



Arizona University System Voluntary 403(b) Plan October 2008

Your 403(b) Plan

An ideal way to accumulate funds for your retirement

The University of Arizona

Arizona State University

Northern Arizona University

Overview

- Background
- New 403(b) Rules
- Authorized Providers
- Arizona University System Voluntary 403(b) Plan
- Contribution Limits
- Distribution Rules
- Contact Information

Background

- IRS Issues New 403(b) Regulations on July 26, 2007
- New Regulations effective on January 1, 2009
 - Plan Document
 - Authorized Providers
 - Universal Availability
 - New Transfer Rules¹
 - Loan and Hardship Rules
- Plan Evaluation by AZ BOR, ASU, NAU and U of A
 - RFP process conducted in conjunction with Segal Advisors
 - Selection of Authorized Providers

¹ Transfer Rules effective on September 24, 2007

Authorized Providers

- Companies Authorized to Receive 403(b) Contributions
 - Effective November 1, 2008

AIG Retirement

Fidelity Investments

TIAA-CREF

- New Plan Name

“The Arizona University System Voluntary 403(b) Plan”

Previous 403(b) Providers – “Frozen”

- Salary deferrals will cease on October 31, 2008
 - New contributions can only be directed to Authorized Providers effective November 1, 2008:
 - AIG Retirement
 - Fidelity Investments
 - TIAA-CREF
- Existing Account Balances
 - Leave with current provider
 - “Exchange” to authorized provider¹
 - Withdraw upon distributable event
 - Separation from service, or
 - Age 59-1/2
 - Borrow²

¹Withdrawal charges may apply

²contingent upon frozen provider’s ability to share information

New Rules for Authorized & Frozen Providers

- Loans
 - Aggregate Loan Balances Across all Providers
 - Greater of
 - 50% of Account Balance
 - \$50,000
- Hardship Withdrawals¹
 - “Immediate and Heavy Financial Need”
 - Stop contributions for 6 months
- Exchanges
 - In-service exchange to authorized provider

¹contingent upon frozen provider's ability to share information

Enrollment

- Current
 - Contact Authorized Provider
 - Complete Account Enrollment Form with Provider
 - Complete Salary Reduction Agreement and submit to Human Resources benefits office
- Coming soon
 - Web Based
 - Account Enrollment for authorized providers
 - Salary Reduction Agreement
 - Account Access
 - Retirement Plan Balance Aggregation
 - Retirement Planning Tools
- Stay tuned....

How you may benefit from participating in the Arizona University System Voluntary 403(b) Plan

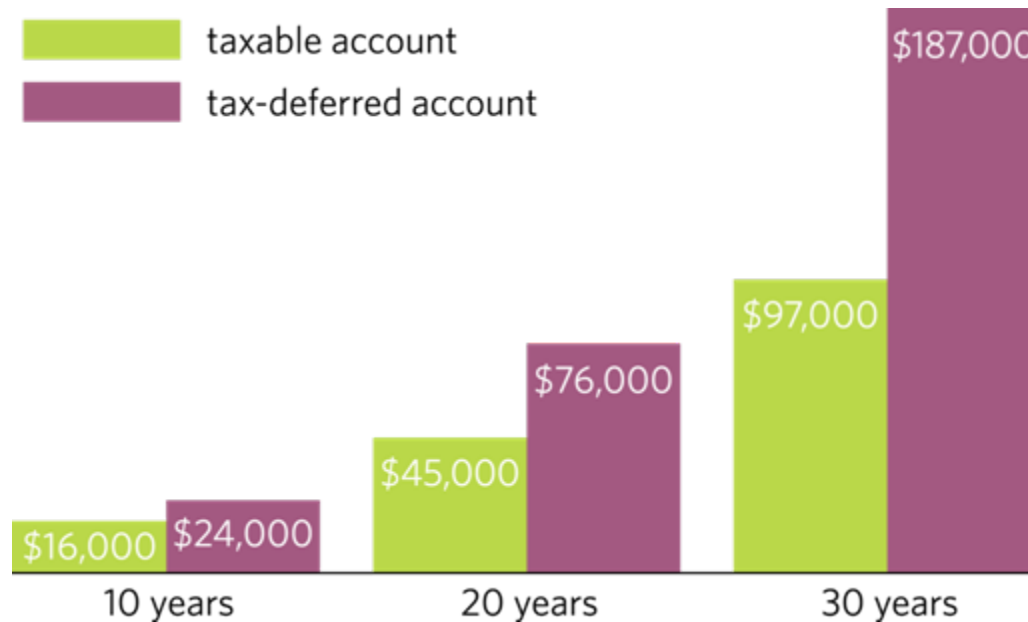
How much may I contribute?

- 100% of includible compensation up to \$15,500 in 2008
- “15-year rule” catch-up
 - \$3,000 annual limit
 - For participants who have under-contributed in the past and have 15 years of cumulative service with any/all Arizona University System employers.
- Age-based catch-up contribution
 - Up to \$5,000 in 2008
 - For participants age 50 or older

How you may benefit from the Arizona University System Voluntary 403(b) Plan

- Saving is automatic through convenient payroll reduction
 - Pay yourself first — on a regular basis
- Pre-tax contributions help reduce current income taxes
- Tax-deferred accumulation
 - Income taxes are payable upon withdrawal; federal restrictions and a 10% federal tax penalty might apply to withdrawals prior to age 59½
- Investment flexibility

How you may benefit from the Arizona University System Voluntary 403(b) Plan



This chart compares the hypothetical results of contributing (1) \$100 each month to a taxable account and (2) \$133.33 (since contributions are pretax) to a tax-qualified retirement investment plan. The chart assumes a 25% federal marginal income tax rate and an annual rate of return of 8%. Fees and charges, if applicable, are not reflected in this example and would reduce the results shown. Income taxes are payable upon withdrawal. Federal restrictions and tax penalties may apply to early withdrawals. This information is hypothetical and only an example. It does not reflect the return of any investment and is not a guarantee of future income. Lower maximum capital gains rates may apply to certain investments in a taxable account, which would reduce the differences between the performance in the accounts shown in the chart. You should consider your personal investment horizon and current and anticipated income tax brackets when making investment decisions because they can impact the results of the comparison.

Investment Flexibility

- Three Tiers

- Tier I Investments

- Funds selected by Arizona University System

- Reviewed annually by independent financial analyst

- 18 core asset classes

- Money Market

- U.S. Treasury Bond

- Balanced Fund

- Large Cap Blend Fund

- Large Cap Value Fund

- Mid Cap Blend Fund

- Small Cap Growth Fund

- Small Cap Value Fund

- International Equity Fund

- Stable Value Fund

- Core Fixed Income Fund

- Large Cap Growth Fund

- S&P 500 Index Funds

- Mid Cap Growth Fund

- Mid Cap Value Fund

- Small Cap Blend Fund

- Socially Responsible Fund

- Global Equity Fund

- Series of Life Cycle Funds

- Life Cycle Funds are invested based on your projected retirement date. The investment mix changes automatically as you get closer to retirement.

Investment Flexibility

- Three Tiers

- Tier II Investments

- Funds selected at discretion of authorized providers
 - Wider selection of funds not in Tier I
 - May include higher costs to participant (fees, sales loads, etc.)

- Tier III Investments

- Mutual Fund Window
 - Thousands of Mutual Funds not available in Tier I or Tier II
 - Annual Fee may apply
 - Transaction Fees may apply
 - Intended for experienced investor

403(b) Withdrawal Provisions

- **Deposits and interest are available only when certain conditions are met**
 - Attaining age 59½
 - Retirement or separation from service
 - Your death or total disability
 - Hardship Withdrawal: immediate, heavy financial need

The Arizona University System Voluntary 403(b) Plan was established to encourage long-term savings.

Withdrawals prior to age 59½ might be subject to federal restrictions and a 10% federal tax penalty.

- **Events that permit withdrawals without a 10% federal tax penalty**
 - Attainment of age 59½
 - Separation from service at or after age 55
 - Your death or total disability
 - Taking substantially equal payments after separation from service for a five-year period or attainment of age 59½, whichever is later
- **Income taxes must be paid on withdrawn amounts**

Arizona University System Voluntary 403(b) Plan

- Provider Contact Information



AIG Retirement

www.aigretirement.com

Phoenix Regional Office 602-674-2614
Statewide 1-800-892-5558, ext. 89005
Client Service Professional 888-568-2542



Fidelity Investments

www.fidelity.com/atwork

Retirement Services Specialist 800-343-0860
Schedule a consultation 800-642-7131



TIAA-CREF

www.tiaa-cref.org/azus

National Contact Center 800-842-2776
Phoenix Office 866-548-3705
To Schedule Appointment call 1-800-732-8353

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Q & A



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