Your Retirement Plans at Duke
Agenda

• Employees’ Retirement Plan (ERP)
  • What is the ERP?
  • When can I access my pension plan?

• Duke 403(b) Plan: Faculty & Staff Retirement Plan
  • What is the Faculty and Staff Retirement Plan?
  • Why should I participate?
Retirement Income Sources

Your Contributions

Social Security

Duke’s Contributions
Your Retirement Plans at Duke

**Employees paid Biweekly:**

- **403(b) Plan:** Faculty and Staff Retirement Plan
- **Defined Benefit Plan:** Employees’ Retirement Plan (ERP)

**Employees paid Monthly:**

- **403(b) Plan:** Faculty and Staff Retirement Plan
Have you ever transferred from one payroll to another at Duke?

- You may be entitled to a benefit under the Employees’ Retirement Plan (ERP) for employees paid biweekly.

- If you are entitled to a benefit, this frozen benefit is calculated using your years of service and compensation while you were paid biweekly.

- This frozen benefit will appear on your annual benefits statement.
What is the Employees’ Retirement Plan (ERP)?

- The benefit is **defined**.
- Duke makes **all** contributions.
- You are not required to make any contributions to the plan.
- You may supplement your retirement savings through the Faculty and Staff Retirement Plan – a 403(b) plan that allows you to make voluntary contributions.
Eligibility

• You automatically become a plan member, if you:
  • Have reached age 21, and
  • Have worked at least 1,000 hours during your first year of employment or in any future fiscal year. (July 1 to June 30)
Vesting

• You will be 100% vested in the ERP upon:
  ✓ Completion of five years of continuous service.
  ✓ Attainment of age 65 while employed by Duke.
  ✓ Hired after age 65.
ERP Formula

1.25% of average final compensation TIMES years of credited service up to 20 years PLUS 1.66% of average final compensation TIMES years of credited service over 20

This calculation takes into consideration your average earnings (5 highest consecutive years of last 10 fiscal years), your age and years of credited service
When can I start to receive a 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.
What are my payment options?

- Single Life Annuity.
- Joint and Survivor Annuity (50%, 75% or 100%).
- Level Income age 62 or 65.
- If lump sum value is less than $10,000 you may be eligible for a lump sum payment.

*Payments under the Employees’ Retirement Plan are considered taxable income.*

*Discrepancy in age between you and your beneficiary will make a difference in the benefit amount.*
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
  • Date of Hire
  • Home Address
  • Last 10 Fiscal Years of Compensation
  • Updated After Every Pay Period
Duke Faculty and Staff Retirement Plan
What is the Faculty and Staff Retirement Plan?

• Also known as the 403(b) plan.
• All employees – monthly and biweekly paid – can participate with voluntary contributions in the Faculty and Staff Retirement plan.
• In general, salaried employees paid monthly are eligible for the Duke contribution after completing one year of service and reaching age 21; however, vesting rules apply.
  ➢ If you are eligible for Duke’s contribution, you may be eligible to waive the one year wait. More information can be found online at: hr.duke.edu/servicewaiver.
• Enroll at anytime through Duke@Work self-service tool.
Duke contribution for eligible employees paid monthly

The 2019 formula:

8.9% of the first $64,750 of salary and
13.2% of annual salary in excess of $64,750,
up to a statutory salary limit of $280,000

Example with $69,000 Annual/Monthly Salary $5,750:

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>8.9%</td>
<td>$64,750</td>
<td>$5,763</td>
</tr>
<tr>
<td>13.2%</td>
<td>$4,250</td>
<td>$561</td>
</tr>
<tr>
<td>Total in 2019</td>
<td>$69,000</td>
<td>$6,324</td>
</tr>
</tbody>
</table>
Vesting

Employees hired before Jan. 1, 2012

• You are 100% vested in both employee voluntary contribution and Duke contribution.

• If you are subsequently rehired by Duke, you will continue to be 100% vested.
Vesting

Employees hired on Jan. 1, 2012 or thereafter

- You are 100% vested in your employee voluntary contributions.
- You will be 100% vested in Duke’s contribution upon:
  - Completion of three years of service
  - Attainment of age 65 while employed by Duke
  - Hired after age 65
  - Death while employed by Duke
  - Approval for long term disability under the Duke LTD Plan
Why should you participate in the Faculty and Staff Retirement Plan?

• This is the plan that allows you to control how much you save for retirement.
• A little saved today can mean a lot at retirement.
• Duke offers you access to quality investment options.
• Ability to roll over funds from a previous employer into the plan.
Decisions to make

How Much?

Which Funds?

You will need to make some decisions but there are resources available to help you
How much are you going to contribute?

• You can contribute a flat dollar amount or a percent of pay on a pre-tax basis, Roth after-tax basis or a combination of both.
  ➢ Minimum: 1% of pay
  ➢ Maximum contribution is 80% per pay period or up to IRS Limit $19,000 for 2019 ($25,000 for employees over age 50).

• You may use the take home calculator located at: https://forms.hr.duke.edu/takehomepay/
# Pre-tax contributions vs. Roth After-tax contributions

<table>
<thead>
<tr>
<th></th>
<th>Pre-tax contributions</th>
<th>Roth after-tax contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>Deducted from pre-tax pay</td>
<td>Deducted from after-tax pay</td>
</tr>
<tr>
<td>Investment earnings</td>
<td>Taxed at withdrawal</td>
<td>Tax free at withdrawal if qualifying conditions are met*</td>
</tr>
<tr>
<td>Contributions are taxed...</td>
<td>Upon distribution</td>
<td>Upon contribution</td>
</tr>
<tr>
<td>Required Minimum Distributions apply?</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

* You can make tax-free withdrawals of your contributions—and any earnings—provided you are at least age 59 1/2 and made your first Roth contribution at least five years earlier.
Which Funds?

• The Investment Advisory Committee has chosen a group of funds that are regularly monitored to ensure they remain appropriate investment options for the retirement plans.

• Investments are grouped by tier. Funds in Tier 1 and Tier 2 are monitored by the IAC.

• Fidelity is the primary recordkeeping and retirement services provider.

Tier 1: Target Date Funds

Tier 2: Core Funds

Tier 3: Self-Directed Brokerage Account (Not monitored by IAC)
If You Leave Duke…

Your vested 403(b) funds can:

• Remain in plan until age 70 ½.
• Be rolled over into your new employer’s 403(a), 403(b), 401(k), governmental 457 plan.
• Be rolled over into an IRA.
• Be withdrawn as cash (IRS penalties may apply).
Understanding Your Investment Options in the Duke Faculty and Staff Retirement Plan
Duke Faculty and Staff Retirement Plan
Investment Options
## Your Investment Options

<table>
<thead>
<tr>
<th>Tier</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td><strong>Target Date Funds</strong>&lt;br&gt;• Offers a way to make a single choice for your retirement needs.&lt;br&gt;• Designed for investors expecting to retire around the year indicated in each fund’s name.&lt;br&gt;• A Target Date Fund is invested in a portfolio of mutual funds that automatically becomes more conservative as the fund approaches its target retirement date and beyond. Principal invested is not guaranteed.</td>
</tr>
<tr>
<td>Tier 2</td>
<td><strong>Core Funds</strong>&lt;br&gt;• Includes funds from various asset classes that have been chosen by the IAC based on their suitability for inclusion in a customized retirement portfolio.&lt;br&gt;• You can build your own diversified portfolio from these core funds.</td>
</tr>
<tr>
<td>Tier 3</td>
<td><strong>Other Funds</strong>&lt;br&gt;• Fidelity BrokerageLink® is a self-directed brokerage account.&lt;br&gt;• Gives you access to additional mutual funds for your retirement savings beyond the target date funds and core funds available in Tiers 1 and 2.&lt;br&gt;• <strong>The IAC neither evaluates nor monitors the mutual funds available through BrokerageLink®.</strong> It is your responsibility to ensure the investments you select are suitable for your situation, including your goals, time horizon, and risk tolerance.&lt;br&gt;• Additional fees may apply for a brokerage account, including transaction fees and brokerage commissions for some transactions.</td>
</tr>
</tbody>
</table>
The target date investments are designed for investors expecting to retire around the year indicated in each fund’s name. The investments are managed to gradually become more conservative over time as they approach the target date. The investment risk of each target date investment changes over time as its asset allocation changes. The investments are subject to the volatility of the financial markets, including that of equity and fixed income investments in the U.S. and abroad, and may be subject to risks associated with investing in high-yield, small-cap, and foreign securities. Principal invested is not guaranteed at any time, including at or after the target dates.
## Tier 2: Core Funds at Fidelity

Consists of funds from the primary asset classes (stocks, bonds, and short-term instruments) for a diversified portfolio.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market</td>
<td>Vanguard Federal Money Market Investor</td>
</tr>
<tr>
<td>Stable Value</td>
<td>TIAA Traditional Fixed Annuity</td>
</tr>
<tr>
<td></td>
<td>VALIC Fixed Interest Option</td>
</tr>
<tr>
<td>Intermediate-Term Bond</td>
<td>Vanguard Total Bond Market Index I</td>
</tr>
<tr>
<td></td>
<td>Metropolitan West Total Return Bd Plan</td>
</tr>
<tr>
<td>Multisector Bond</td>
<td>PIMCO Income Instl</td>
</tr>
<tr>
<td>Large Value</td>
<td>MFS® Value R6</td>
</tr>
<tr>
<td></td>
<td>Vanguard Equity-Income Adm</td>
</tr>
<tr>
<td>Large Blend</td>
<td>Vanguard Institutional Index Instl Pl</td>
</tr>
<tr>
<td></td>
<td>Vanguard FTSE Social Index Inv</td>
</tr>
<tr>
<td>Large Growth</td>
<td>Vanguard PRIMECAP Adm</td>
</tr>
<tr>
<td></td>
<td>Fidelity® Contrafund® K6</td>
</tr>
<tr>
<td></td>
<td>T. Rowe Price Growth Stock I</td>
</tr>
<tr>
<td>Mid-Cap Value</td>
<td>American Century Mid Cap Value R6</td>
</tr>
<tr>
<td></td>
<td>MFS® Mid Cap Value R6</td>
</tr>
<tr>
<td></td>
<td>Fidelity® Low-Priced Stock K6</td>
</tr>
</tbody>
</table>

### Asset Class Fund

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid-Cap Blend</td>
<td>Vanguard Extended Market Index Instl</td>
</tr>
<tr>
<td>Mid-Cap Growth</td>
<td>MassMutual Select Mid Cap Growth I</td>
</tr>
<tr>
<td>Small Value</td>
<td>Fidelity® Small Cap Value</td>
</tr>
<tr>
<td>Small Blend</td>
<td>Goldman Sachs Small Cap Value R6</td>
</tr>
<tr>
<td>Small Growth</td>
<td>Janus Henderson Triton N</td>
</tr>
<tr>
<td></td>
<td>Fidelity® Small Cap Growth K6</td>
</tr>
<tr>
<td>Foreign Small/Mid Blend</td>
<td>Fidelity® International Small Cap</td>
</tr>
<tr>
<td>Foreign Large Blend</td>
<td>Vanguard Total Intl Stock Index I</td>
</tr>
<tr>
<td>Diversified Emerging Mkts</td>
<td>Vanguard Emerging Mkts Stock Idx Instl</td>
</tr>
<tr>
<td>Foreign Large Growth</td>
<td>American Funds Europacific Growth R6</td>
</tr>
<tr>
<td></td>
<td>Vanguard International Growth Adm</td>
</tr>
<tr>
<td>Real Estate</td>
<td>Vanguard REIT Index Institutional</td>
</tr>
</tbody>
</table>

These funds will be monitored by Duke’s Investment Advisory Committee.
Tier 3: Other Funds

Fidelity BrokerageLink®

- Additional fees apply to a brokerage account; please refer to the fact sheet and commission schedule for a complete listing of brokerage fees.
- The IAC neither evaluates nor monitors the mutual funds available through BrokerageLink®.
- Remember, it is always your responsibility to ensure that the options you select are consistent with your particular situation, including your goals, time horizon, and risk tolerance.
Step 1: Define your goals
Define your goals

What are your goals?

What is your time frame?

How much do you need to save?
Step 2: Build an investment plan
How comfortable are you with risk?

I can handle it pretty well

I can handle some risk but not too much

I prefer to play it safe to protect my money
Invest at the right level of risk

Inflation Risk

Investment Risk
Asset allocation and diversification

For illustrative purposes only.

Diversification and asset allocation do not ensure a profit or guarantee against loss.
Your time horizon

Long term

Short term
As a possible starting point for either your retirement or nonretirement goals, the target asset mix (TAM) is based on a measure of your time horizon. The measure of time horizon and the available default TAMs will vary by goal type. Time horizon for retirement goal type is defined as the difference between Current Year and Retirement (Goal Start) Year. Please note that this time horizon-based default TAM is just a starting point for you to begin consideration of the appropriate asset allocation. For a more in-depth look, be sure to take your risk tolerance, financial situation, and time horizon into consideration before choosing an allocation.
## Performance determined by asset mix

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. All-cash Portfolio</strong></td>
<td>1.6%</td>
<td>0.3%</td>
<td>2.0%</td>
</tr>
<tr>
<td><strong>2. Diversified Growth Portfolio</strong></td>
<td>-35.0%</td>
<td>99.7%</td>
<td>29.9%</td>
</tr>
<tr>
<td><strong>3. All-stock Portfolio</strong></td>
<td>-49.7%</td>
<td>162.3%</td>
<td>31.8%</td>
</tr>
</tbody>
</table>

Source: Strategic Advisers, Inc. Hypothetical value of assets held in untaxed accounts of $100,000 in an all-cash portfolio; a diversified growth portfolio of 49% U.S. stocks, 21% international stocks, 25% bonds, and 5% short-term investments; and an all-stock portfolio of 70% U.S. stocks and 30% international stocks. This chart's hypothetical illustration uses historical monthly performance from January 2008 through February 2014 from Morningstar/Ibbotson Associates; stocks are represented by the S&P 500 and MSCI EAFE Indexes, bonds are represented by the Barclays U.S. Intermediate Government Treasury Bond Index, and short-term investments are represented by U.S. 30-day T-bills. Chart is for illustrative purposes only and is not indicative of any investment. Past performance is no guarantee of future results.
How should you adjust your portfolio as you get closer to a goal?

A. Increase stock %; lower bond %
B. Increase bond %; lower stock %
C. 50/50 stocks and bonds
D. 25% stocks and bonds; 75% cash or short-term investments
Investment funds

- Investors
- Funds
- Securities
- Returns
Investment funds

**ACTIVELY MANAGED FUNDS**

Higher operating costs & Potential to outperform the market

**PASSIVELY MANAGED FUNDS**

Investments mirror a market index* & Lower operating costs

*Indexes are unmanaged. It is not possible to invest directly in an index.
Stock funds: Equity StyleMap®

*StyleMap® depictions of characteristics are produced by Fidelity using data from Morningstar, Inc. StyleMaps estimate characteristics of a fund’s equity holdings over two dimensions: market capitalization and valuation. The percentage of fund assets represented by these holdings is indicated beside each StyleMap. Current StyleMap characteristics are denoted with a dot and are updated periodically. Historical StyleMap characteristics are calculated for the shorter of either the past three years or the life of the fund, and are represented by the shading of the box(es) previously occupied by the dot. StyleMap characteristics represent an approximate profile of the fund's equity holdings (e.g., domestic stocks, foreign stocks, and American depository receipts), are based on historical data, and are not predictive of the fund's future investments. Although the data are gathered from reliable sources, accuracy and completeness cannot be guaranteed.
### Bond prices and interest rates

#### Interest Rates
- **New Bond** - if held to maturity; same rate of interest
- **Existing bond bought on open market** – effective interest rate depending on purchase price

#### Bond Prices
- **New Bond** set price at $1,000
- **Existing Bond** – depends on prevailing interest rates

<table>
<thead>
<tr>
<th>Interest Rate</th>
<th>Yield Coupon</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>8%</td>
<td></td>
<td>$1,127</td>
</tr>
<tr>
<td>7%</td>
<td></td>
<td>$1,000</td>
</tr>
<tr>
<td>6%</td>
<td></td>
<td>$893</td>
</tr>
</tbody>
</table>

For illustrative purposes only.
Bond funds: Fixed Income StyleMap®

Pool your money with other investors

*StyleMap® depictions of characteristics are produced by Fidelity using data from Morningstar, Inc. StyleMaps estimate characteristics of a fund’s equity holdings over two dimensions: market capitalization and valuation. The percentage of fund assets represented by these holdings is indicated beside each StyleMap. Current StyleMap characteristics are denoted with a dot and are updated periodically. Historical StyleMap characteristics are calculated for the shorter of either the past three years or the life of the fund, and are represented by the shading of the box(es) previously occupied by the dot. StyleMap characteristics represent an approximate profile of the fund's equity holdings (e.g., domestic stocks, foreign stocks, and American depository receipts), are based on historical data, and are not predictive of the fund's future investments. Although the data are gathered from reliable sources, accuracy and completeness cannot be guaranteed.
Think about investment accounts

STEP 2

1. Research
2. Select investments
3. Monitor
4. Rebalance
Evaluate your investment options

- Long-term performance
- Rankings and ratings
- Risk measurement
- Expenses and fees
- Benchmark comparison
- Top 10 holdings
Target asset mix

- Time frame
- Financial needs
- Comfort with risk

For illustrative purposes only.
1. Choose a target asset mix

2. Determine allocation percentages within asset classes

3. Select investments

**JANE**

<table>
<thead>
<tr>
<th>Aggressive Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Stocks</td>
</tr>
<tr>
<td>Foreign Stocks</td>
</tr>
<tr>
<td>Bonds</td>
</tr>
</tbody>
</table>

**Domestic Stock Allocation**

<table>
<thead>
<tr>
<th>Funds Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth Funds</td>
<td>20%</td>
</tr>
<tr>
<td>Small-Cap Funds</td>
<td>15%</td>
</tr>
<tr>
<td>Value Funds</td>
<td>25%</td>
</tr>
<tr>
<td>Total</td>
<td>60%</td>
</tr>
</tbody>
</table>
Step 3: Continuously manage your plan
Continuously manage your plan

Monitor and adjust your plan

Adopt a consistent, repeatable strategy
Reallocate your investments

Monitor and rebalance

- 15%
- 20%
- 65%
- 10%
- 30%
- 60%
How to rebalance

Managing your portfolio

STEP 3

Check your current asset allocation

Determine which investments to reduce or increase
Investment approaches

Do It Yourself (DIY)

Professional Investment Help
Professional investment help

Single-fund Solution

The target date investments are designed for investors expecting to retire around the year indicated in each fund's name. The investments are managed to gradually become more conservative over time as they approach the target date. The investment risk of each target date investment changes over time as its asset allocation changes. The investments are subject to the volatility of the financial markets, including that of equity and fixed income investments in the U.S. and abroad, and may be subject to risks associated with investing in high-yield, small-cap, and foreign securities. Principal invested is not guaranteed at any time, including at or after the target dates.
Should you invest in more than one target date fund?

**YES**

**NO**
Continuously manage your plan

Review your investment strategy periodically

Revisit it to ensure that the asset allocation remains appropriate
How frequently should you review your investments?

- A: Annually
- B: Semiannually
- C: Quarterly
- D: Monthly
- E: Never, no need
Take the next steps
Review

- Define your goals
- Decide your investment style
- Build an investment plan
- Allocate and diversify
- Continuously manage your plan
Your next steps

Visit the Planning & Guidance Center

Download the NetBenefits® app

Call for help 800.343.0860
Thank you!
Before investing in any mutual fund, consider the investment objectives, risks, charges, and expenses. Contact Fidelity for a prospectus or, if available, a summary prospectus containing this information. Read it carefully.

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

Investing involves risk, including risk of loss.

30-Day Treasury Bill Index is an unweighted index that measures the performance of 30-day-maturity U.S. Treasury bills.

S&P 500 Index is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent U.S. equity performance.

MSCI Europe, Australasia, Far East Index (EAFE) is a market capitalization-weighted index that is designed to measure the investable equity market performance for global investors in developed markets, excluding the U.S. and Canada.

Bloomberg Barclays US Intermediate Government Bond Index is a market value–weighted index of US Government fixed–rate debt issues with maturities between one and 10 years.

BofA Merrill Lynch US High Yield Index is a market capitalization-weighted index of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch).The country of risk of qualifying issuers must be an FX-G10 member, a Western European nation, or a territory of the US or a Western European nation. The FX-G10 includes all Euro members, the US, Japan, the UK, Canada, Australia, New Zealand, Switzerland, Norway and Sweden. In addition, qualifying securities must have at least one year remaining to final maturity, a fixed coupon schedule and at least $100 million in outstanding face value. Defaulted securities are excluded.

Bloomberg Barclays U.S. Aggregate Bond is a broad-based, market-value-weighted benchmark that measures the performance of the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. Sectors in the index include Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS.
**Russell 2000 Index** is a market capitalization-weighted index designed to measure the performance of the small-cap segment of the U.S. equity market. It includes approximately 2,000 of the smallest securities in the Russell 3000 Index.

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