

# Save Smart! Save Early!

## Through the UW 403(b) Supplemental Retirement Program

Imagine! Some day you will want to retire. To live comfortably, you'll probably need around 75% of your pre-retirement income. It can take years of preparation to reach this goal. That's why it's important to make sure every year you are building your retirement assets, which may include:

- Social Security benefits
- Wisconsin Retirement System (WRS) benefits
- Personal Savings, such as 403(b), individual retirement account (IRA), and/or taxable investments

As a Universities of WI employee, you have an opportunity to invest for retirement right from your paycheck through the UW 403(b) Supplemental Retirement Program (SRP). That's saving smart.

**Save Smart!**

Contributions that automatically come out of your paycheck make it easier to save!

With pre-tax 403(b) deductions, your contributions reduce your current taxable income. Both your principal and your earnings grow on a tax-deferred basis.

If you contribute pre-tax, your tax liabilities during your earning years can be substantially reduced.

With Roth (after-tax) deductions, your contributions are included in taxable income in the year they are made, but the account balance and earnings are not taxed when distributed (subject to certain restrictions).

**IN 2024, 12,360  
UNIVERSITIES OF WISCONSIN  
EMPLOYEES CONTRIBUTED  
OVER \$109.7 MILLION TO THE  
UW 403(B) SRP.**

The following example provides a snapshot of how pre-tax deductions work.

A single employee, with no allowances, who earns \$50,000 can save \$2,400 a year in the UW 403(b) SRP at a cost of just \$1,752.

	PRE-TAX	NO 403(b)
Earnings	\$1,923	\$1,923
403(b) Deferral	(\$100)	(\$0)
Fed & State Tax	(\$303)	(\$330)
Social Security	(\$147)	(\$147)
Take-Home Pay	\$1,373	\$1,446

Note: Amounts may differ based on current tax law and deduction schedule

The UW 403(b) SRP participant who made pre-tax contributions in this example pays \$27 per paycheck less in taxes than the non-participating employee and accumulates \$200 per month for retirement at an out-of-pocket cost of \$146.

If you buy mutual funds with non-retirement plan dollars, you owe taxes each year on the dividends and capital gains your investment realizes. If you sell one investment and buy another, you owe taxes on the profit.

With a 403(b), you get to keep and invest the money you would otherwise owe in taxes each year. The extra dollars produce more earnings. In your 403(b) account, you can shift your money among investments without incurring fees or capital gains taxes. And investments in the UW 403(b) SRP are extremely low cost.

Though you must pay income tax on the money you withdraw from your SRP pre-tax account, your net return will be higher than with a taxable account earning the same return.

A qualified distribution from a Roth (after-tax) account is tax-free.

The 403(b) Program is a long-term savings vehicle to be used for retirement. IRS regulations limit the access you have to your savings. You may withdraw your contributions only when you leave employment with the Universities of WI, reach age 59½, or become disabled. Withdrawals before age 59½ may result in tax penalties.

Make TIME your ally:

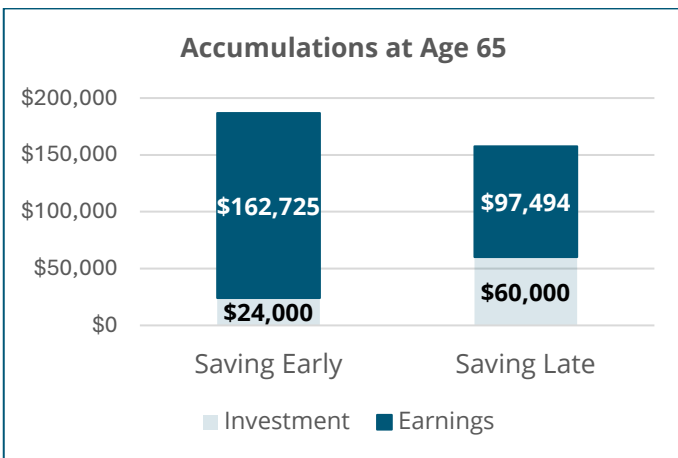
**Save Early!**

With time on your side, even a small investment is worth a lot. A modest investment made early can be worth more than a larger sum invested later.

Here's an illustration:

If you invest \$200 per month between the ages of 30 and 40 (10 years) at a 7% growth rate, then simply let the earnings compound until you reach age 65, your \$24,000 will grow to \$186,725.

But suppose you wait until age 40 to begin saving: \$200 per month for 25 years, from age 40 to age 65, at 7%, will accumulate to \$157,494, even though you invested \$60,000 -- \$36,000 more than in the previous example.



The earlier you start, the greater impact compounding will have on your investment.

The easiest way to increase your savings is to let time work. Time is a precious resource that can never be replenished. Put time on your side by saving early!

## Provider Contact Information

**TIAA**

[tiaa.org/public/tcm/uw](http://tiaa.org/public/tcm/uw)

800-842-2776

**Fidelity**

[netbenefits.com/uofw](http://netbenefits.com/uofw)

800-343-0860

## Investment Options

The UW 403(b) Program offers the same 18 best-in-class investments through two providers – TIAA or Fidelity, including a Guaranteed Fixed Rate Annuity for each provider. Participants can also choose to work through a self-directed brokerage window.

There are Target Retirement Date Funds and other investment options, ranging from conservative to aggressive. You can invest according to your time frame, risk tolerance, and financial goals.

**EVEN WITH A SMALL CONTRIBUTION, YOU CAN INVEST IN YOUR FUTURE THROUGH THE UW 403(B) PROGRAM.**

## How to Get Started

Visit the UW 403(b) Supplemental Retirement Program website [wisconsin.edu/srp](http://wisconsin.edu/srp) to learn more about the program and how to enroll. The Enrollment section of the website has easy-to-follow instructions.

Here is a brief overview:

- Enroll via the [EZ Enrollment](#). This is a one-step process to set up your basic account with the recordkeeper and your contribution election through your paycheck.
- Enroll with a provider online or by paper application. You will also need to fill out a [Salary Reduction Agreement](#) if you choose to set your account this way.

## Start Now!

To reach your retirement goals, you need to save smart and save early!

UW 403(b)  
**SRP**

Investing  
in Your  
Financial  
Future

*Save Smart! Save Early!, page 2*

Rev 03/25

Universities of Wisconsin  
780 Regent Street  
Madison, WI 53715

[wisconsin.edu/srp](http://wisconsin.edu/srp)

