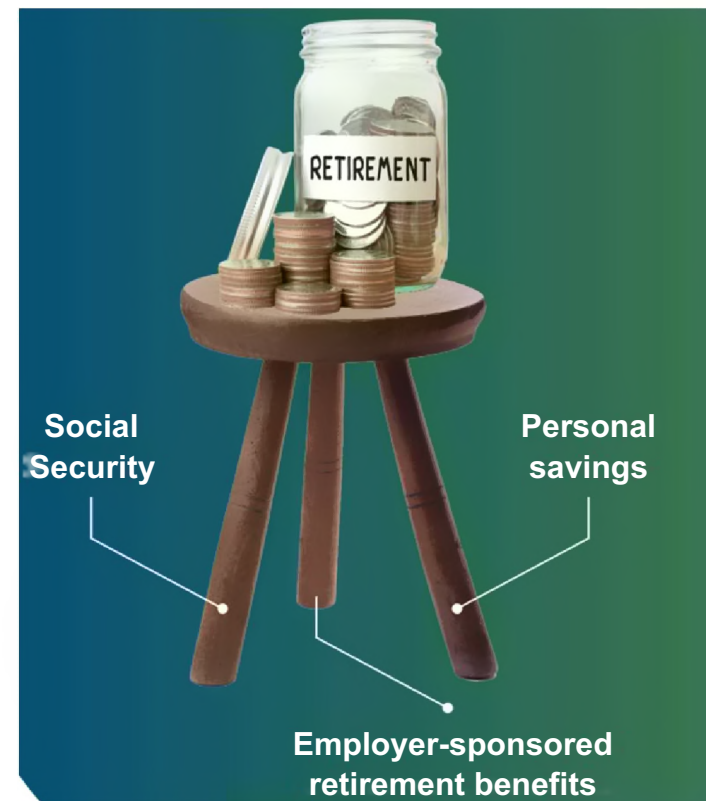


# Agenda

- **Employees' Retirement Plan (ERP)**
  - What is the ERP?
  - When can I receive my ERP Benefit?
- **Duke 403(b) Plan: Faculty & Staff Retirement Plan**
  - What is the Faculty and Staff Retirement Plan?
  - Why should I participate?

# Where Will Your Money Come From When You Retire?

- Social Security
- Personal Savings
- Employer Retirement Plans







## Duke Employees' Retirement Plan for Bi-Weekly Paid Employees



# What Is the Employees' Retirement Plan (ERP)?

- The benefit is **defined**
- Duke fully funds the ERP
- Employees do not contribute to this plan
- Employees can supplement retirement savings through the Faculty and Staff Retirement Plan - a 403(b) plan that allows voluntary contributions

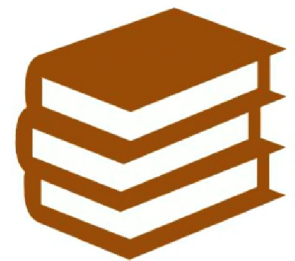
# Terms & Definitions

## Continuous Service

- > Work 1,000 hours or more in a fiscal year (July 1 to June 30)

## Credited Service

- > Years of Continuous Service after becoming a Plan member





## When Can I Join the Plan?

- Automatically become a plan member if:
  - > At least age 21, and
  - > Have worked at least 1,000 hours during the first year of employment or in any future fiscal year (July 1 to June 30)



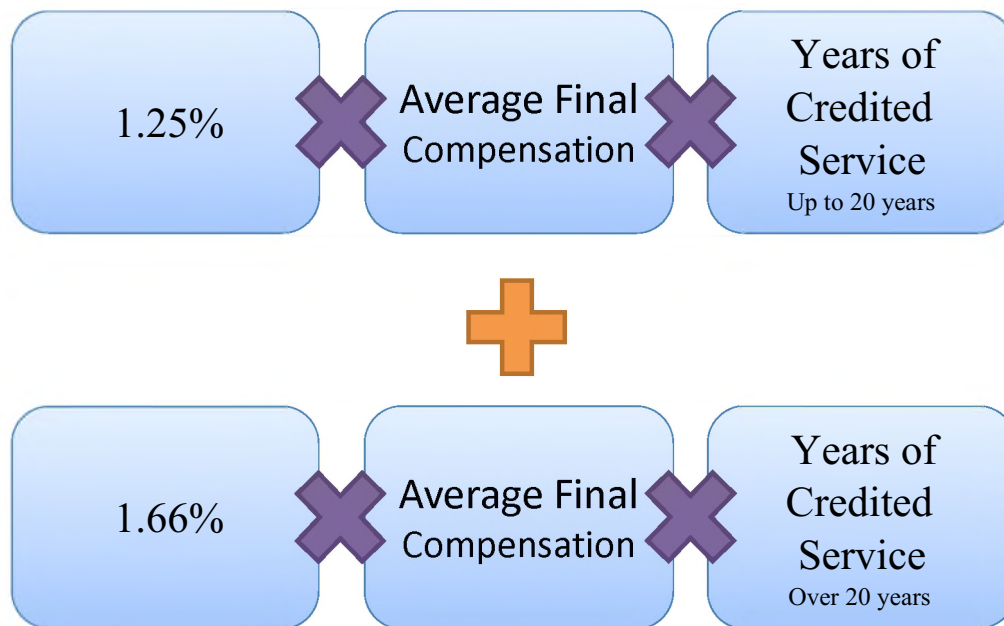
# What is Vesting?

- Being vested means you own, or have a nonforfeitable right to, the value of your retirement benefit.
- 100% vested in the ERP upon:
  - ^ Completion of five years of continuous service
  - ^ Attainment of age 65 while employed by Duke
  - v' Hired after age 65





## How is the ERP benefit calculated?



This calculation takes into consideration:

- > *average earnings* (5 highest consecutive years of last 10 fiscal years)
- > *age*
- > *years of credited service*

## How Can I Earn Additional Credited Service?

- Must be paid on the biweekly payroll at the time of retirement
- Additional Credited Service based on this formula:

$$\frac{\text{Your unused sick or carry-over bank (COB) hours}}{2,080}$$

### EXAMPLE

Unused carry-over bank hours: 1,040

$$1,040 / 2,080 = 0.50$$

Earned 0.50 of credit toward your total credit in the plan

# When Can I Receive My Benefit?

- Normal Retirement
  - > Age 65 -full benefit
- Early Retirement
  - > Age 45 or older and 15 years of credited service
  - > Reduced based on age at time benefit starts
- Deferred Retirement (working at Duke past age 65)
  - > Additional 10% for extra credited service over age 65



**EXAMPLE**

## Employee Retiring at Age 65

Salary at Retirement \$50,000 / \$4,167 per month

Average final compensation \$45,797

30 years of credited service

### ERP Income

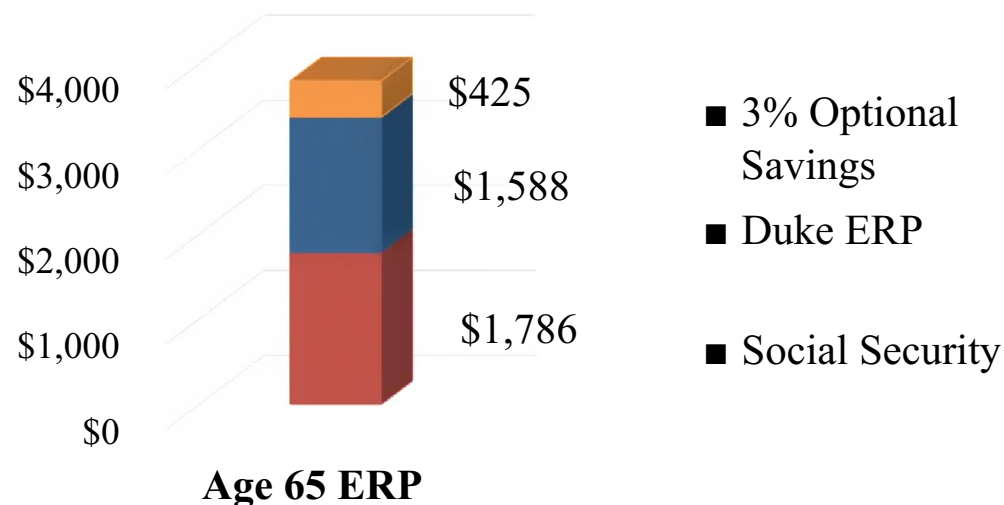
$$1.25\% \times \$45,797 \times 20 = \$11,449$$

$$1.66\% \times \$45,797 \times 10 = \$7,602$$

Annual benefit \$ **19,051**

ERP Monthly benefit \$ **1,588**

### Total Monthly Income \$3,799 (Replacement Ratio 91%)



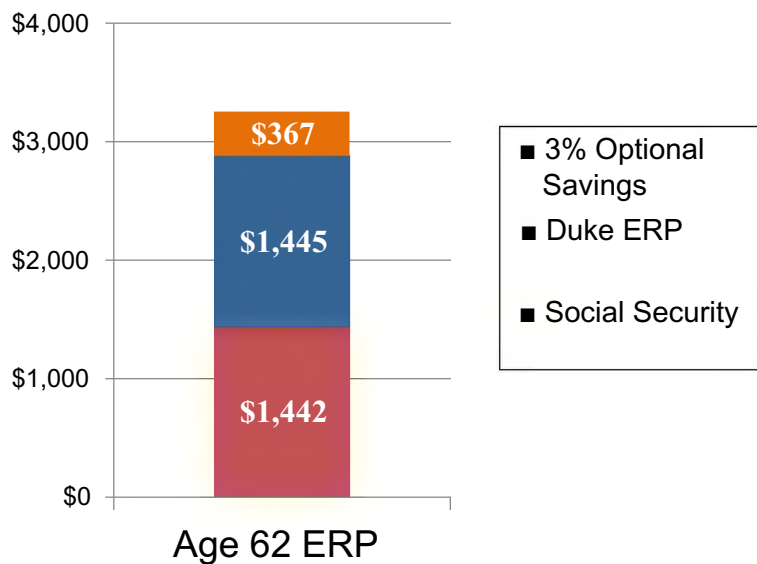




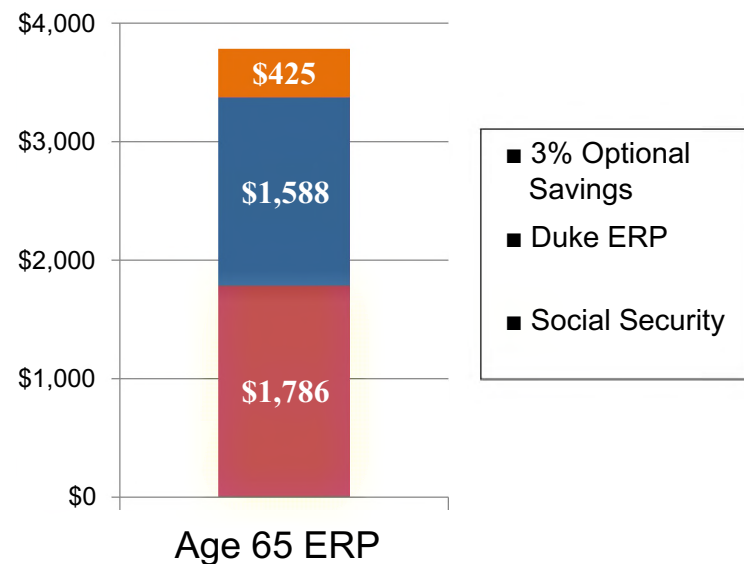
# Early vs. Normal Retirement

Annual Salary \$50,000 (\$4,166.67 / month)

**Total Monthly Income \$3,254**  
**(Replacement Ratio 78%)**

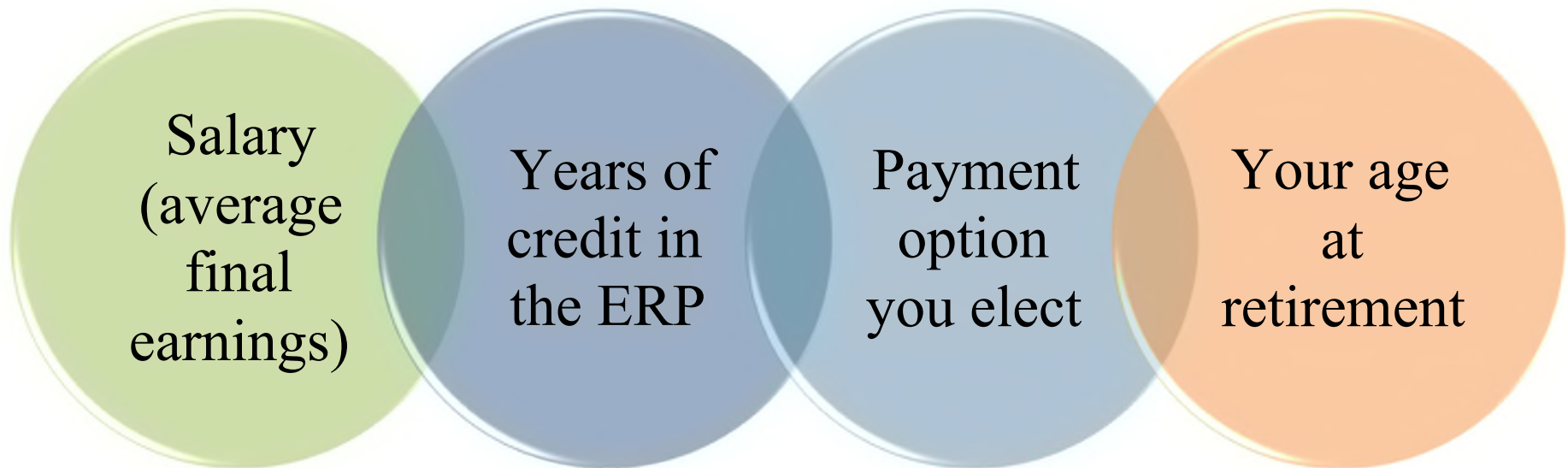


**Total Monthly Income \$3,799**  
**(Replacement Ratio 91%)**



# How Much Retirement Income Will I Have?

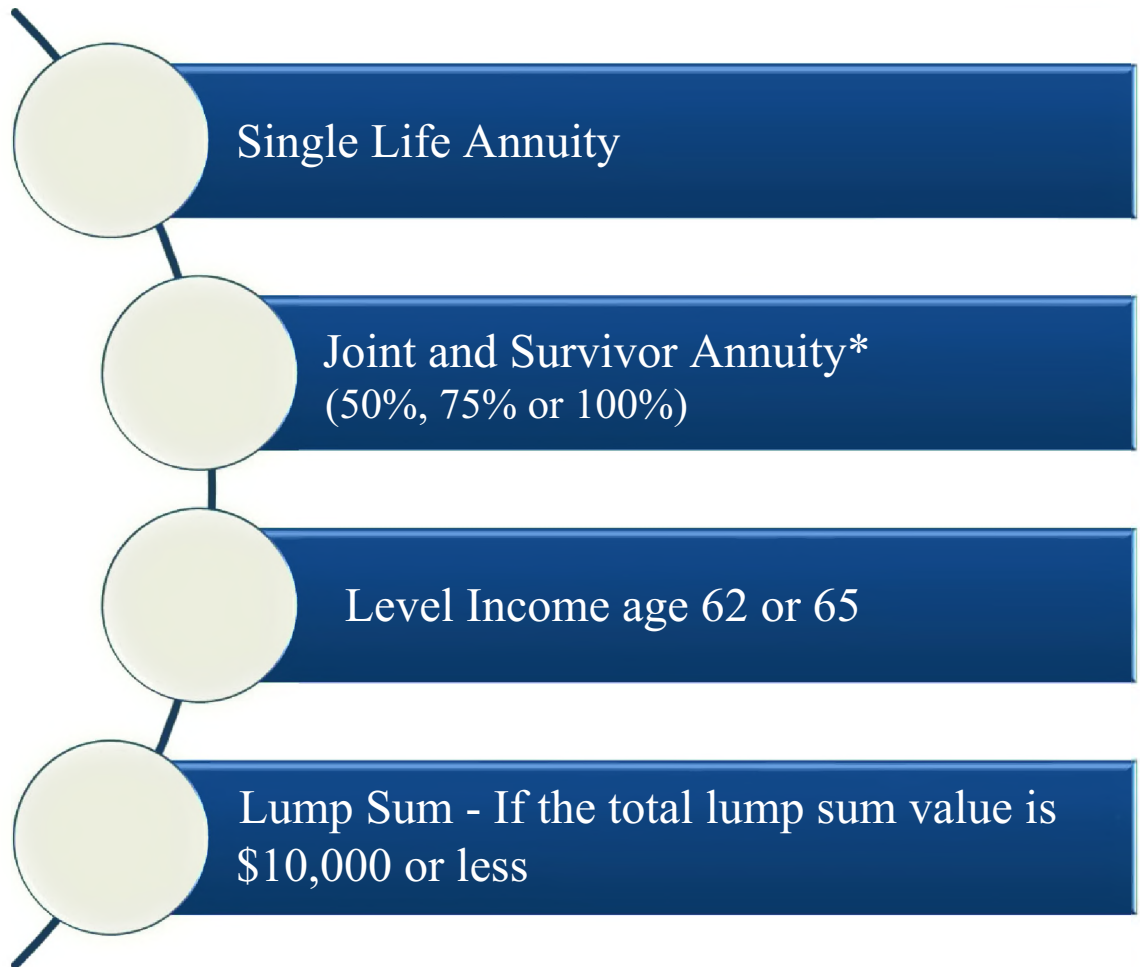
Factors that will influence your monthly benefit include:





# What Are My Payment Options?

*Payments are  
considered taxable  
income.*



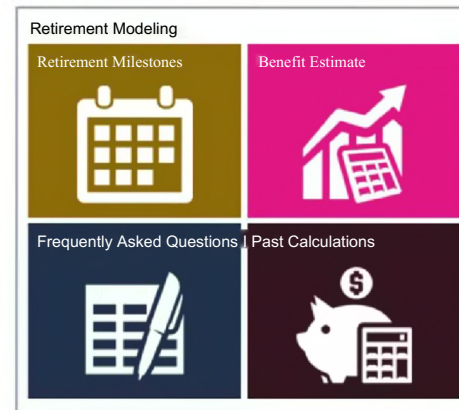
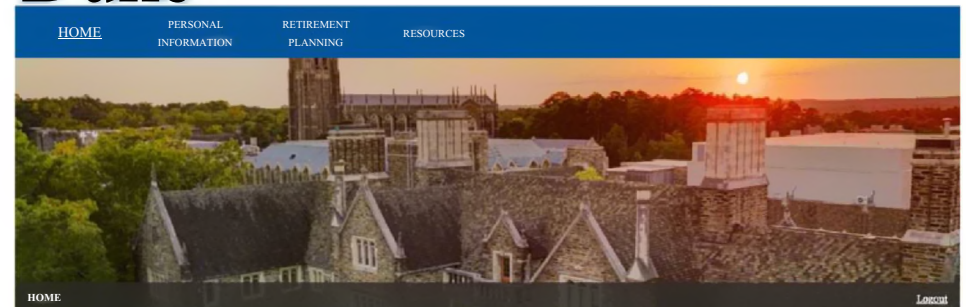
*\*A large age gap between you and your beneficiary may significantly  
impact benefit amounts*

# Pension Plan Projection *on Duke@Work* (ERP Employee Self-Service Tool)

Allows Participants to:

- ^ Generate an Estimate of ERP Benefit
- ^ Review Retirement Planning Resources
  - SPDs for ERP and Faculty & Staff Retirement Plan
  - Duke Retiree Health
  - Duke Retirement Planning Guide
  - Link to Social Security Website
- ^ Review Personal Information
  - Updated After Every Pay Period

## Duke



welcome to the pension estimator tool for participants of Duke's Employees' Retirement Plan (ERP). The ERP is a pension plan for employees paid on the biweekly payroll. It is designed to provide you with a guaranteed monthly income at your retirement and is funded entirely by Duke.

### General Information

#### [Documents & Links](#)

Access useful retirement benefit information.

#### [Duke University Faculty and Staff Retirement Plan](#)

In addition to the Employees' Retirement Plan, you may supplement your retirement savings through the Faculty and Staff Retirement Plan - a 403(b) plan that allows you to make voluntary, pre-tax or Roth 403(b) after-tax contributions.

#### [Questions:](#)

if you have questions, contact The Duke Human Resources Information Center (URIC) at (919) 684-5600 or via email [atbenefits@duke.edu](mailto:atbenefits@duke.edu)



# Have You Ever Transferred from One Payroll to Another at Duke?

**Biweekly**



**Monthly**

- The ERP benefit is calculated using years of service and compensation while paid biweekly



Questions?

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## Duke Faculty and Staff Retirement Plan for Non-Exempt



# **What is the Faculty and Staff Retirement Plan?**

- It is a 403(b) plan that allows you to control your savings for retirement
- Duke offers access to a range of investment options
- Ability to roll over eligible balances from a previous employer





# Who can participate in the 403(b) Plan?

- All employees - biweekly and monthly - can participate with voluntary contributions (enroll anytime on Duke@Work)
  - IRS Maximum Contribution for 2023 = \$22,500 per year
  - Catch-up Contribution if over age 50 = \$7,500 per year
  - 403(b) Lifetime Catch-up Limit = up to \$3,000 per year

# Investment Options

Investments are grouped by tier. Duke has an **Investment Advisory Committee (IAC)** that selects funds for the plan that are regularly monitors funds in Tier 1 and Tier 2. The IAC does not monitor accounts and Duke is not responsible for any losses or lack of gains of the funds

## Tier 1: Target Date Funds

- Target Date Funds offer a way to make a single choice based on your expected years to retirement

## Tier 2: Core Funds

- Core Funds represent the primary asset classes and have been chosen based on their suitability for inclusion in a customized retirement portfolio

## Tier 3: Self-Directed Brokerage Account

- The Self-Directed Brokerage option is a self-directed brokerage account, with access to over 11,000 mutual funds and investment choices. Additional fees may apply.

# What to consider when investing for retirement?

How much you will need in retirement

Fund diversification

Asset allocation

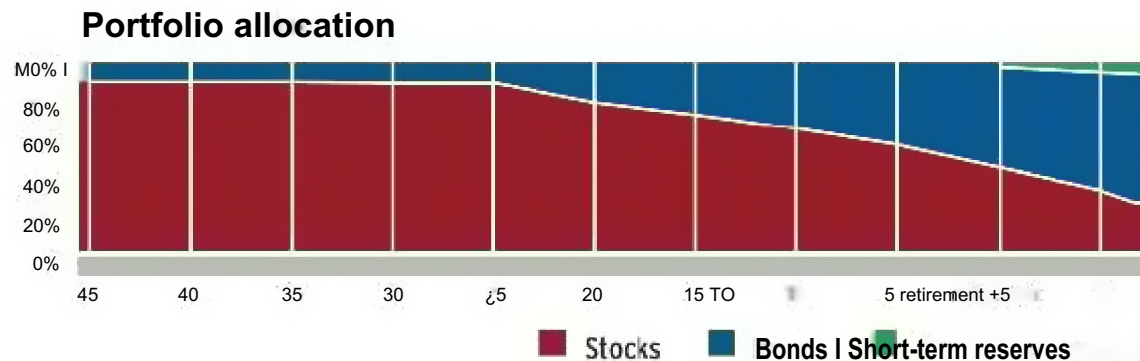
Time  
Horizon

Tolerance  
of Risk

Tax  
diversification

# Tier 1: Target Date Funds

- The Target Retirement Funds offer a way to make a single choice based on your expected years to retirement
- Each Fund includes a diversified mix of stocks, bonds and short-term instruments that change automatically over time
- **Default Investment Option** -If you do not select an investment, your contributions will be invested in the Target Fund closest to your 65<sup>th</sup> birthday



- Examples:  
 Vanguard Target Retirement 2025  
 Vanguard Target Retirement 2030  
 Vanguard Target Retirement 2040  
 Vanguard Target Retirement 2045  
 Vanguard Target Retirement 2050  
 Vanguard Target Retirement 2065



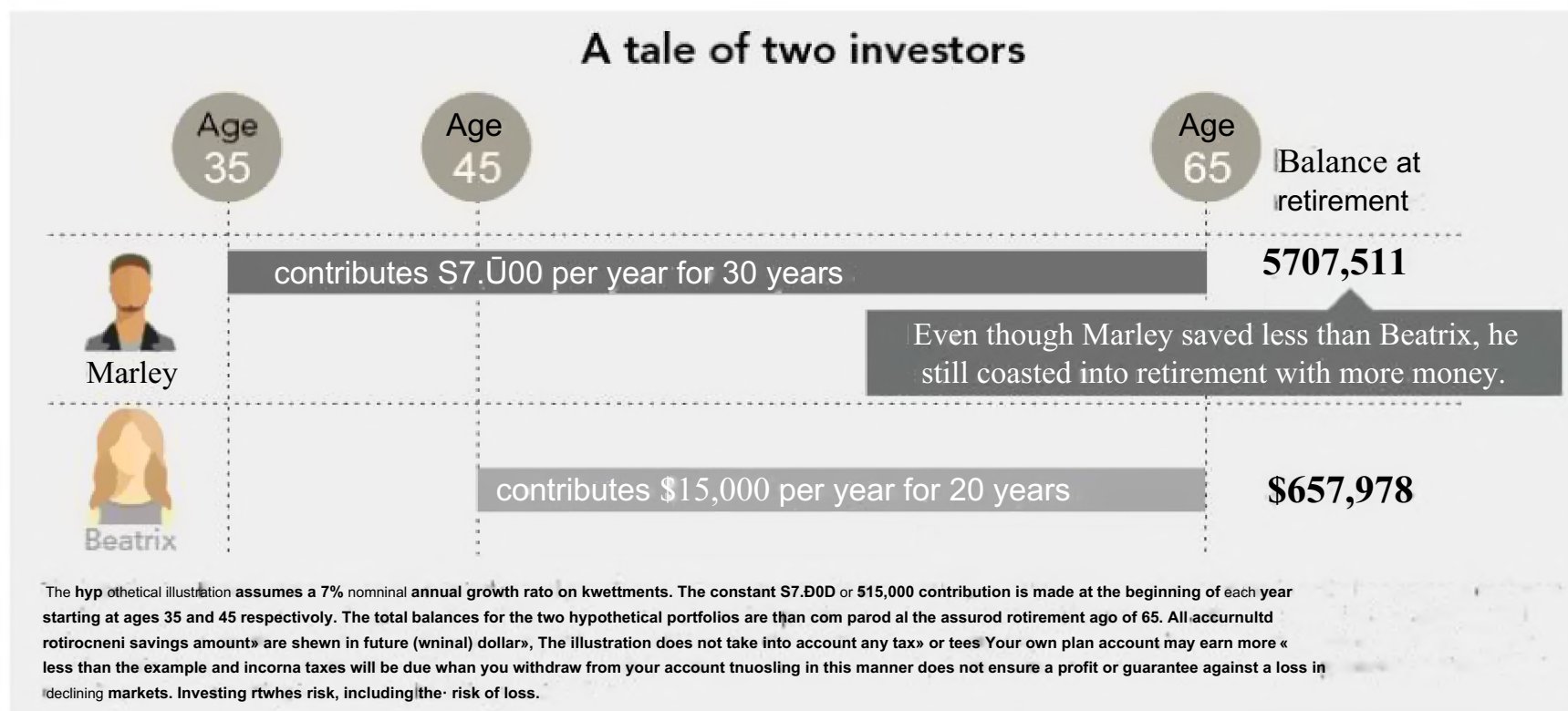
## Tier 2: Core Funds

- These funds represent the primary asset classes and have been chosen based on their suitability for inclusion in a customized retirement portfolio
- This option may be good if you are more comfortable diversifying your own investments
- Examples:

Stable Value Fund	VALIC Fixed Interest Option
Multisector Bond Fund	PIMCO Income Instl
Large Growth Fund	Vanguard PRIMECAP Adm
Mid-Cap Blend Fund	Vanguard Extended Market Index
Small Value Fund	Fidelity Small Cap Value
Foreign Large Blend	American Funds Europacific Growth



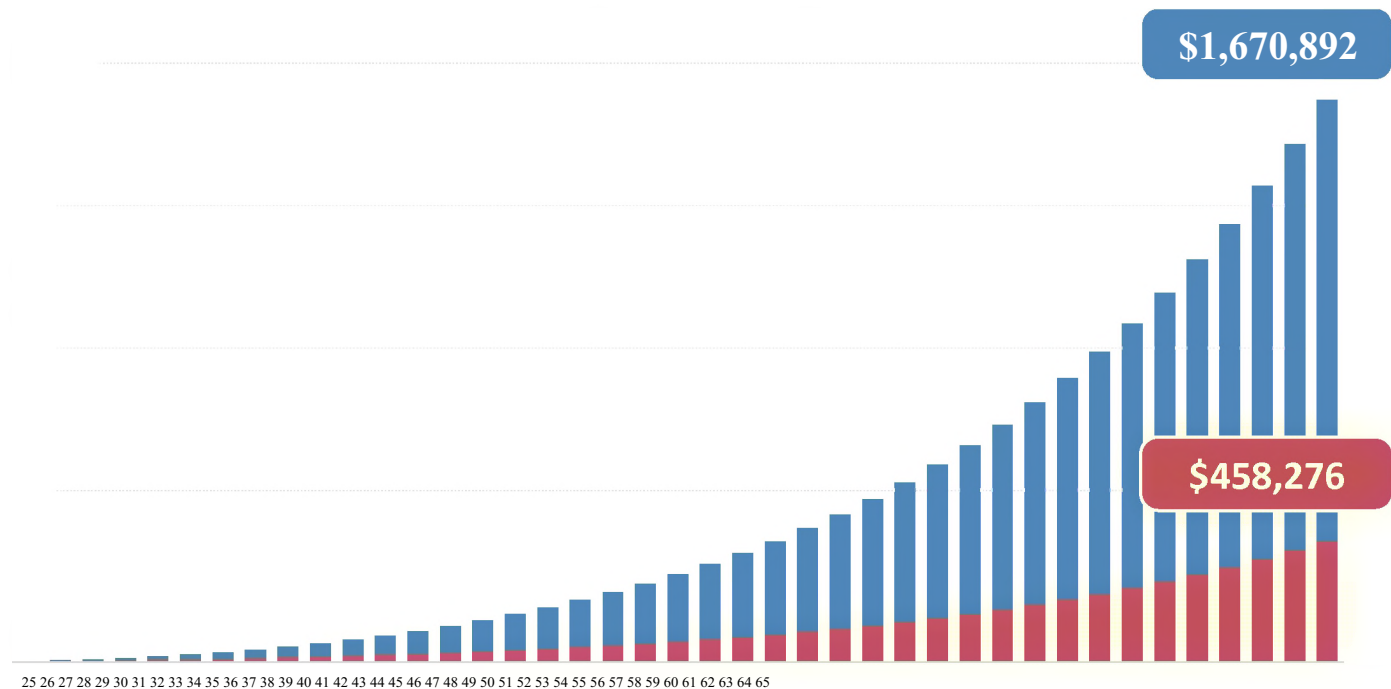
# Importance of Saving Early



# Importance of Saving Early

Age: 25  
 Salary: \$40,000  
 Starting balance: \$0  
 Annual rate of return: 7%

- **PERSON A**  
 Balance **without**  
 annual increase  
 in contributions
- **PERSON B**  
 Balance **with**  
 annual increase  
 in contributions

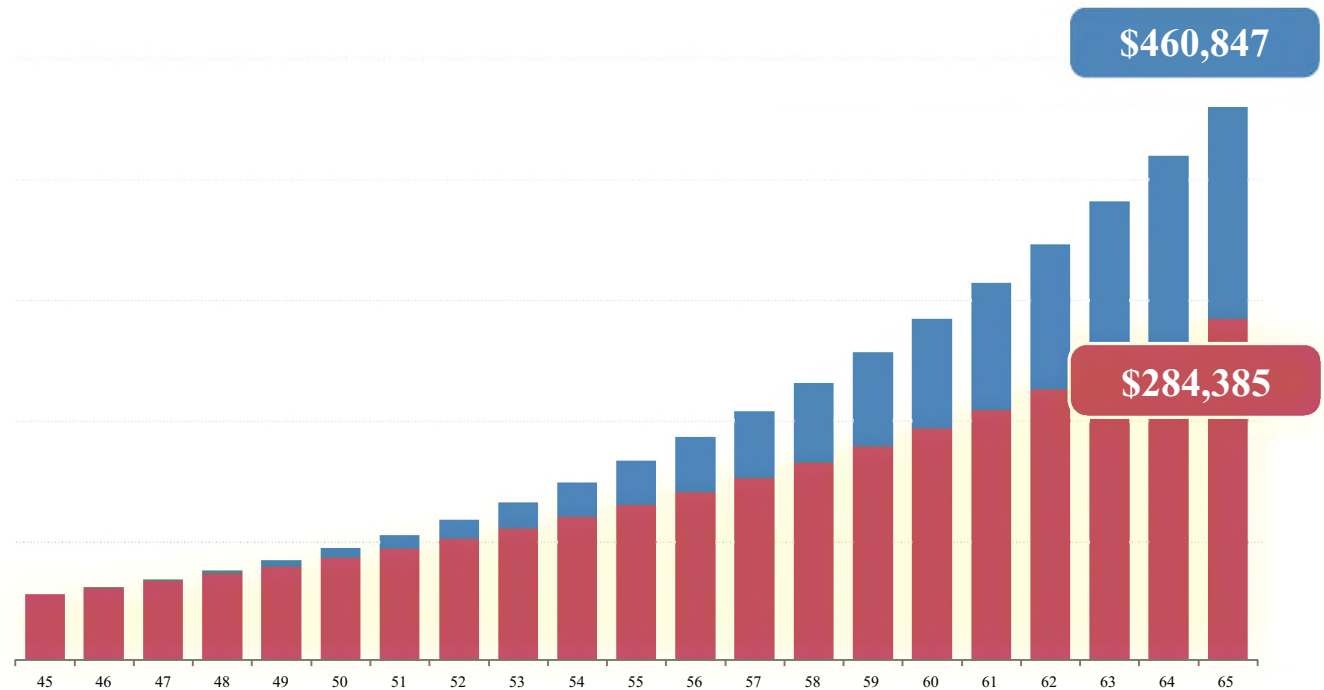


This is a hypothetical example. Assumptions: Person A and Person B both started contributing at 25 years old. Person A contributed 3%/year through age 65. Person B increased contributions 1%/year for 10 years, then stayed at 13% contributions through age 65. Both started out earning \$40,000 per year and began with an account balance of \$0. This hypothetical example uses a 4% annual salary increase and is based on monthly contributions made at the beginning of the month to a tax-deferred retirement plan and a 7% annual rate of return compounded monthly. Your own plan account may earn more or less than this example, and income taxes will be due when you withdraw from the account. Investing in this manner does not ensure a profit or guarantee against loss in declining markets. Past performance is no guarantee of future results.

# Importance of Saving Early

Age: 45  
 Salary: \$40,000  
 Starting balance: \$50,000  
 Annual rate of return: 7%

- **PERSON A**  
Balance **without**  
annual increase  
in contributions
- **PERSON B**  
Balance **with**  
annual increase  
in contributions

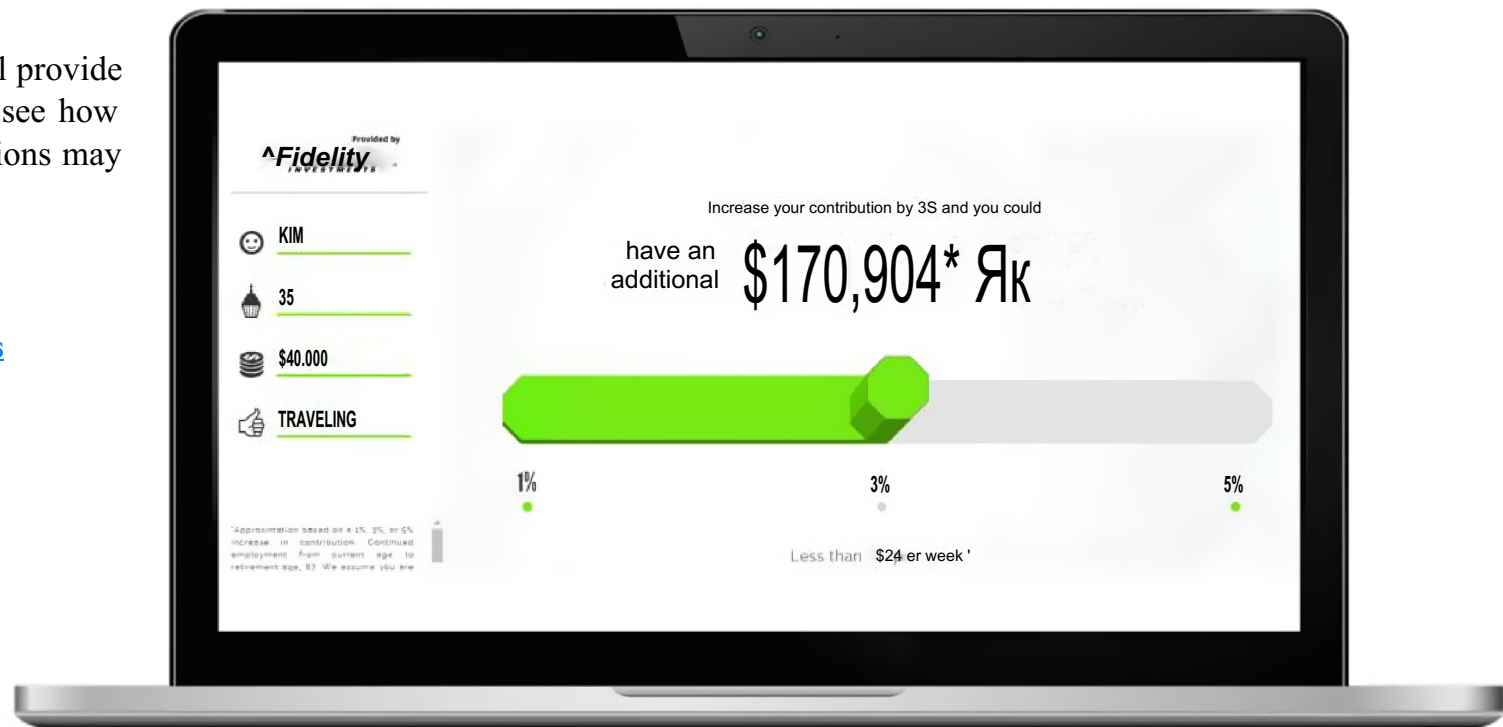


This is a hypothetical example. Assumptions: Person A and Person B were both contributing at 45 years old. Person A contributed 3%/year through age 65. Person B increased contributions 1%/year for 10 years, then stayed at 13% contributions through age 65. Both started out earning \$40,000 per year and began with an account balance of \$50,000. This hypothetical example uses a 4% annual salary increase and is based on monthly contributions made at the beginning of the month to a tax-deferred retirement plan and a 7% annual rate of return compounded monthly. Your own plan account may earn more or less than this example, and income taxes will be due when you withdraw from the account. Investing in this manner does not ensure a profit or guarantee against loss in declining markets. Past performance is no guarantee of future results.

# The Power of Small Amounts

With this online experience, you'll provide some basic information and then see how a small increase in your contributions may make a powerful difference.

Go to  
[Fidelity.com/powerofsmallamounts](https://www.fidelity.com/powerofsmallamounts)



Screenshot is for illustrative purposes only.





**Keep in mind that investing involves risk. The value of your investment will fluctuate over time, and you may gain or lose money.**

This information is intended to be educational and is not tailored to the investment needs of any specific investor.

Screenshots are for illustrative purposes only.

System availability and response times may be subject to market conditions.

\*Fidelity has developed a series of salary multipliers in order to provide participants with one measure of how their current retirement savings might be compared to potential income needs in retirement. The salary multiplier suggested is based solely on your current age. In developing the series of salary multipliers corresponding to age, Fidelity assumed age-based asset allocations consistent with the equity glide path of a typical target date retirement fund, a 15% savings rate, a 1.5% constant real wage growth, a retirement age of 67 and a planning age through 93. The replacement annual income target is defined as 45% of pre-retirement annual income and assumes no pension income. This target is based on Consumer Expenditure Survey (BLS), Statistics of Income Tax Stat, IRS tax brackets and Social Security Benefit Calculators. Fidelity developed the salary multipliers through multiple market simulations based on historical market data, assuming poor market conditions to support a 90% confidence level of success.

These simulations take into account the volatility that a typical target date asset allocation might experience under different market conditions. Volatility of the stocks, bonds and short-term asset classes is based on the historical annual data from 1926 through the most recent year-end data available from Ibbotson Associates, Inc. Stocks (domestic and foreign) are represented by Ibbotson Associates SBBI S&P 500 Total Return Index, bonds are represented by Ibbotson Associates SBBI U.S. Intermediate Term Government Bonds Total Return Index, and short term are represented by Ibbotson Associates SBBI 30-day U.S. Treasury Bills Total Return Index, respectively. It is not possible to invest directly in an index. All indices include reinvestment of dividends and interest income. All calculations are purely hypothetical and a suggested salary multiplier is not a guarantee of future results; it does not reflect the return of any particular investment or take into consideration the composition of a participant's particular account. The salary multiplier is intended only to be one source of information that may help you assess your retirement income needs. Remember, past performance is no guarantee of future results. Performance returns for actual investments will generally be reduced by fees or expenses not reflected in these hypothetical calculations. Returns also will generally be reduced by taxes.

**IMPORTANT : The projections or other information generated by Fidelity's Planning & Guidance Center Retirement Analysis, regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results may vary with each use and over time.**

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# How can I enroll in the 403(b) Plan?

**Duke @ WORK**

Home | iForms | Concur | Universal Worklist | Candidate Selection | ECRT | MyInfo | SuccessFactors

Home | Personalization

**Employee Services**

Map

**My Profile**

- g Maintain my Addresses & Phone Numbers
- 1 DukeAlert - Maintain my Cell Phones for Emergency Text Messaging System
- g View Summary of my Personal Information
- @ View Contact Information for My Payroll Representative
- g ReviswAJpdale my Race, Ethnicity, Veteran and Disability Status
- 1 SelectUpdate my Gender Identity, Pronouns, and Preferred First Name
- g Maintain my Emergency contacts
- Change my Nello, Security, Email & Directory Listing via OIT Act Svcs

**My Time**

- g Enter Exempt Time-Off Report
- 1 Setup Your Delegate for Exempt Time-Off Reporting

**My Team**

- 1 Access API Time & Attendance
- 1 Approve Current Period Biweekly Timecards - 02/13/2023-02/26/2023
- 2 Approve Exempt Time Off (University Depts)
- 1 How To Guide - Approve/Enter ETO on your Mobile for University & SOM
- 1 Review my Backup Approvers & Those I Backup

**My Pay**

- g View my Current and Past Pay Statements
- g View/Edit my Federal w-4 and MC-4 Tax Withholding Forms
- 2 Create/Update my Bank Account for Direct Deposit
- @ View/Print my Employee W-2 Tax Stater
- 2 View/Print my Employee W-2 Tax Stater
- 1 view instructions for my Employee W-2
- g Elect to Receive my W-2 Tax Form Onn J
- g Manage my Payroll Gift Deductivi
- 2 My Deductions for DukeCard Rex Sf

**My Benefits**

- g Enrcraeze Changes to my 403f I
- 1 Access my Fidelity Account
- 2 Estimate my Pension Benefit - ERP Pension Plan Projection Tool for Biweekly Paid Employees
- 1g View my Current Benefit Plans
- 1 How Do I Enroll in my Benefits?
- 2 When Can I Make Benefit Changes?
- g Enroll in Health Coverage for my Qualifying Life Event
- ira

**My Benefits**

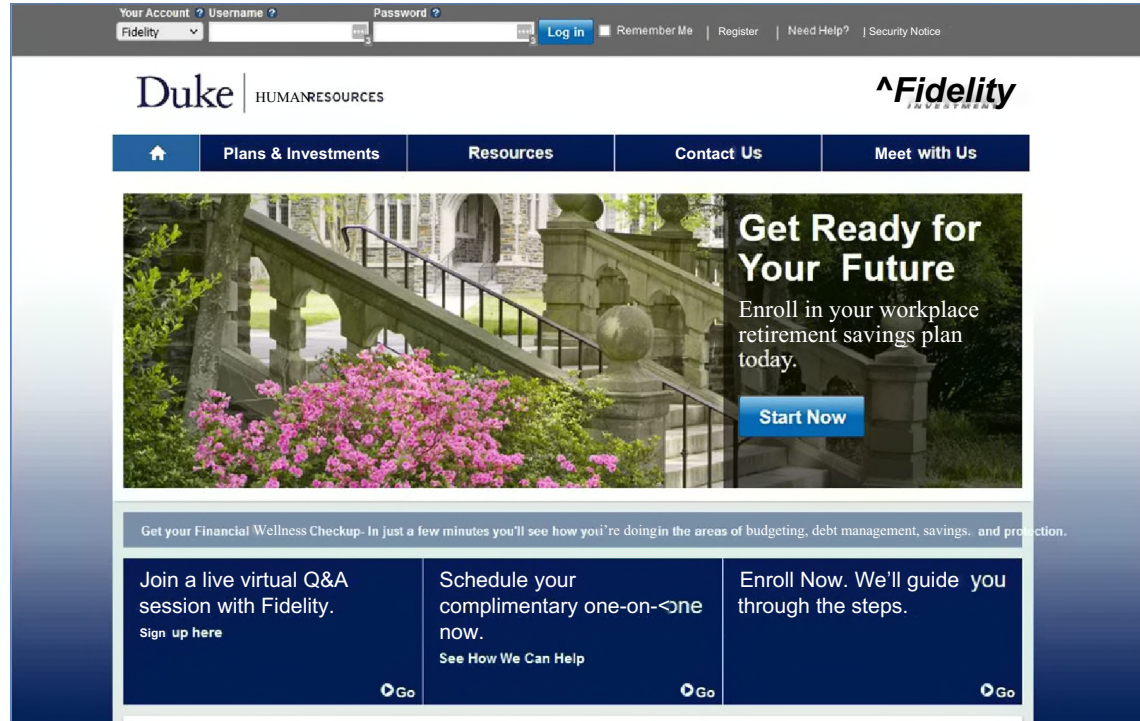
- 1 Enroll/Make Changes to my 403B Faculty and Staff Retirement Plan
- 1 Access my Fidelity Account
- 3 Estimate my Pension Benefit - ERP Pension Plan Projection Tool for Biweekly Paid Employees

- Set up your payroll deductions through Duke@Work
  - > Pre-tax
  - > Roth

*Enroll at any time!*

# Your Fidelity Account

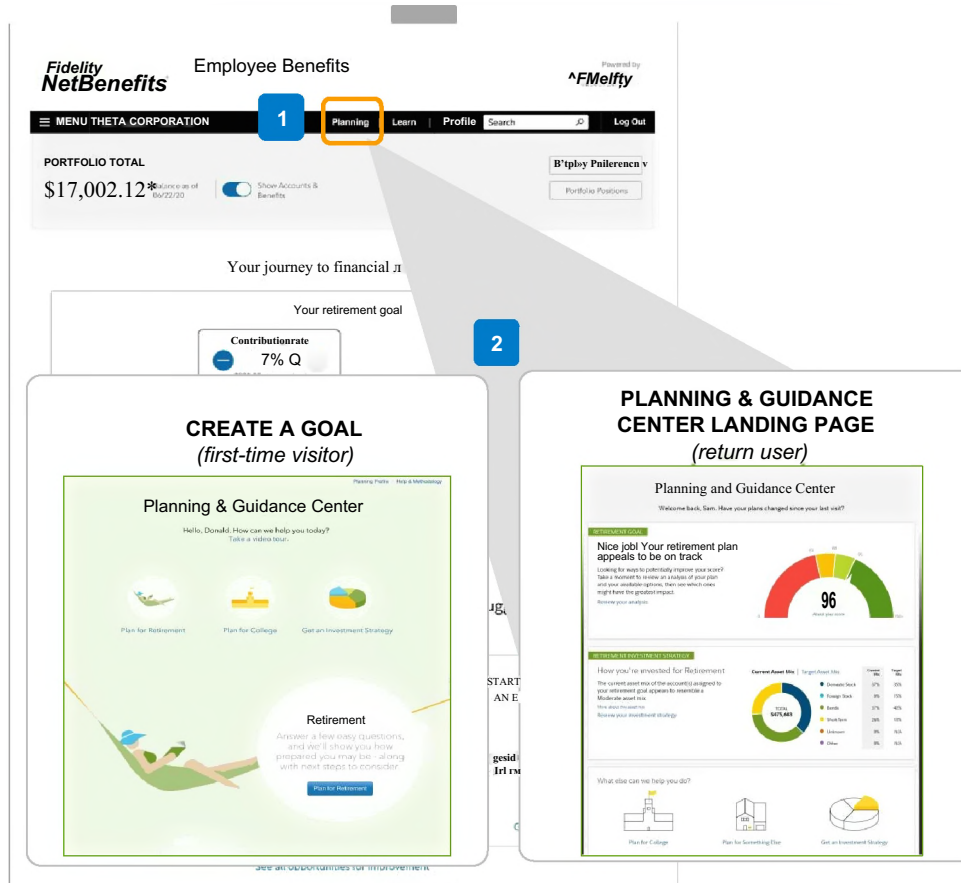
[Fidelity.com/duke](https://Fidelity.com/duke)



- Register at [Fidelity.com/duke](https://Fidelity.com/duke)
- Select from the investment lineup
- Designate/update your beneficiaries
- Schedule an appointment with a Fidelity Representatives

# Planning & Guidance Center

Get a personalized planning experience to help you set goals.



1

## Access

Visit the new Planning & Guidance Center via the Planning link on the home page

2

## Views

Different views will appear for return users versus first time users

Screenshots are for illustrative purposes only.



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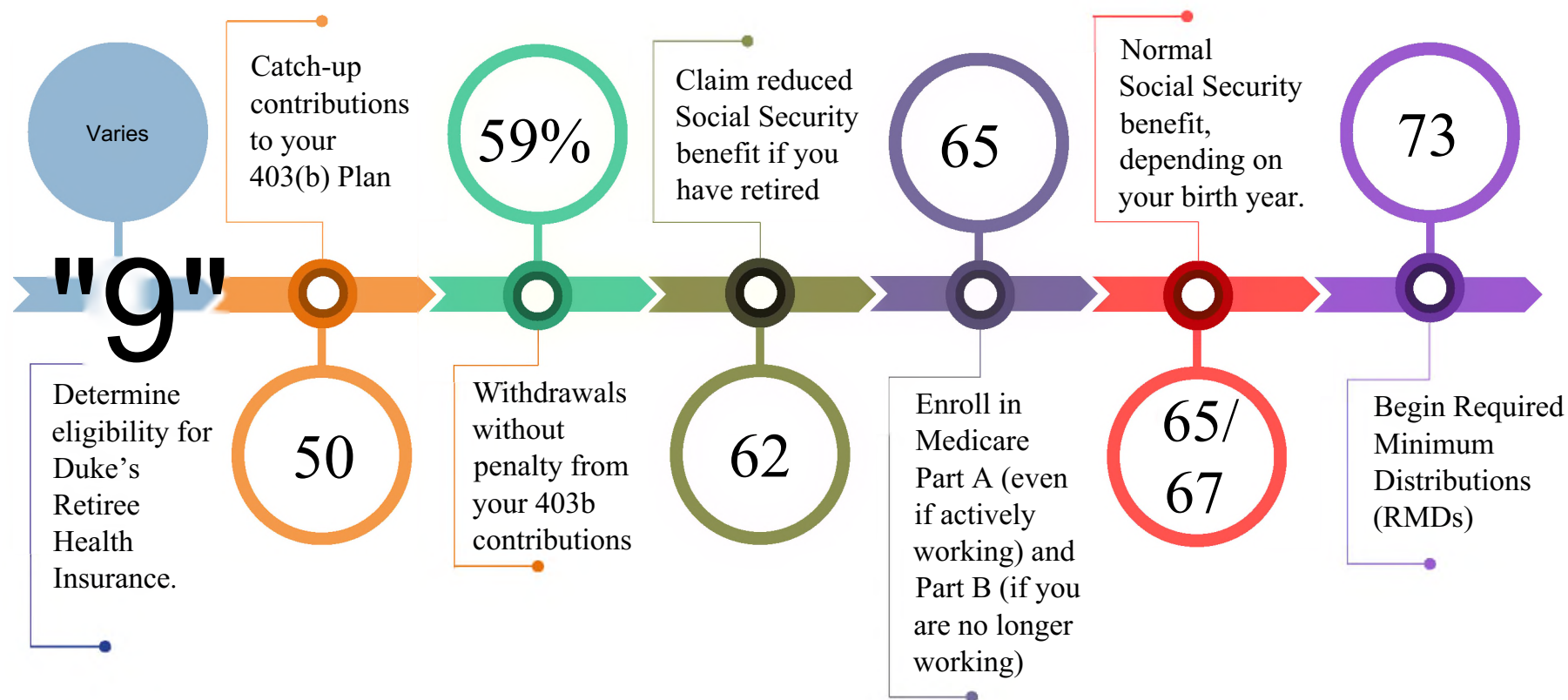
# Retirement Planning Guide

- Excellent source for information related to planning for retirement
- Includes a timeline of when you should take action on various items
- Provides information on Duke benefits in retirement



**Retirement**  
**Planning Guide**  
can be found at  
[hr.duke.edu/rpg](http://hr.duke.edu/rpg)

# Key Ages for Retirement Planning



# To Do List ...

- Review your personal retirement information
- Meet with Fidelity
- Review your retirement investment choices for diversification
- Consider increasing your contribution



# Legal Notification

- Though there are no present plans to do so, please remember that the eligibility and other provisions applicable to continuing Duke's benefit plans can change. The coverage offered is not a vested benefit, and Duke reserves the right at any time to change or terminate the benefit plans.
- If there is a conflict between this presentation and the official plan documents, the official plan documents will govern in all cases.
- If you have questions, please email Benefits at [hr@duke.edu](mailto:hr@duke.edu).

# Fidelity Investments is here to help

Let an experienced Fidelity representative, dedicated to the **Duke Faculty and Staff Retirement Plan**, help you develop a comprehensive retirement and investment plan that aligns with your overall financial goals.



**Alan Collins**  
Workplace Financial  
Consultant



**Yvette Mills**  
Workplace Financial  
Consultant



**Chris Mann**  
Workplace Financial  
Consultant

## Contact Fidelity

**Call: 800-642-7131**

[Fidelity.com/schedule](https://www.fidelity.com/schedule)



<https://www.fidelity.com/schedule>

Investing involves risk, including risk of loss.

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# Questions?



[hr@duke.edu](mailto:hr@duke.edu)  
(919) 684-5600



Schedule an appointment:  
(800) 343-0860

Text “MeetAtDuke”  
to 343898

[Fidelity.com/duke](http://Fidelity.com/duke)