A Guide To Investing In Your Future
Will you be able to live the life you want after you stop working?

Experts estimate that you will need 85% of your annual pre-retirement income to meet expenses each year in retirement. Facing rising health care costs, inflation, and a retirement that may last 30 years or more, you may need to save more to enjoy the retirement lifestyle you desire.

Most retirees find that income from their employer retirement plans and Social Security is not enough to maintain the standard of living they would like to enjoy during retirement. To be truly comfortable, most people need personal savings as well.

Within The Texas A&M University System retirement programs, you have a choice of additional optional plans which are intended to supplement your mandatory retirement plan (TRS or ORP). This guide will help you choose a plan that is right for you.

Most of your retirement income will come from four sources:

1. Your mandatory retirement plan - Teacher Retirement System (TRS) or the Optional Retirement Program (ORP)
2. Other employers’ retirement plans
3. Your personal savings
4. Social Security
Saving For Retirement

You may think you are too young to begin planning for retirement, but the sooner you start saving, the more comfortable your retirement years will be. When you start saving at a young age, not only are you able to contribute more to savings, but your investment earnings over the years will make your account even larger.

The average family in the U.S. in 2016 has a mean retirement savings of $95,776 as reported by the Economic Policy Institute (EPI). The median, or those at the 50th percentile, is just $5,000, reflecting families with little to no savings. The EPI explains that the large difference between the mean and median suggests that the accounts of families with the most savings are driving up the average.

In 2013, fewer than 1 in 10 families in the bottom income fifth had retirement account savings.

Let’s look at what would happen if you saved just during your first 10 years of employment, say from age 25 to 35, and then simply left your savings invested until age 65. We will compare that to what would happen if you saved only during your last 10 years of employment before retiring. In both cases, we will assume you saved $100 a month and earned 8% a year on your savings.

As you can see, saving early is a major advantage. Of course, if you start early and continue to save throughout your career, you will have far more in savings for a secure retirement.
Plans at a Glance

Mandatory Plans

Teachers Retirement System of Texas (TRS) — A mandatory retirement program in which all benefit eligible employees are automatically enrolled unless they qualify for, and elect to participate in, the Optional Retirement Program (ORP). This is a defined benefit plan which enables you to receive a lifetime annuity upon retirement based on a set formula.

Optional Retirement Program (ORP) - A mandatory retirement program in which qualified employees, generally faculty and high-level administrators, choose to participate as an alternative to TRS. This is a defined contribution plan under Internal Revenue Code 403(b) with employee and employer contributions. With a defined contribution plan, you decide how to distribute your funds during retirement.

Voluntary Plans

Tax-Deferred Account Program (TDA) - A voluntary program in which you may make pre-tax or after-tax (Roth) contributions. This is a defined contribution plan under Internal Revenue Code 403(b). Upon retirement, you decide how to utilize your account balance.

Texa$aver Deferred Compensation Plan (DCP) – A voluntary program to which you make pre- tax or after tax (Roth) contributions. This is a defined contribution plan under Internal Revenue Code 457(b). Upon retirement, you decide how to utilize your account balance. The Employees Retirement System of Texas (ERS) administers this plan through Empower Retirement.

How To Enroll

The enrollment process varies depending on the type of plan. Please review the enrollment steps below for each of the plans available to you.

**TDA**
1. Select an Investment Vendor
2. Complete a Vendor Application
3. Complete a TDA Salary Reduction Agreement (HR 17) which is available from your Human Resources office or on the A&M System benefits website.
4. Turn the form into your Human Resources or Payroll office.
**You may also use this form to change your vendor at any time. Your vendor will ask you to complete a vendor application as well.**

**ORP**
If you are eligible and choose to enroll in ORP during your one-time irrevocable eligibility period, you need to:
1. Select an Investment Vendor.
2. Complete a Vendor Application.
3. Complete an ORP Salary Reduction Agreement (HR 14), which is available from your Human Resources office or on the A&M System benefits website.
4. Turn the form in to your Human Resources or Payroll Office.
**You may also use this form to change your vendor at any time. Your vendor will ask you to complete a vendor application as well.**

**Texa$aver DCP**
2. The website contains instructions on how to enroll and details the investment options available to participants of the plan.
3. You may also contact a representative directly at (800) 634-5091.
**Teacher Retirement System (TRS) Optional Retirement Program (ORP)**

- All benefit-eligible employees are automatically enrolled
- Defined benefit plan
- TRS controls/monitors investments
- Benefit based on a formula including years of service and salary
- Pre-tax employee contributions
- Employer contributions
- Vested after 5 years of service credit
- Vested right to a lifetime annuity upon retirement
- Disability benefit available

- May be chosen (irrevocably) by certain eligible employees during initial period of eligibility as an alternative to TRS
- Defined contribution plan 403(b)
- You manage your investments
- Account growth based on performance of your selected investment portfolio
- Pre-tax employee contributions
- Employer contributions
- Vested in employer contributions after one year and one day
- No disability benefit available
- Rollovers permitted from other Texas ORP plans only
- Distributable events – termination of employment from all Texas institutions of higher learning, retirement, death, or reaching age 70 1/2

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<table>
<thead>
<tr>
<th>Tax-Deferred Account (TDA)</th>
<th>Texa$aver DCP</th>
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</thead>
<tbody>
<tr>
<td><strong>Employee Contributions</strong></td>
<td>Pretax dollars</td>
</tr>
<tr>
<td>Pretax dollars</td>
<td>After tax dollars</td>
</tr>
<tr>
<td><strong>Employer Contributions</strong></td>
<td>None</td>
</tr>
<tr>
<td>Taxable when withdrawn</td>
<td>Tax free when withdrawn</td>
</tr>
<tr>
<td>Tax free when withdrawn</td>
<td>Taxable when withdrawn</td>
</tr>
<tr>
<td><strong>General Contribution Limits</strong></td>
<td>$18,000 IRS maximum for both traditional and Roth sources. (Each dollar of a Roth contribution reduces the amount that can be contributed pretax, and vice versa.)</td>
</tr>
<tr>
<td><strong>Over Age 50 Catch-Up</strong></td>
<td>$6,000 combined between traditional and Roth</td>
</tr>
<tr>
<td><strong>Three Years Prior to Retirement Catch-up (Special Catch-up)</strong></td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Distribution Events</strong></td>
<td>Termination, retirement, death, or reaching age 59 1/2</td>
</tr>
<tr>
<td><strong>Early Distribution</strong></td>
<td>Distributions made prior to age 59 1/2 will be subject to ordinary income tax and possibly a 10% penalty</td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td>Yes**</td>
</tr>
<tr>
<td><strong>Hurdships</strong></td>
<td>Yes**</td>
</tr>
<tr>
<td><strong>Contract Exchanges/Transfers</strong></td>
<td>Yes***</td>
</tr>
<tr>
<td><strong>Rollovers</strong></td>
<td>May rollover from another eligible retirement plan. Roth IRAs are not accepted.</td>
</tr>
</tbody>
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**Approved Vendors**

The A&M System requires vendors to meet certain criteria including, for example, maximum allowable fees, Roth availability, and minimum participation standards.

The following are Texas A&M University System approved retirement vendors who will partner with you to invest your contributions. You may actively contribute to one vendor for ORP and up to two for TDA. The approved vendors are:

- **Voya** 1-800-873-5518 [https://texasam.beredeartire.com/](https://texasam.beredeartire.com/)
- **Lincoln Financial Group** 1-800-454-6265 [https://www.lfg.com/tamu](https://www.lfg.com/tamu)
- **Pentegra** 1-866-633-4015 [http://www.pentegra.com](http://www.pentegra.com)
- **TIAA** 1-800-842-2776 [https://www.tiaa.org/tamus/](https://www.tiaa.org/tamus/)
- **VALIC** 1-800-448-2542 [https://tamus.valic.com/](https://tamus.valic.com/)

The approved providers all offer a wide variety of investment opportunities. A summary of the investments and services offered by each vendor is included in this brochure.

**Manage Your Investments Directly Through Your Vendor**

Once you have enrolled with a provider, you will manage your account directly through them. You will have direct online access to your account information and a toll-free number where you can speak with a representative.
Selecting a Vendor

Planning and research are the keys to maximizing your investments. Ask friends and colleagues who have invested successfully which products and companies they selected. Study product performance information using websites like www.morningstar.com for mutual funds or www.moodys.com for rating annuity companies. Narrow your choices, and then visit with a vendor representative. Some important questions to ask include:

- How long has this company been in business?
- Where is your office? If you’re not available to answer questions or help me with my account(s), will anyone else be able to do so?
- How are you paid? What incentives are you given for servicing my account(s)? Do you get more commission or incentive for selling certain products?
- How many A&M System clients do you have?
- How many companies do you represent?
- How do you decide which products to recommend to particular clients?
- Do you offer both fixed investments with guaranteed interest rates and variable, high-growth investments?
- What have the earnings been on each product over the past year/five years/ten years?
- What fees will I have to pay (such as commissions, management fees, etc.)?
- What risks are associated with each option?
- Can I invest in a combination of funds, and can I transfer money between funds? Is there a fee for transferring money?
- What payment options do you offer at retirement?
- How often do you provide account statements, and what information do they include?

Investment Options

The six approved vendors each offer a wide variety of investment products. Not all vendors offer investments in each category. Investment product information can be found at the end of this brochure.

Each vendor has representatives who can meet with you to help you choose investments for your retirement portfolio. In addition, many provider websites offer online planning tools to help you manage and track your portfolio on your own. To schedule a consultation, contact your vendor directly.

Asset Allocation or Lifecycle Options

These are mutual funds designed for investors who want a simple yet diversified approach to investing. They are professionally managed and periodically rebalanced according to their investment objective. Lifecycle funds are rebalanced according to a target retirement date; asset allocation funds are rebalanced based on risk objectives.

Core Investment Options

These include a limited menu of investment options that represent mutual funds invested primarily in three major classes (stocks, bonds, and short-term investments). This is for investors who are comfortable diversifying investments on their own or with the assistance of an investment advisor and/or asset allocation tool.

Expanded Options

These include a larger menu of investment options for more sophisticated investors. These are for investors who are comfortable managing a portfolio, either on their own or with the help of an investment advisor, and understand how to research, evaluate, and monitor a variety of investments.

Annuity Options

Some providers also offer fixed and/or variable annuity products. An annuity is a contract with an insurance company. You can accumulate contributions through a variety of investment options, including mutual funds and guaranteed fixed-interest accounts. An annuity also provides you the option of receiving regular income payments over your lifetime or for another specified period of time and may provide a guaranteed death benefit for your beneficiary. Check with each provider for the guarantees contained in their contracts.
Frequently Asked Questions

How often can I change my contribution amount to my Tax-Deferred Account (TDA)?
You may change your contribution amount once each month. Complete a TDA Salary Reduction Agreement/Change of Vendor form and send it to your Human Resources or Payroll Office.

How often can I change Optional Retirement Program (ORP) or TDA vendors?
You may change your vendor whenever you choose. Complete a TDA or ORP Salary Reduction Agreement/Change of Vendor form and submit it to your Human Resources or Payroll Office. Then visit with your vendor representative to enroll in a product. Your new vendor must be on the approved vendor list on page 10.

Do I have to transfer my existing ORP or TDA account in order to change vendors?
No. You may leave your existing account with your former vendor and change future contributions to a new vendor. You may also contribute to two different TDA vendors at the same time.

What is the difference between a Roth TDA or DCP and a traditional TDA or DCP?
With a traditional TDA or DCP, your contribution is deducted from your pay before federal income tax is calculated, so you do not pay current income tax on your contributions or on the investment earnings on your savings. When you make withdrawals from your TDA or DCP account upon retirement, you will pay federal income tax on the withdrawals. With a Roth TDA or DCP, your contribution is deducted from your pay after federal income tax is calculated, so you pay current income tax on your contributions. You do not pay income tax on your investment earnings now or in the future. When you make withdrawals from your Roth TDA or DCP account upon retirement, you will not pay federal income tax on the withdrawals.

Are loans or hardship withdrawals allowed from an ORP account?
No. Texas state law prohibits distributions, including loans and hardship withdrawals, under the Optional Retirement Program (ORP) until a participant retires, dies, reaches age 70½ or terminates employment with all Texas public institutions of higher education.

Are loans or hardship withdrawals allowed from a TDA account?
Yes. The TDA program does allow loans and hardship withdrawals. Not all TDA vendors offer loans and hardships. Hardship withdrawals include major unreimbursed medical expenses, college costs for immediate family members, purchase of your primary residence or payments to prevent eviction from or foreclosure on your primary residence. If you receive a financial hardship withdrawal, federal law requires that plan contributions be suspended for six months.

Can I contribute to the TDA and the Texa$aver DCP at the same time?
Yes. The TDA and the Texa$aver DCP are two separate plans with separate contribution limits.

Can I contribute to both a traditional TDA and a Roth TDA?
Yes; however, both are subject to the same total TDA annual limit.

What if I leave A&M System employment?
You may leave your account invested until retirement but may make no further contributions. You may withdraw your funds, but you will pay a 10% penalty tax unless you are disabled, you reach age 59½, you retire at age 55 or older, or you take an annuity at any age. You may roll your account balance into a similar plan without penalty.

Retiring to the life you want requires planning, investing, and most importantly, time.
If you’re like most people, you want your hard-earned retirement savings to be in good hands. Consider America’s retirement savings plan leader,1 Fidelity Investments,2 and take advantage of our experience to help you build a more rewarding future.

Put These Key Advantages to Work for You.
As a leading provider of workplace retirement savings plans today, no one makes planning for retirement easier. When you choose Fidelity, you get: Service excellence you can count on. Chances are, you already know Fidelity by reputation. Founded in 1946, Fidelity has always been driven by a passion for accuracy, top technologies, and the highest ethical standards. A relationship with us means you can count on accurate statements and information, as well as timely assistance with your questions.

Unmatched Experience to Meet Your Needs.
Fidelity serves more than 24 million customers,3 and we bring that experience to help you manage your priorities at every stage of your life. And because our plans are offered at thousands of tax-exempt organizations, we understand how employees like you can make the most of your retirement program.

Investment Options — When it comes to mutual funds, Fidelity has a long-standing commitment to research and performance. By investing your ORP and TDA contributions at Fidelity, you have access to hundreds of investment products, all categorized in an easy-to-understand format. You have the flexibility to select from Fidelity and non-Fidelity investment options (including life cycle funds) that range from more conservative to more aggressive, making it easier for you to develop a well-diversified investment portfolio.

www.netbenefits.com/texasm — This convenient Web site will provide all you need to know about your Texas A&M University System plans, and how to enroll with Fidelity. No login is necessary to obtain more information.

1-800-343-0880 — Fidelity Representatives are knowledgeable and committed to helping you learn more about Fidelity and about understanding your retirement options.

On-campus, in-person meetings — To view the latest schedule of on-campus meetings with a Fidelity Workplace Planning & Guidance Consultant, and reserve an appointment for yourself, you are invited to visit getguidance.fidelity.com. Helpful Hint: If you don’t want to wait until your Fidelity Workplace Planning & Guidance Consultant’s next on-campus visit, call and speak to a representative at 1-800-642-7131. Our representatives can help answer your questions about enrollment, transfers, and rollovers. No appointment is needed to speak to a representative over the phone.

Before investing in any mutual fund, consider the investment objectives, risks, charges, and expenses. Contact Fidelity for a prospectus or, if available, a summary prospectus containing this information. Read it carefully.

Investing involves risk, including risk of loss.

1 Based on two surveys: The PLANSPONSOR magazine 2015 Recordkeeping Survey (© Asset International Inc.), based on defined contribution plan assets administered and number of participants of recordkeepers, as of 12/31/2014; and Cerulli Associates: The Cerulli Edge—Retirement Edition, Q2 2015, based on an industry survey of firms reporting total IRA assets administered for Q1 2015.
2 As of September 30, 2015

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* Data provided by Morningstar and is subject to change. Lincoln Financial does not guarantee its accuracy.

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For more information regarding Lincoln’s financial strength, please visit LincolnFinancial.com/retirement.

Product Highlights
Lincoln Financial offers a mutual fund program and a group variable annuity product.

Lincoln Alliance® Program offers:

- 29 core mutual funds
- Vanguard Fund offerings
- 9 Target Date Models
- 9 Risk Based Models
- Fixed Annuity (3% minimum)
- No surrender charges

Participant Service Options

- Access to your account is available 24 hours a day, 7 days a week at LincolnFinancial.com/TAMU.
- Knowledgeable customer service representatives are available from 7:00 a.m. to 7:00 p.m. CST by calling 1-800-234-3500.
- Your local Lincoln Financial representative is available to assist you with your retirement planning needs, from enrollment to retirement. Please visit LincolnFinancial.com/TAMU for a listing of local Lincoln Financial representatives.
- Various educational materials providing detailed information about Lincoln Financial’s products and services, investments, market conditions and retirement planning needs are available at any time at no charge.
- Local seminars on various interesting topics are offered.

Fees and Restrictions

Lincoln Alliance® Program offers:

- No annual administrative fees
- No surrender charges
- Possible 20% annual limit on Fixed Annuity transfers
- No M&E fee

How to Enroll
Contact your Lincoln Financial professional to help you enroll in your retirement plan or visit the URetirement Manager website for information on Lincoln Financial’s retirement programs, developed exclusively for The University of Texas employees. For a complete list of Lincoln Financial representatives by institution, please visit our website LincolnFinancial.com/TAMU.

Investors are advised to consider the investment objectives, risks, and charges and expenses of the investment, and for the variable annuity its underlying investment options carefully before investing. The applicable prospectus contains this and other important information about the investment. Please call 1-800-234-3500 for a free prospectus. Read it carefully before investing or sending money.
Pentegra 403(b) Advantage

The Difference
Pentegra was founded in 1943 and has over 70 years of experience providing retirement plan services to financial institutions, corporations, municipalities, non-profit organizations and educational institutions. With over $11 billion in assets under management, we serve more than 100,000 participants nationwide.

We believe retirement plan solutions should be as individual as you are. At Pentegra, we recognize the diverse needs of every participant, and work closely with plan sponsors, participants and advisors to develop personalized 403(b) solutions that help everyone achieve their retirement goals.

As an independent retirement provider, Pentegra’s unique approach to 403(b) plan management offers a distinct advantage. Our independent approach means that participants can work with their choice of independent advisors as well as investment funds to structure the best retirement program for your needs, with no proprietary fund requirements or minimum investment.

Investment Choice
At Pentegra, we understand that investment flexibility is important to participants. When it comes to retirement, you want choice. That’s why we offer access to thousands of investment funds, with no minimum investment or proprietary fund requirements. Our customized approach is designed to help you and your advisor build a plan based on what you think is important, not us.

Independent Advisors
Pentegra partners with local, independent, investment advisors. Our partner advisors are registered investment fiduciaries who are obligated by law to put the best interests of their clients first. They will work with you to design a plan that works for your individual goals and situation. Their services are always provided in a fee-based, objective, commission-free environment.

Account Access
All forms can be found through your participant online access. For new participants, contact 403b-ops@pentegra.com or 1-866-634-5873:

- 403(b) Enrollment Application Form
- 403(b) Exchange/Transfer Form (if rolling over assets)

Mutual funds and other securities are NOT insured by the FDIC or any other government agency, and are not deposits or other obligations of, or guaranteed by any financial institutions or Pentegra Services, Inc. or any of its affiliated companies. Investment in mutual funds and other securities will fluctuate, so that an investor’s shares when redeemed may be worth more or less than their original cost and are subject to investment risk, including the possible loss of the principal amount invested.

About TIAA

With $915 billion in total assets under management, TIAA has been serving people who work at nonprofit organizations for almost 100 years. Today, millions of people who work at academic, research, medical, government and cultural organizations rely on our wide range of financial products and services to help support their financial well-being. We offer an array of investment options under your retirement plan that focus on long-term outcomes, like lifetime income.

TIAA offers the following advantages:

- Personalized advice—TIAA financial consultants offer participants personalized one-on-one advice and education based on the plan’s investment options—via phone, in person and online.
- Financial education—we engage employees with relevant savings messages tailored to their life stages and communication preferences.
- Income options for every need—Our fixed and variable annuities give employees choices, including lifetime income and other flexible options.

Get personalized help from TIAA

To schedule an appointment with a TIAA consultant, call 800-732-8353, weekdays, 7 a.m. to 7 p.m. (CT). For information about how to enroll or to discuss your account, call 800-842-2252, weekdays, 7 a.m. to 9 p.m. and Saturday, 8 a.m. to 5 p.m. (CT).

1. Assets under management as of September 30, 2016.
2. Any guarantees under annuities issued by TIAA are subject to TIAA’s claims-paying ability. Payments from the variable accounts will rise or fall based on investment performance.

You should consider the investment objectives, risks, charges and expenses carefully before investing. Please call 877-518-9161, or go to TIAA.org/tamus for current product and fund prospectuses that contain this and other information. Please read the prospectuses carefully before investing.

Certain products and services are only available to eligible individuals.

Investment, insurance, and annuity products are not FDIC insured, are not bank guaranteed, may lose value, are not bank deposits, are not insured by any federal government agency, and are not a condition to any banking service or activity.

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Everyone wants a future worth looking forward to. Helping people achieve their goals is what VALIC is all about. It’s called being FutureFIT—which stands for Freedom. Individually Tailored®. FutureFIT is a smarter, more personalized approach to help you prepare for your future, one that’s easier to relate to and encourages you to take action toward your goals. It’s about owning your future — living tomorrow how you choose. Some key features of the FutureFIT experience include:

- FutureFIT Calculator — A dynamic retirement calculator that projects your current savings into future monthly retirement income
- FutureFIT University — Interactive educational modules to share with your family
- Education Center — Curated content including articles, videos and more, tailored to your individual interests

Choose from a wide array of investment options from well-known mutual fund companies to help you create an investment strategy that’s right for you.

Beyond nine to five
When class is dismissed, it doesn’t mean your day ends. Financial advisors are available to meet face-to-face when it’s convenient for you — between classes or after the final bell — to provide comprehensive financial planning, at no cost.

Turn-by-turn directions for your goals
Guided Portfolio Services® (GPS) is an investment advice and managed account program to help with retirement readiness. GPS offers objective investment advice from independent financial expert, Morningstar Investment Management LLC. GPS is offered through VALIC Financial Advisors, Inc. and is available for an additional fee. For more information, contact your local financial advisor.

Great things come to those who don’t wait
Enrolling is easy:
- Online: VALIC.com/tamus
- By phone: 1-800-448-2542
- In-person appointments: Contact your local Texas A&M University System office

Your Future is Calling. Meet it with Confidence.

With Voya®, you enjoy the flexibility to build a portfolio that supports your unique retirement goals. You can choose from a tax deferred variable annuity program or a mutual fund program offered through a custodial account, or a combination of the two programs.

Experienced Representatives Working for You
Voya’s local investment representatives average 25 years of experience and are located on campus to help you:
- Identify your retirement goals and develop long-term retirement savings strategies.
- Understand how to adjust your asset allocation to address lifestyle changes, age, years to retirement, and market conditions.
- Refine your investment strategy, if necessary, as you approach retirement.
- Transition from accumulating assets to withdrawing income after you retire.

Our representatives use tailor-made seminars and tools to assist you at every stage of retirement planning. Our Educator’s Financial Analysis and My Retirement Outlook incorporate specific defined benefit and social security information to help you evaluate different savings scenarios and rates of return, and calculate what you may need to save in a defined contribution plan.

Investment Choice
You are in control when you build your investment portfolio with Voya. You can choose from a wide array of fund options from conservative to aggressive. You can also select both Voya funds and those offered by other well-known investment providers.

You should consider the investment objectives, risks, and charges and expenses of the investment options carefully before investing. Fund prospectuses and an information booklet containing this and other information can be obtained by contacting your local representative. Please read the information carefully before investing.

Variable annuities and mutual funds under a retirement plan are long-term investments designed for retirement purposes. An administrative fee and fund management fees will apply. Money distributed will be taxed as ordinary income in the year the money is distributed. If withdrawals are taken prior to age 59 ½, an IRS 10% premature distribution penalty tax may apply. Accrual values fluctuate with market conditions, and when surrendered the principal may be worth more or less than its original amount invested. An annuity does not provide any additional tax-deferred benefit, as tax deferral is provided by the plan. Annuities may be subject to additional fees and expenses to which other tax-qualified funding vehicles may not be subject. However, an annuity does provide other features and benefits, such as lifetime income payments and death benefits, which may be valuable to you.

Insurance products, annuities and funding agreements are issued by Voya Retirement Insurance and Annuity Company ("VRIAC"), Windsor, CT. VRIAC is solely responsible for its own financial condition and contractual obligations. Plan administrative services provided by VRIAC or Voya Institutional Plan Services LLC ("VIPS"). VIPS does not engage in the sale or solicitation of securities. Custodial account agreements or trust agreements are provided by Voya Institutional Trust Company. All companies are members of the Voya® family of companies. Securities distributed by Voya Financial Partners LLC (member SIPC) or third parties with which it has a selling agreement. All products and services may not be available in all states.

Voya.com
Helpful Definitions

Annual Insurance Fee
This covers mortality and expense (M & E) risk charges and other administrative expenses. It also provides for a guaranteed death benefit and for lifetime guaranteed income payouts.

Annual Policy Fee
This covers the costs of maintaining and administering an account during the accumulation phase. It is often waived when an account’s value reaches a certain level.

Annual Sub-account Fee
A fee deducted for fund operating costs, management fees, and other asset-based costs incurred by the fund. This charge is assessed at the sub-account level and is not deducted from policy values.

Annuitant
The person(s) who receives the income from an annuity contract.

Annuitize
To begin a series of payments from an annuity. When someone who has been investing in an annuity retires, a payout schedule is selected according to need. The company that sold the annuity then pays a fixed-dollar amount for an extended period of time, often the rest of the policyholder’s life.

Annuity
Form of contract sold by life insurance companies that guarantees a fixed or variable payment to the annuitant at some time in the future, usually retirement. Prior to the annuity date, during the accumulation phase, the cash values of the annuity accumulate tax-deferred, with specific contractual guarantees and at competitive interest rates. During the payout phase, a fixed annuity will ultimately pay out the accumulated value in regular installments varying only with the payout method selected. In a variable annuity, the cash accumulations reflect the performance of an underlying portfolio of investments such as stocks and bonds.

Asset Allocation
A method of portfolio management that allows investors to determine an appropriate mix to produce the maximum reward given the level of risk they are willing to accept.

Asset Category
A broad group of assets that corresponds to an investment objective such as growth, income or stability. Stocks represent the asset category for growth, bonds for income, and cash equivalents for stability.

Asset Class
A group of assets that is similar in type and investment objective, for example, large company stocks or international government bonds.

Asset Management Fee
Fees charged by the investment advisor to manage the assets in a plan.

Back-end Load Fund
An open- or closed-end investment company that charges a fee upon the redemption or sale of its fund shares. Typically, loads are reduced based on the value of the shares and/or the passage of time. Are also referred to as Class B shares.

Blue Chip Stock
The common or preferred stock of well-known, major corporations that is traded on a national stock exchange. Blue chip status is derived from long periods of earnings growth, dividend payments and financial stability.

Bond
A certificate of debt or negotiable promissory note of a corporation or public body that promises to repay on a maturity date some years in the future and to pay periodic interest until then.

Defined-benefit Plan
An employer-sponsored retirement plan in which the employee receives a future benefit based upon a predetermined formula. (Example: $100 per month at retirement for each year employed).

Defined-contribution Plan
An employer-sponsored plan in which the amount of the employee’s retirement benefit is determined by contributions, rather than a predetermined formula. The employee’s benefit equals his/her accumulated contributions plus earnings.

Expense Guarantee
A guarantee common to all annuities which is that expenses, the cost of doing business, will not be increased or exceed a certain percentage of the annuity contributions.

Fixed Annuity
An annuity that pays a set rate of interest.
**Fixed Investment Option**
A fund that has a guaranteed or a “fixed” rate of interest (AKA fixed-income investment).

**Front-load Fund**
An open- or closed-end investment company that charges a fee upon the purchase of its shares. This fee, called “the load,” is deducted from the amount invested. Also called Class A shares.

**In-service Withdrawal**
A participant-initiated withdrawal from an employer-sponsored retirement plan while the participant is still employed by the company.

**Margin**
The amount of money paid by investors when they use their broker’s credit to buy a security.

**Maturity**
The date on which a bond must be repaid.

**Minimum Distribution**
The minimum annual required distribution amount from an employer-sponsored retirement plan account. Distributions are required when the participant reaches age 70½ or retires, whichever is later.

**Money Market**
An asset class consisting of short-term debt instruments and government securities that carry little risk.

**Mortality and Expense (M&E) Risk Charge**
A fee that covers contract guarantees in annuity contracts, such as death benefits.

**Mutual Fund**
A fund established by an investment management company to invest the pooled money of individual shareholders in a diversified portfolio of securities selected to meet stated goals. Funds offer shareholders diversification, liquidity and professional management.

**Rebalancing**
Adjusting a portfolio, through fund transfers or sales or purchases, to re-establish the initial allocation of assets.

**Rollover**
The nontaxable transfer of assets from one eligible retirement plan to another, such as from a defined contribution plan to an IRA.

**Surrender Charge**
A fee imposed for terminating an annuity contract prior to its maturity.

**Term Life Insurance**
Insurance that covers the insured for a specified period such as one, five or 10 years, often with an option to renew. Premiums are paid throughout this time, but generally become higher during the course of the term, as the policyholder grows older.

**Variable Annuity**
A tax-advantaged retirement-planning and payout vehicle offered only through a life insurance/annuity company. A variable annuity serves as an accumulation vehicle prior to retirement by accepting contributions and providing the investor with a choice from among variable-return investment options. It serves as an income vehicle, starting at retirement, and bases its income payments on the performance of the underlying variable-return investments.

**Vesting**
A participant’s right of ownership to the money in his or her plan account. A participant’s contributions and his/her earnings are always 100% vested; however, company contributions and employer matching contributions may become vested over a period of time.

**Whole Life Insurance**
Form of life insurance policy that offers protection in case the insured dies and also builds cash value. The policy stays in force for the lifetime of the insured, unless the policy is canceled or lapses. The policyholder usually pays a set annual premium to whole life, which does not rise as the person grows older, as in the case with term insurance.
Resources

The Texas A&M System Retirement Programs Website:
http://www.tamus.edu/business/benefits-administration/retirement-programs/

Retirement Forms:
http://www.tamus.edu/business/benefits-administration/booklets-brochures-forms/retirement-forms/

Plan Information for ORP/TDA:
http://www.tamus.edu/business/benefits-administration/retirement-programs/plan-information-for-orptda/

Human Resources Contacts:
http://www.tamus.edu/business/benefits-administration/human-resources-contacts/