

Save Smart! – Save Early! Through the UW Tax-Sheltered Annuity Program

Imagine! Some day you will want to retire. To live comfortably, you'll probably need at least 75% of your pre-retirement income. It takes years of preparation to reach this goal. That's why it's important to make sure that *every year* of your working life builds retirement assets:

- Social Security benefits
- Wisconsin Retirement System (WRS) pension benefits
- Personal Savings
 - Tax-deferred Investments
 - Taxable Investments

As a UW employee, you have an opportunity to make tax-deferred investments through the UW Tax-Sheltered Annuity (TSA) 403(b) Program. You can invest for retirement right from your pay check, and postpone taxes on both your investment and your earnings. **That's saving smart.**

If you **Save Smart** in a TSA Plan, you defer taxes both on your current income and on the earnings that accumulate.

The dollars you put in the TSA 403(b) Plan are deducted from your salary before your income tax is calculated. You pay no income tax on your TSA contributions or earnings until you withdraw the money from your account.

**In 2006,
11,432 UW employees
put aside \$74.6 Million in the
UW TSA 403(b) Program.**

Your tax liabilities during your earning years can be substantially reduced.

For example:

An employee who earns \$36,000, is married, and has two deductions can save \$2,400 in the TSA Plan at a cost of just \$1,853.

Here's how it works on a monthly basis:

	TSA	No TSA
Earnings	\$3500.00	\$3500.00
TSA Deferral	(200.00)	0
Fed & St Tax	(438.90)	(484.50)
Social Sec	(267.75)	(274.75)
Take-Home Pay	\$2593.35	\$2747.75

The TSA participant in this example pays \$45.60 per month less in taxes than the non-participating employee and accumulates \$200 per month for retirement at an out-of-pocket cost of \$154.40.

The earnings on the TSA investment also accumulate tax-deferred. Unlike taxable investments, a TSA investment incurs no annual tax on capital gains or dividends, and you can move your investments within the Program without tax liabilities. That lets you keep more investment dollars growing.

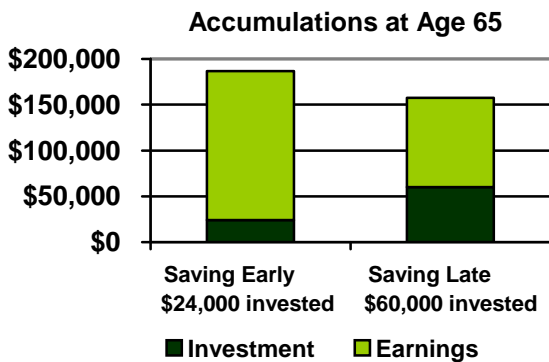
Your TSA funds are taxed as ordinary income when you withdraw them, usually after age 59 ½. Early withdrawals from a TSA are restricted by the tax code and often carry a tax penalty.

Make Time your ally:
Save Early!

If you have 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 only \$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.

With as little as \$20 per month or \$8 per biweekly payroll, you can invest in a mutual fund or insurance annuity authorized by the TSA Review Committee.

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!

TSA Investment Opportunities

The UW TSA 403(b) Program offers investments through three no-load mutual fund companies, TIAA-CREF, two insurance companies, and the Wisconsin Retirement System. There are over 300 investment options available to you, ranging from conservative to aggressive. You can invest in one or several according to your time frame, your risk tolerance, and your financial goals.

How to Get Started

- **Learn more about the Program.** The *UW TSA Question and Answer Guide* and a complete list of investment returns are available on our website at www.uwsa.edu/hr/benefits/retsav/tsa.htm or from your campus benefits office. Benefits staff can answer your questions about how much you can contribute and how much you will save in taxes.

- **Choose your investments.** Contact one or more authorized companies, listed below, and request a UW 403(b) enrollment kit. The companies can explain their products and help you decide what's right for you. The web page *How to Enroll in the TSA Program* www.uwsa.edu/hr/benefits/retsav/tsaenroll.htm has easy to follow instructions and links to online enrollment with many of our investment companies.
- **Sign up.** Once you have signed up with a company, file a Salary Reduction Agreement (SRA) www.uwsa.edu/hr/sra.htm with your benefits staff. You can change or discontinue your participation at any time by filing a new SRA. ■

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UWS-33 9/2007

UW TSA 403(b) Program Investment Company Contacts & Fees

	UNIVERSITY FEE:	\$9.00 per year, deducted from payroll when you join the Program and in early March each year thereafter.		
	COMPANY FEES	ANNUAL FEE	SURRENDER/REDEMPTION CHARGE	MORTALITY/RISK CHARGE
Insurance Companies	Ameriprise/RiverSource 877-640-6894 www.ameriprise.com	\$30 New contract only: Waived for accounts over \$50,000	Old contract: 7% years 1-3; declining to 0% in year 9 New contract: 7% years 1-3, thereafter 0%. Contracts issued after 1-1-2008 will have no surrender charge.	Old contract 1.00% New contract 1.10% 2008 contract 1.25%
	Lincoln National Life 608-231-2231 or 800-967-2046 www.lfg.com	None	Old Contract: 8% for 5 years; then 4% for 3 yrs; then 0% New Contract: 6% yrs 1-3, declining 1% per year to 0% in yr 9. Contracts issued after 1-1-2008 will have no surrender charge.	1.002%
	TIAA-CREF 800-842-2776 www.tiaa-cref.org/	None	None	005% (Included in the expense ratio)
Mutual Fund Companies	Dreyfus 800-358-0910 www.dreyfus.com	None	No surrender charge. Certain funds have a short-term trading fee – a redemption charge on shares held less than a minimum period. See prospectus for details.	–
	Fidelity 800-343-0860 www.fidelity.com/atwork	None	No surrender charge. Certain funds have a short-term trading fee on shares held less than a minimum period. Fidelity Select Funds have a standard short-term redemption fee and an exchange fee that can be waived by executing exchanges online. See prospectus for details.	–
	T.Rowe Price 800-492-7670 www.troweprice.com/wisconsin	None	No surrender charge. Certain funds have a short-term trading fee – a redemption charge on shares held less than a minimum period. See prospectus for details.	–
	Wisconsin Retirement System 608-266-3285 or 877-533-5020 etf.wi.gov	None	No withdrawal or transfer permitted before employment terminates; after termination – no surrender charge.	–