



What's New - 2009

Tax-Deferred Investment 403(b) Plan

Updates to the Tax-Deferred 403(b) Investment Plan

Important: This announcement is not intended as investment advice. It is to help participants understand the choices available through the OUS Tax-Deferred 403(b) Investment Plan. Participants' financial plans and investment choices should reflect their personal needs and circumstances.

Benefits and plan officers cannot provide investment advice. For more information, consult with a financial or tax advisor.

Important Changes to the OUS Tax-Deferred Investment 403(b) Plan

In January 2009, the Tax-Deferred 403(b) Investment plan – the “TDI” – is subject to new treasury regulations that require more employer management of this voluntary savings plan than was required in the past. Plan redesign began in early 2006, and the TDI transitioned to its new form in November 2007, in preparation for compliance with the 2009 rules.

This update outlines key features of the TDI voluntary retirement savings plan and changes that have occurred since the new plan design went into effect in November 2007. For more detailed information, see the 2009 TDI Guide that is available on the web at <http://www.ous.edu/dept/hr/benefits/tdi.php>

FUND SPONSORS

Three fund sponsors provide investment and services programs. The programs are designated with the fund sponsor’s names, e.g., TDI:tiaa-cref and TDI:aig valic. “TDI:ous” refers to an investment menu custom-designed for OUS employees with education and participant services through Fidelity Investments. TDI:ous replaces American Century and DWS Scudder as TDI investment providers.

Plan: program	Program Summary
TDI:ous	This program is a custom-constructed investment menu made up of lifecycle funds, a core investment menu, and an optional brokerage account allowing investment in over 2,000 mutual funds. A self-directed account for stable value/fixed and variable annuity options round out the investment selections. Education, administration, and participant services are provided by Fidelity Investments.
TDI:tiaa-cref	TIAA-CREF, a long-time fund sponsor for OUS retirement plans, will continue to offer the selection of a guaranteed annuity, variable annuities, and mutual funds. In addition, participants will have access to independent, third-party advice and planning services that TIAA-CREF has introduced for OUS participants.
TDI:aig valic	AIG VALIC investments and services are available to participants who had active accounts on October 10, 2007. AIG VALIC offers a broad selection of fixed and variable annuities.

ELIGIBILITY

All OUS employees and clinical fellows participating in OSU internships are eligible to participate in the TDI plan. Student employees are not eligible participants.

CHOICE OF PROGRAMS

Participants may select one fund sponsor at a time for their TDI investments. Fund sponsors may be changed one time each calendar year. Future contributions may be changed without transferring existing account balances. Transfer of an existing account balance among the current providers (Fidelity, TIAA-CREF) is permitted one time per year.

FUTURE SALARY DEFERRAL AS PERCENT OF PAY

Current “fixed dollar” deferral amounts will be honored until the next time a participant wishes to change her or his Salary Reduction Agreement. In future, salary deferrals will be as a whole percent of pay.

Advantages of deferring salary as a percent of pay is that participants do not have to make special arrangements for the months in which they receive no pay, and as pay increases occur, participants do not have to request a new deferral amount because savings increase in step with pay increases.

ROTH ACCOUNTS

Post-tax “Roth” accounts are available through the TDI;ous (Fidelity) program and TIAA-CREF in 2009. When you make Roth 403(b) contributions, that part of your income goes into the Roth 403(b) account on an after-tax basis. The income that you put in a Roth 403(b) account is invested and grows tax-free. You can take the earnings from your Roth 403(b) account tax-free when the distribution is “qualified.” For more detailed information, see the 2009 TDI Guide that is available on the web at <http://www.ous.edu/dept/hr/benefits/tdi.php>

Monthly contributions may be split between your Regular and Roth 403(b) accounts. Because each person’s situation is different and the rules are complex, you should talk to a tax advisor to determine if a Regular 403(b), a Roth 403(b) or a combination of accounts is best for you.

YOU MAY BENEFIT FROM CONTRIBUTING TO THE ROTH 403(b) OPTION IF YOU:	BENEFITS
Are not eligible to make Roth IRA contributions because of high income.	The Roth 403(b) does not have adjusted gross income (AGI) limits.
Want to make Roth contributions greater than the Roth IRA limit.	Roth 403(b) contribution limits are higher than that of the Roth IRA, allowing you to maximize your after-tax retirement savings.
Are near retirement and believe you will have more savings than required to meet your immediate needs for retirement income.	Assets may be passed along to your beneficiaries income tax free.
Believe that your income tax rates are likely to rise in the future.	You may enjoy a tax-free benefit at retirement when you expect a higher tax rate. However, you give up the immediate tax benefit of making pretax contributions now.
Want tax diversification of retirement assets.	Having both pretax and after-tax assets in your retirement accounts allows you to hedge against the uncertainty of future tax rates.
Are just starting out and in a lower tax bracket.	By making after-tax contributions that are based on a lower income, you pay less taxes now rather than at retirement when you are more likely to be earning more. Also, the earlier you start, the more time you give your money to work for you.

Are Roth 403(b) contributions treated differently than Regular 403(b) contributions?

Generally, no. Once you make an elective contribution of either type to the Plan, it will generally be treated the same for all purposes under the Plan. However, in addition to any other restrictions that apply to all elective contributions, the Plan does not permit hardship withdrawal of assets in your Roth 403(b) account.

IRS CONTRIBUTION LIMITATIONS

Internal Revenue Code (IRC) places limits on the amount you may invest through the TDI program on a tax-deferred basis. The maximum allowed elective contribution (salary reduction amount) is periodically adjusted for cost of living by the IRS. The updated IRS limits for 2009 can be found below:

Description	2008	2009
403(b) Elective Salary Deferral Limit	\$ 15,500.00	\$ 16,500.00
Age 50 Catch-Up Limit	\$ 5,000.00	\$ 5,500.00
Annual Addition Limit – DC Plans	\$ 46,000.00	\$ 49,000.00

Additional information on Dollar limits on Benefits and Contributions for IRS Years 2002 - 2009 can be found on the [IRS website](#).

PLAN LOANS

One plan loan per year is available through the current plan providers TDI:ous (Fidelity), TDI:tiaa-cref, or TDI:aig valic. If loans are available through a contract or agreement with prior TDI provider that holds an account you established before November 2007, the Plan allows a single loan from these providers each calendar year as well. Not all discontinued TDI providers offer loans, even though loans are permitted by the Plan, and minimum loan amounts vary. TDI providers establish their own loan interest rates and fees.

To request a plan loan, contact your TDI provider first. Providers will forward your request to OUS for approval before issuing you a loan.

To be approved for a TDI plan loan, a participant is required to identify any outstanding loan balance with other plans available through OUS, including this TDI plan, prior vendors' TDI contracts, the Optional Retirement 401(a) Plan, and PERS' Oregon Savings Growth Program. The combined loan amount through all of these employer plans may not exceed the IRS limits.

Minimum Loan Amount: \$1,000

Maximum Loan Amount

The maximum amount available as a plan loan is \$50,000, reduced by the greater of the outstanding balance on any Plan loan or the highest outstanding balance on loans from the Plan during the one-year period ending on the day before the date the loan is approved, or the greater of 50% of the value of the account balance or the value of the account balance up to \$10,000 as of the Valuation Date immediately preceding the date on which such loan is approved. Any loan from the ORP, another Tax-Sheltered Annuity held by the employee, or the Oregon Savings Growth Program is considered to be a Plan loan.

HARDSHIP WITHDRAWALS

A hardship withdrawal may be requested to meet an immediate and heavy financial need when a participant has exhausted all other resources, including plan loans. Hardship withdrawals are permitted only for specific reasons outlined by the Internal Revenue Service, and result in a 6-month suspension of future contributions to the Plan.

Current TDI providers (Fidelity, TIAA-CREF, and VALIC) permit hardship withdrawals, subject to OUS' approval. Other TDI provider's annuity contracts or custodial agreements may not permit hardship withdrawals, even though the TDI Plan does.

Hardship withdrawals are taxable distributions at the time of the withdrawal.

To request a hardship withdrawal, first contact your TDI provider. The provider will forward your request to OUS for approval before processing any hardship withdrawal. A participant is required to provide detailed information related to the need for and amount of a hardship withdrawal. The minimum amount available as a hardship distribution is \$1,000 and the maximum may not exceed the documented financial need.

ACCOUNT CONSOLIDATION

You may consolidate your 403(b) account(s) to [TIAA-CREF](#), [Fidelity Investments](#), or [AIG VALIC](#). Contact one of these TDI providers for information and instructions to transfer an account held by a TDI provider that no longer receives OUS salary reduction deferrals. Transfers to or among vendors that are not authorized providers to the OUS TDI plan are not permitted. There is no limit on the number of transfers a participant may make from a discontinued TDI provider to TDI:ous (Fidelity), TDI:tiaa-cref, or TDI:aig valic in a calendar year.

Account consolidation is not enrollment. To select a new TDI provider for future contributions, complete a Salary Reduction Agreement and contact the provider to establish an account.

TDI participants who wish to consolidate their TDI accounts to a single fund sponsor should carefully research whether there are restrictions, fees, or other charges for withdrawing or transferring their accounts.

ACTIONS YOU SHOULD TAKE THIS YEAR

Review Your Investment Directions and Rebalance Your Account

Your preferred mix of equities, fixed income, and short term funds may have changed during 2008 as market performance changed the value of investments in your account. TDI providers are available to assist you with an account review to be sure your investments are correctly allocated, or balanced, to meet your retirement planning needs. Schedule an on-site meeting, or call a retirement counselor using the TDI providers' contact information below.

Designate Your Beneficiary(ies)

If you have not designated your beneficiary(ies), your account will be distributed according to a default beneficiary of the TDI plan. If you have not designated a beneficiary, or if your beneficiary does not survive you, the following order of priority will be applied to determine your default beneficiary:

- a) Participant's surviving spouse;

- b) Surviving same-sex domestic partner who is required to be treated the same as your surviving spouse under the Oregon Family Fairness Act of 2007;
- c) Surviving children in equal shares;
- d) Surviving parents in equal shares;
- e) Estate.

To ensure that your account would be distributed as you wish, contact your TDI provider to complete your beneficiary designation. You can view and update your beneficiaries online, in the personal profile section of your account. You may also request a beneficiary form by calling your TDI provider.

Remember to give a copy of your beneficiary designation to your beneficiary(ies) and to keep one in a safe place for yourself.

INQUIRIES

More information about the Tax-Deferred Investment 403(b) Plan is available through each of the TDI providers. Log on to see the investments and services available through each program. To learn more, schedule an appointment with a Retirement Counselor through your TDI provider. To request an individual consultation or assistance with your retirement planning, check these reservations sites:

Requests for information about your investments should be addressed directly to the Fund Sponsors.

Fund Sponsor	Phone Number	Website Address
TDI:ous (fidelity)	800-343-0860	www.mysavingsatwork.com/ous
TDI:tiaa-cref	877.209.3142 ext 2652	www.tiaa-cref.org/ous/
TDI:aig valic	866.211.9686	www.aigvalic.com

Questions about administration of the Plan may be directed to your campus benefits office.

Campus Benefits Offices	Phone Number	E-Mail Address
EOU – Tracy Houtz	541.962.3033	thoutz@eou.edu
OIT – Mary Hedlund	541.885.1028	mary.hedlund@oit.edu
OSU – Karin Michaelson	541.737.2086	karin.michaelson@oregonstate.edu
PSU – Joanne Clancy	503.725.3749	jclancy@pdx.edu
SOU – Barb Marah	541.552.8505	marah@sou.edu
UO – Ernie Pressman	541.346.2967	pressman@uoregon.edu
WOU – Alice Sprague	503.838.8139	spraguea@wou.edu

For more information about the TDI Plan, see the 2009 TDI Guide and other Plan Information at <http://www.ous.edu/dept/hr/benefits/tdi.php>