

## Bates Retirement Plans

- Bates has two plans to help you save for retirement as follows:
  - The Bates College Money Purchase Pension Plan (Pension Plan)
  - The Bates College 403(b) Retirement Plan

Bates College has two retirement plans to help you reach your retirement savings goals. Both plans are administered by TIAA-CREF and have the same investment funds available for you to invest in.

**The Bates College Money Purchase Pension Plan:** Benefit eligible employees begin participation in the Money Purchase Pension Plan on the first of the month following one full calendar month of employment. Only College contributions are made to this plan and you are immediately vested in them.

**The Bates College 403(b) Retirement Plan:** This plan is available to all employees from the date of hire. You have the opportunity to contribute from your pay to this plan up to the annual limits allowed by the IRS. Your contributions are not subject to Federal and State Taxes but are subject to Social Security.

If you are benefit eligible and you contribute at least 1 percent to the Bates College 403(b) Retirement Plan the College will contribute an additional 1 percent on your behalf (maximum Bates contribution is 1 percent).

## Bates Retirement Plans

- Both plans are administered through TIAA-CREF
- Both plans have the same investment options
- You are immediately vested in the contributions (they are yours when you leave)

### **Origins of TIAA and CREF**

In 1918, Andrew Carnegie and his Carnegie Foundation established Teachers Insurance and Annuity Association (TIAA), a fully-funded system of pensions for professors. Funding was provided by a combination of grants from the foundation and Carnegie Corporation of New York, as well as ongoing contributions from participating institutions and individuals.

After World War II, in reaction to rising inflation and lengthening life expectancies, TIAA recognized the need for its participants to invest in equities in order to diversify their retirement funds. In 1952, TIAA created the College Retirement Equities Fund ("CREF") for that purpose.

**Retirement Plan Contracts from TIAA-CREF:** TIAA-CREF pioneered the use of variable annuity contracts to fund retirement investing in the 1950s. Bates Contributions into the Money Purchase Pension Plan are made into an Individual Retirement Annuity Contract in your name. Your contributions into the Bates College 403(b) Retirement Plan and any College Matching Contributions are deposited into a Group Supplemental Retirement Annuity Contract.

**Investment Options:** You direct what investment funds each plans contributions are invested in. You are immediately 100% **vested** in all contributions. This means they are all yours when you leave Bates service.

## Bates Retirement Plans

- **Pension Plan** – (Bates College Money Purchase Pension Plan)
  - All College Contributions
  - Formula: 6.7% of first \$16,850 and 11% above \$16,850 in a calendar year (will reset on January 1<sup>st</sup>)
- **Employee Savings Plan** – (Bates College 403(b) Retirement Plan)
  - You may contribute up to IRS Calendar Year Limits
    - \$16,500 in 2010
    - \$5,500 Catch-up Contribution Age 50+
  - Keep in mind amounts you may have contributed previously in 2010
  - If you contribute at least 1% to the Savings Plan the College will contribute an additional 1% matching contribution

### **Bates College Money Purchase Pension Plan (the Pension Plan):**

Employees in benefit eligible positions are eligible for the Pension Plan. Only the College makes contributions to the Pension Plan. The Contribution rate is 6.7% of the first \$16,850 you earn in a calendar year and then the contribution increases to 11%. Each January you begin over again at the 6.7% rate. For more information please see the Pension Plan Summary Plan Description which can be found at <http://www.bates.edu/x117743.xml>

### **Bates College 403(b) Retirement Plan (the Employee Savings Plan):**

All employees are eligible for this plan. This is a voluntary plan that you may contribute up to the limits set by the IRS each year. In 2010 this limit is \$16,500. If you will be age 50 by the end of the year you may contribute an additional \$5,500 for a total of \$22,000 in 2010. When considering the IRS limit you must take into account the amount you may have contributed to plans at other employers during 2010.

Employees in benefit eligible positions are eligible to receive a 1 percent matching contribution. If you contribute at least 1 percent of your salary the College will contribute a matching 1 percent (the maximum College contribution is 1%).

## Retirement Planning

- How much do you need?
  - Tax Deferral
  - Compounding
  - When you start saving
- Risk Vs. Return
  - Types of Risk
  - Time Horizon
  - Diversification

The next few slides will discuss some of the things to consider in your retirement planning.

Retirement planning consists of determining how much you will need to comfortably retire on, how much you need to contribute to reach your retirement savings goal and how you will invest your contributions.

The Bates retirement plans allow you to save through tax deferral. This allows yours and the College's contributions to grow by deferring any taxes you have to pay until amounts are withdrawn from the accounts. While in your account any earnings on your account remain there compounding so that you earn earnings upon your earnings. The earlier you start saving the more this compounding effect will help you meet your retirement savings goals.

The other major factor affecting your retirement savings is what you invest in. Different types of investments have different risks and returns associated with them. Generally, the longer you have till retirement the more you can absorb risk. Another way to reduce risk is by diversifying into different types of investments.

Retirement Goal Evaluator

A successful savings strategy starts with understanding your financial needs. Use our calculator to estimate how much of your salary you might be able to replace at retirement and how much more you'll need to invest to eliminate any shortfall.

Need Help? [Schedule a consultation](#) with a TIAA-CREF retirement specialist to create a personalized plan.

**Personal Information**

Your current age

Planned retirement age

Current annual salary \$

Annual salary growth rate  %

Salary replacement target  
The percentage of your annual salary in the year you retire you'll need to live comfortably after you leave the workforce.  50 %

**Retirement Plan Information**

Your employer's annual contributions to your defined-contribution retirement plans (e.g. TIAA-CREF, 401(k), etc.), if any: \$  %  of annual salary

Your annual contributions to your defined-contribution retirement plans (e.g. TIAA-CREF, 401(k), etc.), if any: \$  %  of annual salary

Annual payment anticipated from your defined benefit retirement plan, if any: \$

At retirement, you'll be able to choose among a variety of annuity income choices. For purposes of these estimates, tell us whether you will need income for yourself, or for yourself and your spouse or partner.

Enter spouse's age (if using a two-life option):

Guaranteed period (that is, a guaranteed period)?  10 year

Include Social Security benefits?  Yes  No

Select "No" if you indicated a retirement age younger than 63.

[Reset](#) [Calculate](#)

https://www.tiaa-cref.com/retirement/goal-evaluator/2/af/0/30/2008/30/33/31/44/

# How Much Do You Need to Save?

TIAA-CREF has many tools on its web site to assist you in determining how much you need to save to reach your retirement goals. You can access them at [www.tiaa-cref.org](http://www.tiaa-cref.org).

From the front page, under the LEARNING CENTER heading choose “Retirement Goal Evaluator”. The Evaluator guides you through a set of questions to determine whether you are saving enough to meet your goals. If you are not saving enough based on the answers you provided the tool suggests how much you additionally need to save.

The Evaluator is also a good tool to see how your account balance is affected by; the rate you save, the rate of return on your investments and how long until you retire. It is a good exercise to try different assumptions and see how they end up.

https://test.tiaa-iaf.com/eng/benefits/policies/questionnaire.do

TIAA

FINANCIAL SERVICES FOR THE GREATER GOOD™

Home | Forms | Careers | Press | Contact Us | [View](#)

---

**QUESTIONNAIRE:**

Inflation, the rise in prices over time, can erode your investment return. Long-term investors should be aware that, if portfolio returns are less than the inflation rate, their ability to purchase goods and services in the future might actually **decline**. However, portfolios with long-term returns that significantly exceed inflation are associated with a higher degree of risk.

Portfolios with the highest average returns also tend to have the highest chance of short-term losses. The table at right provides the average dollar return of four hypothetical investments of \$100,000 and the possibility of losing money (ending value of less than \$100,000) over a one-year holding period.

Data supplied by Morningstar Associates.

Investing involves a trade-off between risk and return. Historically, investors who have received high long-term average returns have experienced greater fluctuations in the value of their portfolio and more frequent short-term losses than investors in more conservative investments have.

**1. Which of the following portfolios is most consistent with your investment philosophy?**

- a. **Portfolio A** will most likely exceed long-term inflation by a significant margin and have a high degree of risk.
- b. **Portfolio B** will most likely exceed long-term inflation by a moderate margin and has a high to moderate degree of risk.
- c. **Portfolio C** will most likely exceed long-term inflation by a small margin and has a moderate degree of risk.
- d. **Portfolio D** will most likely match long-term inflation and has a low degree of risk.

**2. Please select the portfolio with which you are most comfortable.**

Probabilities After 1 Year	Possible Average Value at the End of One Year	Chance of Losing Money at the End of One Year
<input type="radio"/> a. <b>Portfolio A</b>	\$106,000	19%
<input type="radio"/> b. <b>Portfolio B</b>	\$107,000	21%
<input type="radio"/> c. <b>Portfolio C</b>	\$108,000	23%
<input type="radio"/> d. <b>Portfolio D</b>	\$109,000	25%

**3. Which statement best describes your investment goals?**

- a. **Protect the value of the account.** In order to minimize the chance for loss, I am willing to accept the lower long-term returns provided by conservative investments.
- b. **Keep risk to a minimum** while trying to achieve slightly higher returns than the returns provided by investments that are more conservative.
- c. **Balance** moderate levels of risk with moderate levels of returns.
- d. **Maximize long-term investment returns.** I am willing to accept large and sometimes dramatic fluctuations in the value of my investments.

https://test.tiaa-iaf.com/eng/benefits/policies/questionnaire.do (3 of 2) (6/15/2008 10:23:18 AM)

# Risk vs. Return What is your Comfort Zone?

6

There is also an Asset Allocation Evaluator that helps you determine what level of risk you may be comfortable with in your investments.

Following your answering a set of questions the tools provides a suggested portfolio mix between Equities, Fixed Income, Real Estate and Guaranteed investment options.

# Determining your Allocation

https://act.bes.cof.org/retireguidance/retire\_guidance.do

Home | Forms | Careers | Press | Contact Us | Help

**FINANCIAL SERVICES FOR THE GREATER GOOD™**

**YOUR SUGGESTED PORTFOLIO:**

**MODERATELY AGGRESSIVE PORTFOLIO**  
For investors who want to seek a balance between safety and growth, but are still very concerned with preserving existing accumulations.

■ Equities	75.00%	■ Fixed Income	13.00%
■ Real Estate	5.00%	■ Guaranteed	7.00%

[Print](#)

You should consider the investment objectives, risks, charges, and expenses carefully before investing. Please call 877-855-8589 or go to [www.tiaa-cref.com](http://www.tiaa-cref.com) for a prospectus that contains this and other information. Please read the prospectus carefully before investing.

This asset allocation tool is intended to serve as an educational tool to help you identify a mix of assets that may be able to help you meet your investment goals and should not be deemed to be investment advice. Your circumstances are unique and you need to consult your own advisor and consult with an investment advisor to receive more personalized advice. All examples used are hypothetical and are designed for illustrative purposes only.

In considering these model allocations for your portfolio, keep in mind that they are based solely on your responses to the questions that were asked. They do not take into account your other assets or other sources of retirement income. It's highly important that you consider your entire personal financial situation in evaluating the proposed portfolio. In addition, your circumstances may change over time so review your financial strategy periodically to make sure it continues to meet your goals and needs.

The ultimate decision on asset allocation is yours to make. It is up to you to implement this asset mix if you choose to do so.

Nothing contained herein is a recommendation to buy, sell, or exchange any fund or account. We cannot guarantee the suitability or potential value of any investment and we are not responsible for any losses incurred on any investment.

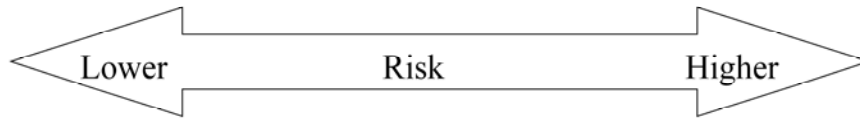
040137

Site Map | Privacy | Terms & Conditions | Partnerships

© 2008 and prior years, Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF), New York, NY 10017

Once your suggested allocation has been determined you would then pick the investment funds that most closely matches your suggested allocation.

# Investment Options



Guaranteed	Money Market	Fixed Income	Real Estate	Equities
------------	--------------	--------------	-------------	----------

•TIAA  
Traditional

•Money Market

•Bond  
•Inflation-  
Linked Bond

•Real Estate  
Account

•Stock  
•Global Equities  
•Growth  
•Equity Index  
•Social Choice  
(multi-asset)

The above is a graphic which depicts the relative risks of the investment options available through the Bates Retirement Plans. Generally, the lower risk investment options also provide lower returns over the long run (however past experience is no guarantee of future results).

## Resources Available

- TIAA-CREF Representative Meeting
  - TIAA Representative on-site
  
- Telephone Counseling Center
  - 1-800-842-2776
  
- [www.tiaa-cref.org](http://www.tiaa-cref.org)
  - Register for an on-line account
  - Planning tools available from public site

It is important to review your account periodically and use the tools to see whether you are staying on course with your retirement goals. The preceding tools available through the TIAA-CREF Web site are a good start.

You can also speak with a TIAA-CREF representative either through their Telephone Counseling Center at 1-800-842-2276 or in person with a TIAA-CREF Representative. Representatives are typically on site once a month and you may make an appointment by contacting Human Resources.

## Wrap Up

- Everyone must complete the Pension Plan Online Enrollment Process for contributions to begin.
- You may enroll in the Employee Savings Plan now or later
- You may change your allocations at any time

As a newly benefit eligible employee you must complete your online enrollment into the pension plan before contributions can begin. An online enrollment guide is available from the Human Resources Web site to guide you through the process.

You may sign up for the Employee Savings Plan at any time by completing the application online and submitting a Voluntary Salary Reduction Agreement and returning it to Human Resources. If you are benefit eligible and sign up for the Savings Plan you will also receive the College's 1 percent Matching Contribution. Each plan has a different code and you do need to complete the online enrollment process for each one of the plans you sign up for.