Northwestern University Retirement Plans

Making Sense of (and Making the Most Of!) Your Benefits

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Northwestern

Fidelity INVESTMENTS

Agenda

How to Use the NU Retirement Plans	Investing for the Future
❑ Navigating the two NU Plans	❑ Long-term benefits of saving and compounding
❑ Contribution types	❑ Finding the right investment mix
❑ How to enroll or make changes	❑ Investment options
❑ Ways to stay engaged with the NU Plans	❑ Retirement risk factors
❑ Keeping your accounts safe	❑ Nearing retirement

NU's Retirement Plans – navigating plan differences

	Retirement Plan	Voluntary Savings Plan
Eligibility	1 Year of Benefits Eligible Service	Eligible on date of hire
NU contributions	5% automatic + up to 5% match	None
Employee contributions	Yes, up to 5% match	Yes, up to 75% of salary

Summary only; not intended as a substitute for the details provided in the legal Plan documents.

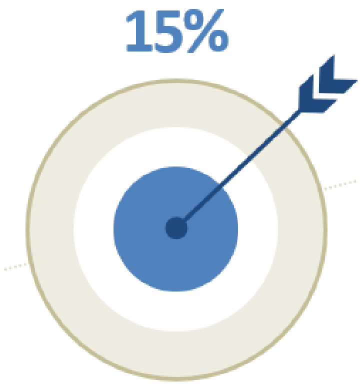
NU's Retirement Plans – the plans' similar features

IRS contribution limits	2023 IRS limit of $22,500 ($30,000 with age 50+ catch-up) to all qualified plans
Investments	Choice of Fidelity and/or TIAA; similar investment categories
Distributions	When employment with NU ends (due to retirement or a job change); no requirement to distribute funds, assets can remain in the plans for life
Retirement	Must take Required Minimum Distributions upon meeting a certain age
Job Change	You can choose to consolidate your retirement balances with a rollover to an IRA or your new employer's plan
Loan or Hardship	Available

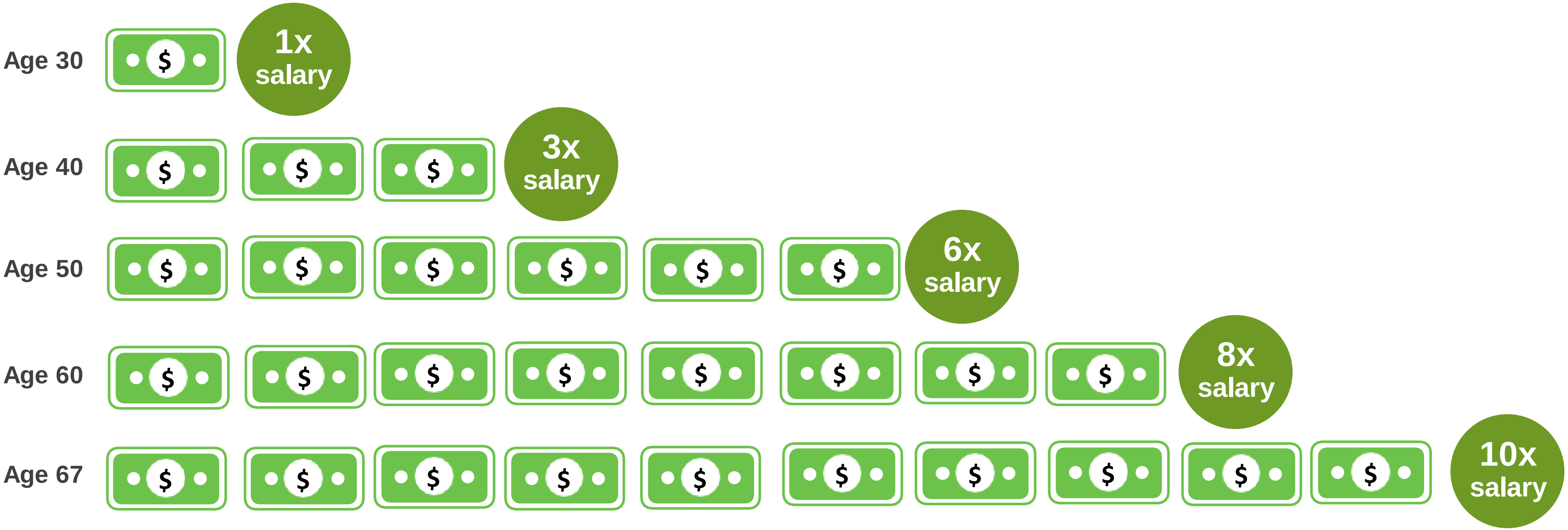
Summary only; not intended as a substitute for the details provided in the legal Plan documents.

Retirement Plan contributions

Northwestern Unmatched	Employee Contribution	Northwestern Match	Total
5%	1%	1%	**7%**
5%	2%	2%	**9%**
5%	3%	3%	**11%**
5%	4%	4%	**13%**
5%	5%	5%	**15%**



How much is enough – the 10X rule



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 2011 (BLS), Statistics of Income 2011 Tax Stat, IRS 2014 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.

****Please refer to the final slide for additional 10 X disclosure.**

Pre-tax vs. Roth after-tax contributions

Feature	Pre-tax	Roth after-tax
Tax implication	Tax-free now, taxed later	Taxed now, tax-free later
Northwestern matching contributions	Same whether you choose pre-tax contributions, Roth contributions, or a combination of both: up to 5% of eligible earnings	
Contribution limits	The same IRS limits apply to combined pre-tax and Roth contributions: $22,500 ($30,000 with age 50+ catch-up) for 2023	
Investment earnings	Tax-deferred – you pay no taxes on investment earnings while these earnings remain in your account. You will pay taxes upon distribution.	Tax-free – you pay no taxes on investment earnings while these earnings remain in your account or upon distribution*.

*A distribution from a Roth 403(b) is federally tax free and penalty free, provided the five-year aging requirement has been satisfied and one of the following conditions is met: age 59½, disability, or death. State taxes may apply.

How does Roth affect your paycheck?

Lisa

$80,000 Annual Income

6%	$400	$400
Monthly Roth Contribution	Monthly Roth Contribution*	Monthly reduction in take home pay*
6%	$400	$312
Monthly Traditional Pre-tax Contribution	Monthly Traditional Pre-tax Contribution*	Monthly reduction in take home pay*

* This hypothetical example is based solely on an assumed 22% income tax withholding rate. No other payroll deductions are taken into account. Actual taxes and take-home pay will depend on your individual tax situation. Pre-tax contributions and any related earnings will be taxed at the time of withdrawal. Any earnings on after-tax Roth contributions are income tax-free if certain conditions are met.

Pre-tax vs. Roth benefits and considerations

What is your expected tax bracket in retirement?

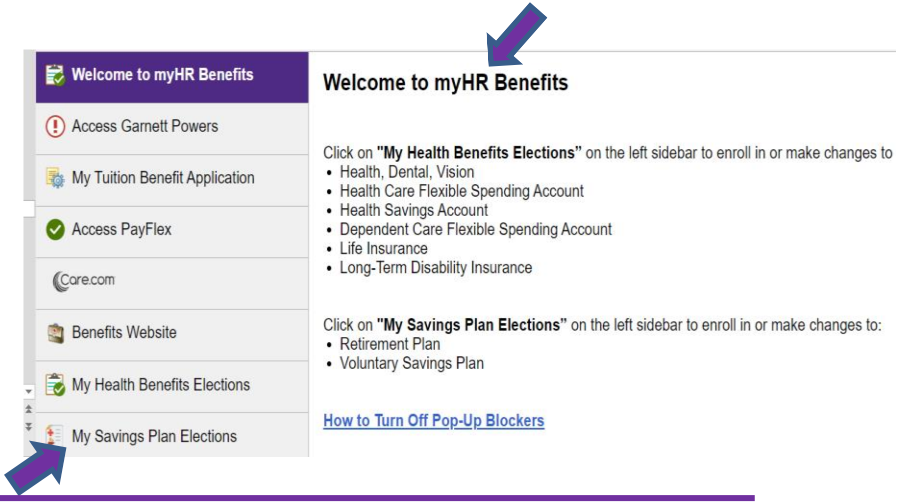
How long is your retirement horizon?

Are you eligible to contribute to a Roth IRA?

How to enroll or make changes

Contribution amounts are made online through **myHR**

Click the **Benefits** tile and then **My Savings Plan Elections**



- Choice of two investment providers Fidelity INVESTMENTS TIAA

- Choice of 25+ investment funds, including the option to select a single fund where the target asset mix changes based on retirement date

Using both Plans to maximize the IRS contribution limit

403(b) Retirement Voluntary Contributions Calculator

Updated for new 2023 IRS contribution limits

Use this calculator to determine the amount of the voluntary contribution per payroll period that will enable you to make the maximum retirement contribution permitted by law.

Northwestern | HUMAN RESOURCES Benefits

ENTER INFORMATION REQUESTED IN BOXES BELOW

Annual Compensation Limit	$ 330,000
Elective Deferrals Limit	$ 22,500
Age 50+ Catch-up Limit	$ 7,500
Defined Contributions Limit	$ 66,000

Enter your base salary Faculty enter anticipated summer salary		Total Earnings	$ -
Matched Retirement (5%, if you have at least 1 year of service)		Basic Plan Contribution	$ -
Enter your age as of December 31, 2023		Maximum contribution	$ 22,500
Total 403(b)/401(k) Contributions in Non-NU Plan		Total Supplemental	$ -
Total 403(b)/401(k) Contributions YTD NU Voluntary Plan		Total Supplemental	$ -
Enter your remaining pay periods in the year**		Annual Retirement Voluntary	$ 22,500

*For Jan-Dec participation use 12 if you are faculty, exempt staff or paid on a monthly basis or 26 if you are non-exempt staff paid on a bi-weekly basis.

Your per pay period Voluntary Plan contribution is:
Enter this amount in Voluntary Retirement

Send questions to askHR@northwestern.edu

Ways to stay engaged with your Retirement Plans

- Read all communications from NU-HR and your investment provider
- Review your account statements
- Go online to review your account details on a regular basis
- Bookmark the NU benefits/retirement website
- Take advantage of educational opportunities – webinars, one-on-one meetings, website resources
- Protect yourself from cyber threats

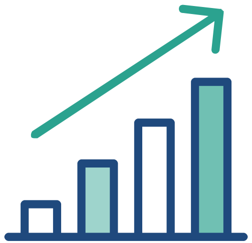
Protect your retirement accounts from cyber threats

Set up online access using a strong and unique password and routinely monitor your accounts

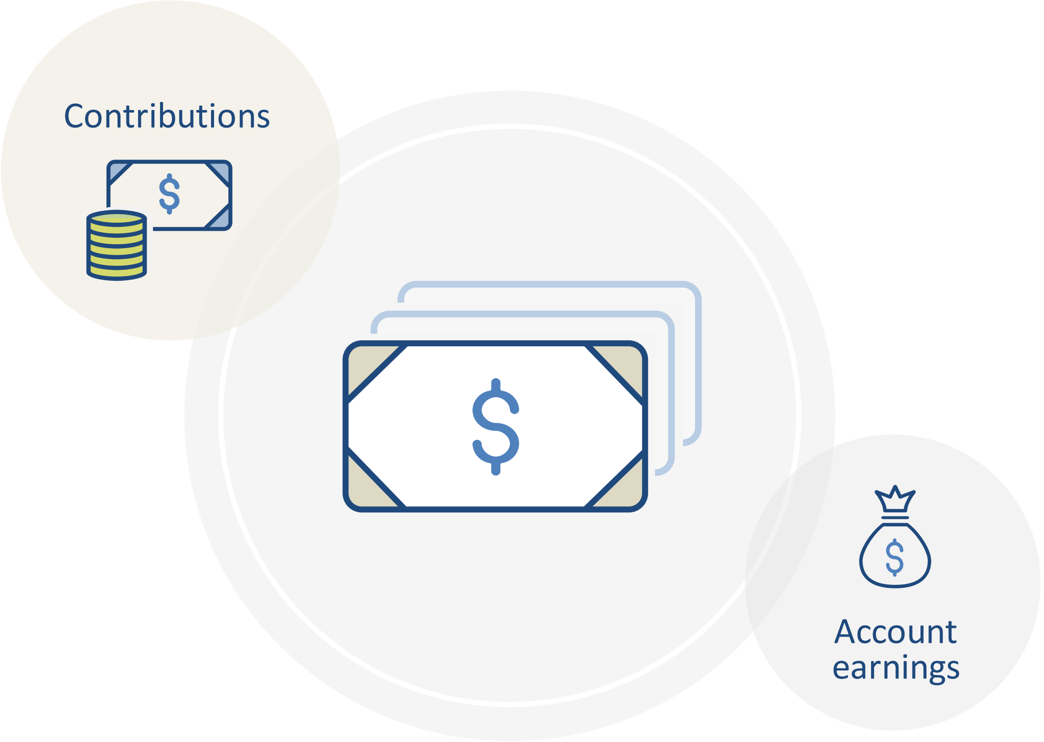
Use multi-factor authentication

Keep personal contact information, such as your phone number and email address, current

Compounding growth potential



COMPOUNDING GROWTH POTENTIAL

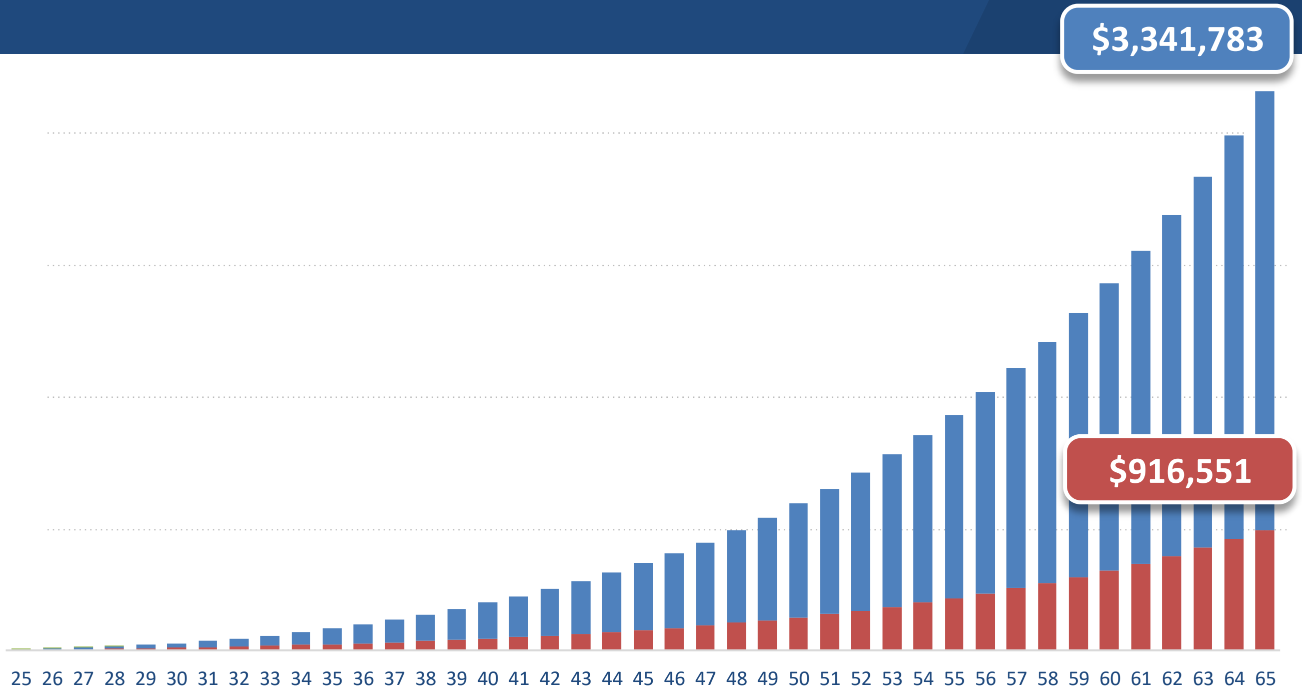


The power of annual contribution increases

Age: 25
Salary: $80,000
Starting balance: $0
Annual rate of return: 7%

PERSON A
Balance **without** annual increase in contributions

PERSON B
Balance **with** annual increase in contributions



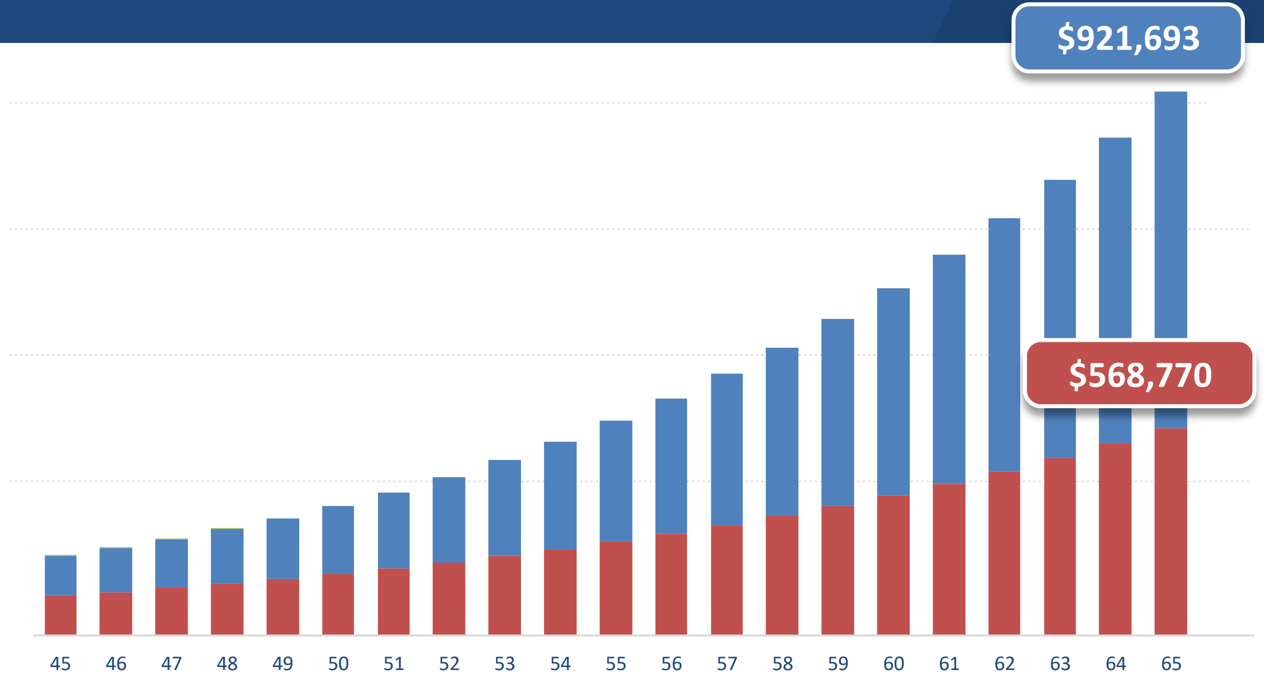
This is a hypothetical example. Assumptions: Person A and Person B both started contributing at 25 years old. Person A contributed 3%/year through age 65. Person B increased contributions 1%/year for 10 years, then stayed at 13% contributions through age 65. Both started out earning $80,000 per year 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.

The power of annual contribution increases

Age: 45
Salary: $80,000
Starting balance: $100,000
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 $80,000 per year and began with an account balance of $100,000. 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.

Finding the right investment mix

Tolerance for risk » **Financial situation** » **Time horizon**

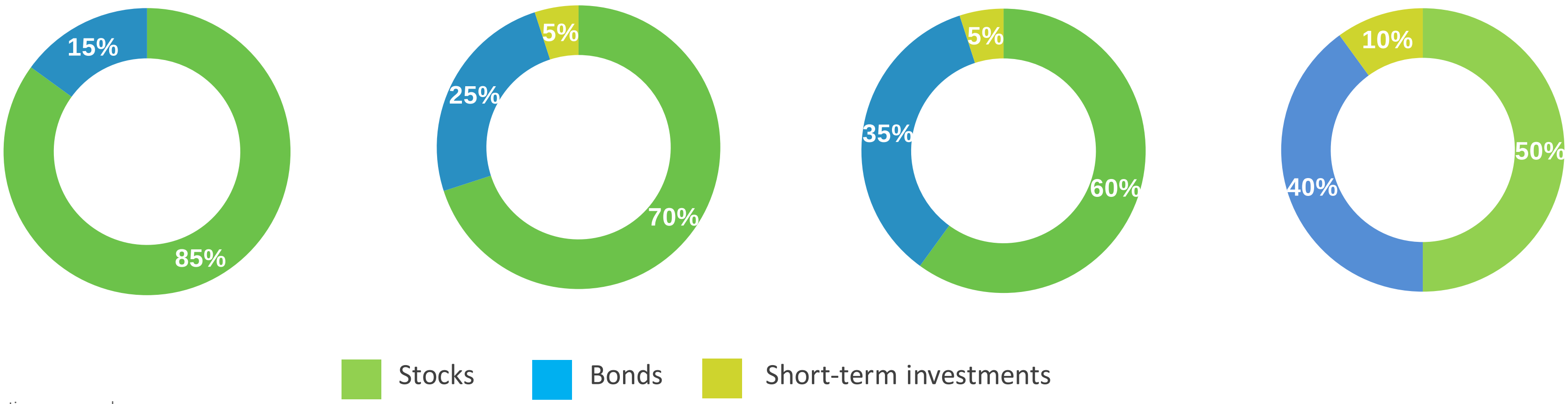
Invest for the long term

Aggressive
Retiring in 13+ years

Growth
Retiring in 9–12 years

Growth with Income
Retiring in 1–8 years

Balanced
Retired 0–5 years



For illustrative purposes only.
Asset allocation does not ensure a profit or guarantee against loss.
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 these time horizon-based default TAMs are 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.

Investment options

Target Date Funds

- 9 funds with allocations designed for early career ('2060 Fund') to in or near retirement ('Retirement Fund')

Money Market (or Short Term)*

- Government

Managed Income (or Stable Value)

Bond

- Diversified

Domestic Equity

- Large Value
- Mid Value
- Small Value
- Large Blend
- Large Growth
- Mid Growth
- Small Growth

International/Global Equity

- Diversified
- Emerging Markets

Specialty – Real Estate

Other Options - Self-Directed Brokerage

A self-directed brokerage account may entail greater risk and is not appropriate for everyone. Additional fees apply to a BrokerageLink account.

*You could lose money by investing in a money market fund. Although the fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

Target date funds — simplified retirement investing

A single-fund approach to investing

Simplicity

Diversification

Ongoing Management

Lifetime Strategy

Target Date Funds are an asset mix of stocks, bonds and other investments that automatically becomes more conservative as the fund approaches its target retirement date and beyond. Principal invested is not guaranteed.
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Five key risks that could impact a comfortable retirement

Longevity

Health care expenses

Inflation

Excess withdrawals

Asset allocation

Why the five key risks are so important

There are many elements you cannot control…

...yet you'll need steady, reliable income to replace your paycheck.

More about inflation

Starting value

Purchasing power after 25 years of inflation

$50,000

$30,477

2%
inflation

$23,880

3%
inflation

$18,756

4%
inflation

All numbers were calculated based on hypothetical rates of inflation of 2%, 3%, and 4% (historical average from 1968 to 2017 was 4.1%) to show the effects of inflation over time; actual inflation rates may be more or less and will vary.

Building and maintaining a portfolio

STEP 1

Define your goals

STEP 2

Build an investment plan

STEP 3

Continuously manage your plan

Your retirement income planning roadmap

Design your plan 50s

- Make good plans
- "Super save"
- Review your current investment mix

Refine your plan 60s

- Determine Social Security strategies
- Reassess risk and investment mix
- Build a detailed financial assessment

Execute your plan 65+

- Begin Medicare eligibility
- Make decisions about a work/life balance
- Prepare for required minimum distributions*

Set up an initial planning session with your investment provider.

*The change in the RMDs age requirement from 72 to 73 applies only to individuals who turn 73 on or after January 1, 2023. After you reach age 73, the IRS generally requires you to withdraw an RMD annually from your tax-advantaged retirement accounts (excluding Roth IRAs, and Roth accounts in employer retirement plans accounts after December 31, 2023). Please speak with your tax advisor regarding the impact of this change on future RMDs.

Take your next step

Call for help

Fidelity – 800-343-0860

TIAA – 800-842-2776

Go online

Fidelity – www.NetBenefits.com/northwestern

TIAA – www.tiaa.org/northwestern

Set up a one-on-one appointment

Fidelity – www.Fidelity.com/schedule or call 800-642-7131

TIAA – www.tiaa.org/northwestern and select Contact Us or call 800-732-8353

Important additional information

Investing involves risk, including risk of loss.

** The 10X savings rule of thumb is developed assuming age-based allocations, a 15% savings rate beginning at age 25, a 1.5% constant real wage growth, a retirement age of 67 and a planning age of 92. The intended goal is to help build retirement savings sufficient to replace approximately 45% of preretirement income to augment Social Security throughout retirement. 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.

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

Information contained within this presentation is subject to change pending final regulations.

The tax information contained herein is general in nature, is provided for informational purposes only, and should not be construed as legal or tax advice. Fidelity does not provide legal or tax advice. Laws of a particular state or laws which may be applicable to a particular situation may have an impact on the applicability, accuracy, or completeness of such information. Always consult an attorney or tax professional regarding your specific legal or tax situation.

The PDF of today's presentation available for download should not be circulated any further and this content is only current for the next 30 days.

This workshop only provides a summary of the main features of the Plan, and the Plan document will govern in the event of any discrepancies.

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