



## UNIVERSITY OF WASHINGTON VOLUNTARY INVESTMENT PROGRAM

### WHAT IS THE VOLUNTARY INVESTMENT PROGRAM (VIP)?

The VIP is an optional, unmatched retirement savings opportunity, under Section 403(b) of the federal government's Internal Revenue Code (IRC).

University of Washington employees can use the VIP either to tap into the tax advantages of pre-tax savings, or by making after-tax (Roth) contributions to create a tax-free account for retirement. The VIP lets you save beyond the University's mandatory retirement plans. It's not necessary to be enrolled in one of the UW retirement plans to use the VIP, and you may enroll at any time.



### ROTH 403(B) CONTRIBUTION FEATURE FOR VIP

The Roth 403(b) contribution feature allows for qualified after-tax contributions to grow and be withdrawn tax free, subject to IRS restrictions on withdrawals (see footnote). Unlike a traditional pre-tax 403(b), the Roth 403(b) allows you to designate all or a portion of your VIP 403(b) contributions as an after-tax Roth contribution. Talk with a Fidelity Retirement Planner for help deciding whether participating in the Roth 403(b) makes sense for you.

### WHO CAN PARTICIPATE IN THE VIP?

As a University employee, you're eligible to participate in the VIP, unless you are a nonresident alien who receives no U.S.- source earned income.

### WHAT ARE THE ADVANTAGES?

VIP deductions can be taken from your gross salary either before or after federal income taxes are calculated. It's up to you. You can choose to pay less tax now and allow the contributions to grow tax-deferred until you request a distribution, or you can elect to contribute to VIP Roth, in which case your contributions and any earnings may be tax-free in the future (see footnote). You can choose to contribute either way—or both. VIP contributions are automatically deducted from your paycheck. Finally, the VIP allows you to change the amount you save—or begin or end contributions—within any pay period throughout your participation.

### WHAT SHOULD I CONSIDER REGARDING VIP PARTICIPATION?

VIP funds should be regarded as unavailable until you reach age 59 ½ or separate from the University, with the exception of a loan or hardship withdrawal. Distributions from any pre-tax contributions may be subject to federal income taxes, and a 10% IRS penalty may apply. Please refer to Section 6 of the VIP Plan document for more information: [hr.uw.edu/benefits/retirement-plans/optional-retirement-plans/uw-voluntary-investment-program](http://hr.uw.edu/benefits/retirement-plans/optional-retirement-plans/uw-voluntary-investment-program).

### LIMITS AND PROVISIONS

You can contribute as little as \$15 per pay period (for each pre-tax or Roth election) and as much as 75% of your pay, not to exceed the overall 403(b) maximum IRS contribution limits for a combination of pre-tax and Roth contributions. The IRS sets maximum annual limits on employee and employer contributions to defined contribution retirement plans like the UW Retirement Plan (UWRP) and VIP. If you are age 50 or over, you can contribute more than the general maximum contribution limits due to the "Age 50 Catch-up" provisions. More information about these maximum contribution limits can be found at [hr.uw.edu/benefits/retirement-plans/optional-retirement-plans/uw-voluntary-investment-program](http://hr.uw.edu/benefits/retirement-plans/optional-retirement-plans/uw-voluntary-investment-program).

Ultimately adhering to the IRS Limits are the employees responsibility. The UW will ensure compliance with IRS rules.

**NOTE:** In the event of either retirement or termination, your earnings can be withdrawn tax free as long as it has been five tax years since your first Roth 403(b) contribution and you are at least 59½ years old. In the event of death, beneficiaries may be able to receive distributions tax free if the deceased started making Roth contributions more than five tax years prior to the distribution. Review potential tax impacts with your tax advisor.

## INVESTMENTS

The University of Washington has selected Fidelity Investments as the master administrator for the VIP. Fidelity hosts the mutual funds authorized by the UW for the plan. In addition, there are several annuities available through TIAA. You can select from a variety of mutual funds and annuities, or you can explore use of Fidelity BrokerageLink, a self-directed brokerage account which provides expanded investment choices from thousands of mutual funds.

How an investment performs hinges on many factors. As an investor, you can't control many of these factors—the returns of the markets, for example. But you can control others—such as how you approach investing, the factors you deem important in developing your portfolio and keeping it on track, the cost of the investments you choose, and what you look for when choosing the investment companies with whom you do business. Investors who focus on the factors that they can control will have taken the most effective approach toward investment success over the long term.



## ENROLL IN THE VIP

Before you enroll, please review the online information to learn more and make sure that the VIP is right for you. Then, you will need to determine the specific funds in which you wish to invest. You can enroll in VIP online at the UW Fidelity website: [NetBenefits.com/UW](https://www.netbenefits.com/uw)

## WHEN DO I HAVE TO BEGIN RECEIVING PAYMENTS FROM MY VIP?

For your pre-tax contributions to the VIP and any earnings, the Internal Revenue Code requires that you begin receiving required minimum distributions by April 1 of the year following the year you turn age 72 or retire from the UW, whichever is later. If you are still employed by the UW after you turn 72, you may delay distributions until your retirement, and you may continue to contribute to your account.

You are not required to start receiving required minimum distributions for your Roth contributions and earnings to the VIP. Your Roth contributions and earnings to the VIP are not taxed when accessed as long as it has been five tax years since your first Roth 403(b) contribution and you are at least 59½ years old.

## WHERE CAN I GET MORE INFORMATION?

- Contact UW Benefits at 206-543-4444, [benefits@uw.edu](mailto:benefits@uw.edu) or visit [hr.uw.edu/benefits/retirement-plans](https://hr.uw.edu/benefits/retirement-plans)
- Contact Fidelity at 1-800-343-0860
- Contact TIAA at 1-800-842-2252

## QUESTIONS & COUNSEL

As your VIP plan administrator, UW Benefits provides general education to help you make choices that suit your individual situation and goals. However, UW Benefits cannot provide specific investment, tax, or legal advice. If you have questions that are not of an administrative nature, please discuss them with qualified financial, tax, or legal counsel.

[11/2021]

