Duke | HUMAN RESOURCES

Your Retirement Plans at Duke

SEPTEMBER 2022

Agenda

- **Employees' Retirement Plan (ERP)**
  - What is the ERP?
  - When can I receive my ERP Benefit?
- **Duke 403(b) Plan:** Faculty & Staff Retirement Plan
  - What is the Faculty and Staff Retirement Plan?
  - Why should I participate?

Duke Retirement Plans

Duke offers two retirement plans. Eligibility is based on whether you are paid **biweekly** or **monthly.**

Biweekly Paid Employees

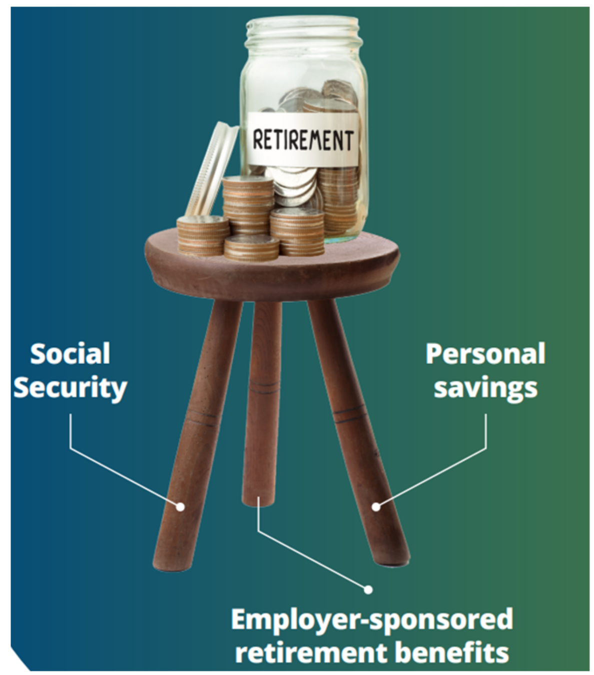
- Employees' Retirement Plan
  - *Funded by Duke*
    - *Duke funds the Defined Benefit Plan on behalf of eligible employees*
- Faculty and Staff Retirement Plan
  - *Voluntary Employee Contributions*

Monthly Paid Employees

- Faculty and Staff Retirement Plan
  - *Duke Contributions*
  - *Voluntary Employee Contributions*

Where Will Your Money Come From When You Retire?

- Social Security
- Personal Savings
- Employer Retirement Plans



Duke Employees' Retirement Plan for Bi-Weekly Paid Employees

What Is the Employees' Retirement Plan (ERP)?

- The benefit is **defined**
- Duke provides the funding for the plan
- Employees do not contribute to the ERP
- Employees can supplement retirement savings through the Faculty and Staff Retirement Plan – a 403(b) plan that allows voluntary contributions

ERP Eligibility

- Automatically become a plan member if:
  - At least age 21, and
  - Have worked at least 1,000 hours during the first year of employment or in any future fiscal year (July 1 to June 30)

Vesting

- 100% vested in the ERP upon:
  - ✓Completion of five years of continuous service
  - ✓Attainment of age 65 while employed by Duke
  - ✓Hired after age 65

ERP Formula

1.25% of average final compensation
TIMES
years of credited service up to 20 years
PLUS
1.66% of average final compensation
TIMES
years of credited service over 20 years

This calculation takes into consideration average earnings
(5 highest consecutive years of last 10 fiscal years), age and years of credited service.

Example – Employee Retiring at Age 65

Salary at Retirement $50,000
$4,167 per month
ERP Income

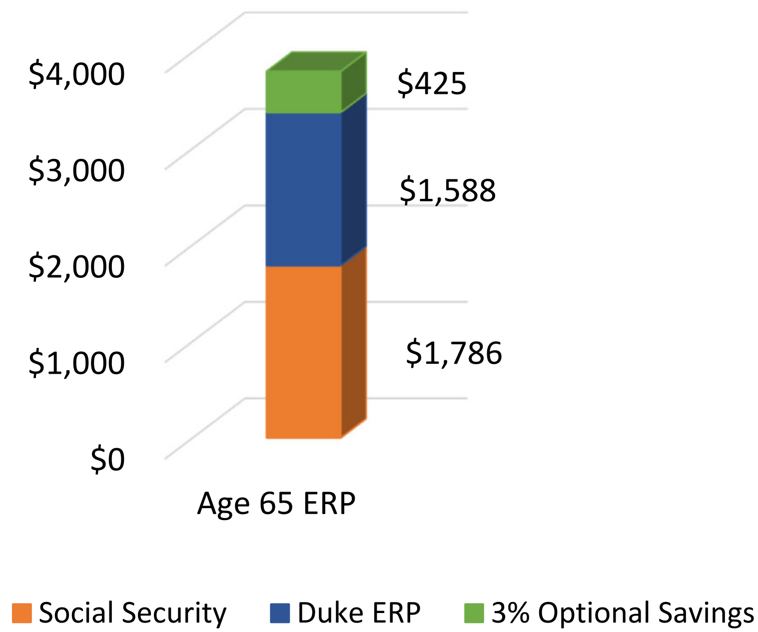
Average final compensation $45,797

30 years of credited service

1.25% x 20 x $45,797	= $11,449
1.66% x 10 x $45,797	= $7,602
Annual benefit	**$ 19,051**
Monthly benefit	$ 1,588

Total Monthly Income $3,799

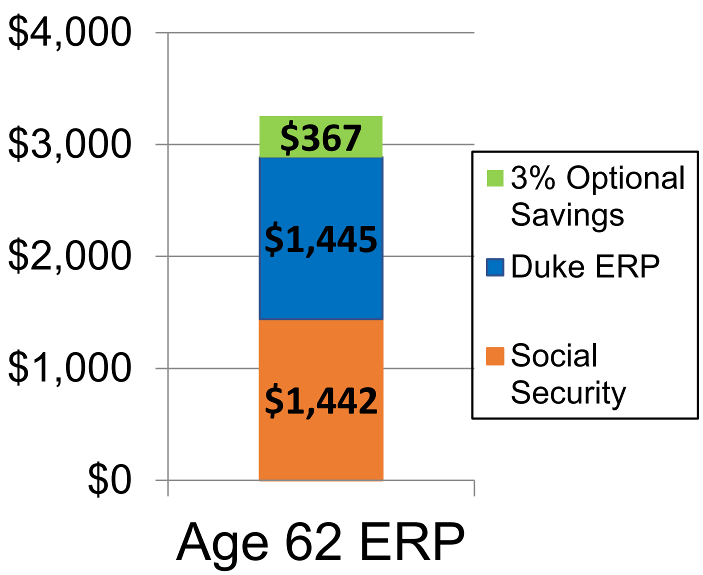
Replacement Ratio 91%



Early vs. Normal Retirement

Annual Salary $50,000 ($4,166.67 / month)

Total Monthly Income $3,254
Replacement Ratio 78%



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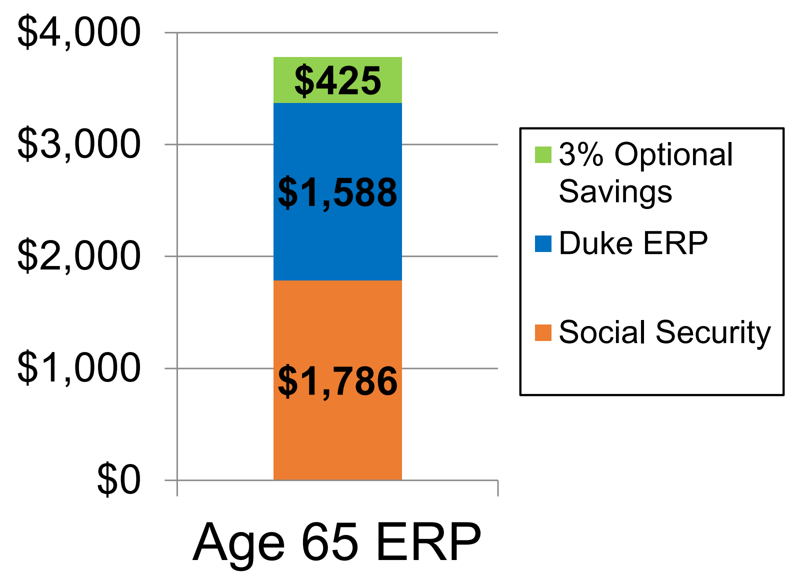
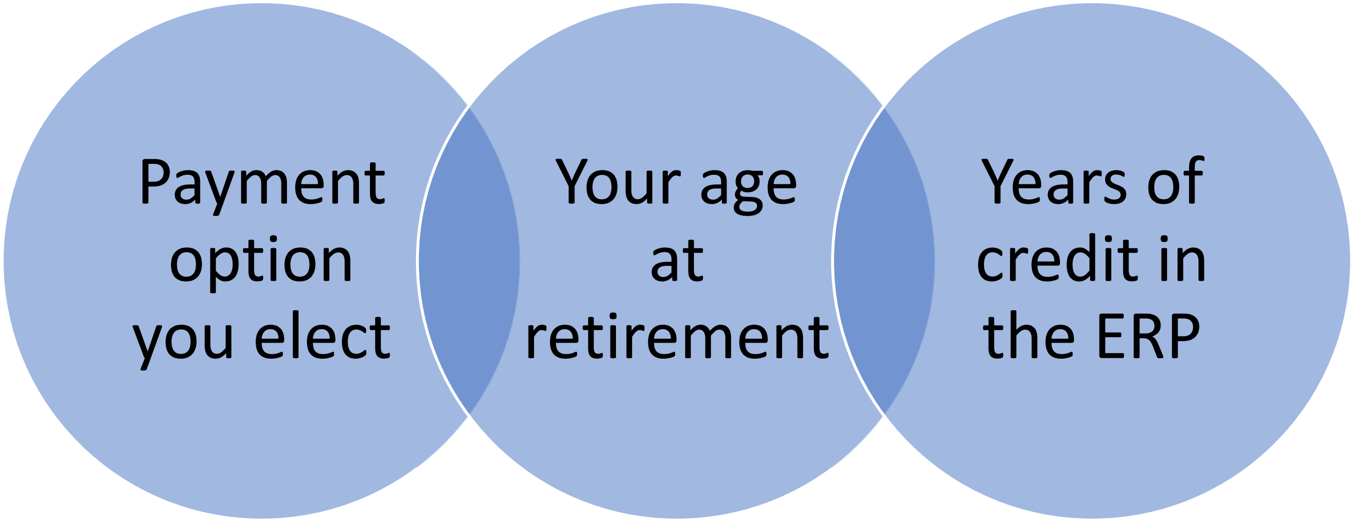


When Can I Receive My Benefit?

- Normal Retirement
  - Age 65 - full benefit
- Early Retirement
  - Age 45 or older and 15 years of credited service
  - Reduced based on age at time benefit starts
- Deferred Retirement (working at Duke past age 65)
  - Additional 10% for extra credited service over age 65

How Much Retirement Income Will I Have?

Factors that will influence your monthly benefit include:



What Are My Payment Options?

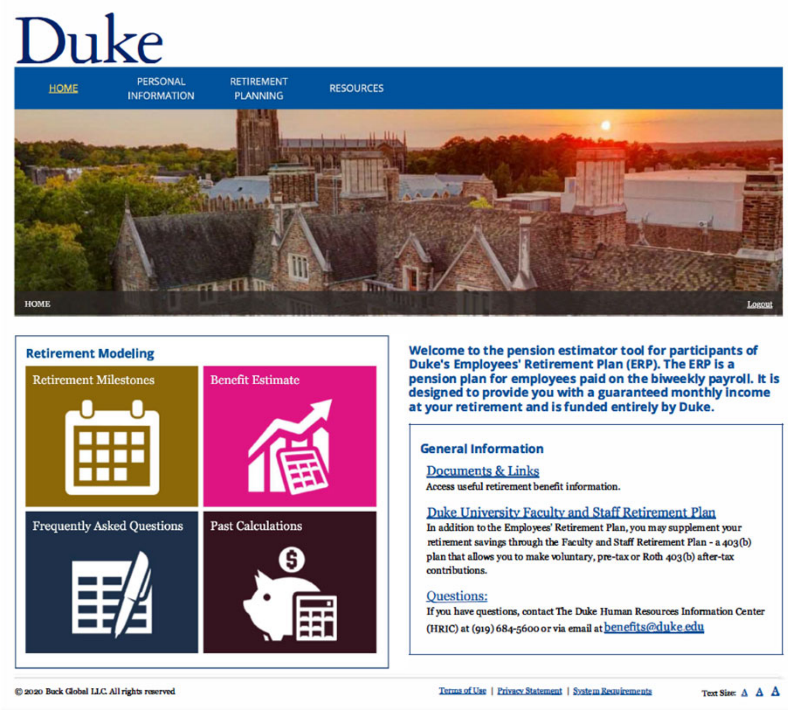
- Single Life Annuity
- Joint and Survivor Annuity (50%, 75% or 100%)
  - *A large age gap between you and your beneficiary may significantly impact benefit amounts*
- Level Income age 62 or 65
- If the total lump sum value is $10,000 or less, a lump sum option may be available

Payments are considered taxable income.

Pension Plan Projection *on Duke@Work* (ERP Employee Self-Service Tool)

Allows Participants to:

- ✓Generate an Estimate of ERP Benefit
- ✓Review Retirement Planning Resources
    - SPDs for ERP and Faculty & Staff Retirement Plan
    - Duke Retiree Health
    - Duke Retirement Planning Guide
    - Link to Social Security Website
- ✓Review Personal Information
    - Updated After Every Pay Period



Have You Ever Transferred from One Payroll to Another at Duke?

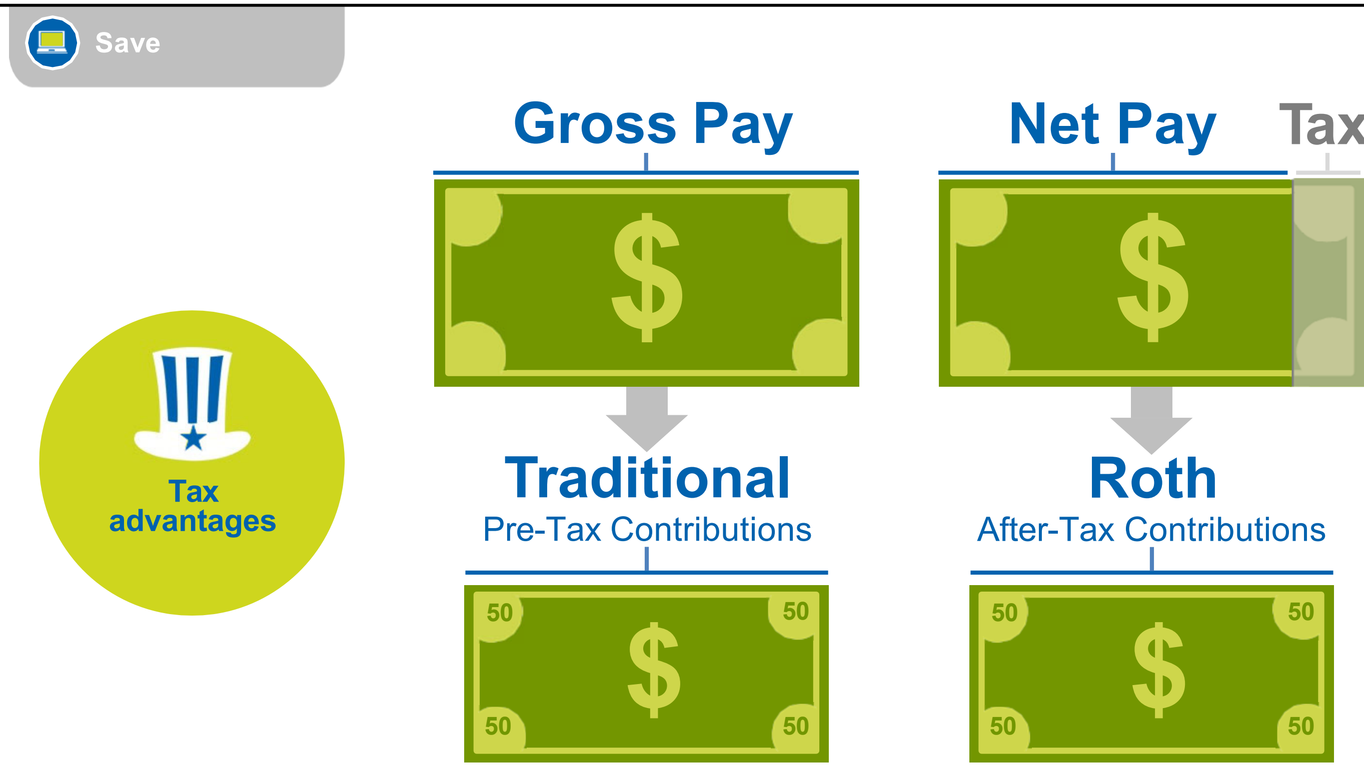
- May be entitled to a benefit under the Employees’ Retirement Plan (ERP) for employees paid biweekly
- If entitled to a benefit, this benefit is calculated using years of service and compensation while paid biweekly

Duke Faculty and Staff Retirement Plan – 403(b)

General Plan Provisions

- **All employees** – monthly **and** biweekly paid – can participate with voluntary contributions (*enroll anytime on **Duke@Work***)
  - IRS Maximum Contribution for 2022 = $20,500 per year
  - Catch-up Contribution if over age 50 = $6,500 per year
  - 403(b) Lifetime Catch-up Limit = up to $3,000 per year
- This plan allows you to control your savings for retirement
- Duke offers access to a range of investment options
- Ability to roll over eligible balances from a previous employer

Pre-Tax vs. Roth Option



A distribution from a Roth 403(b) is 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.

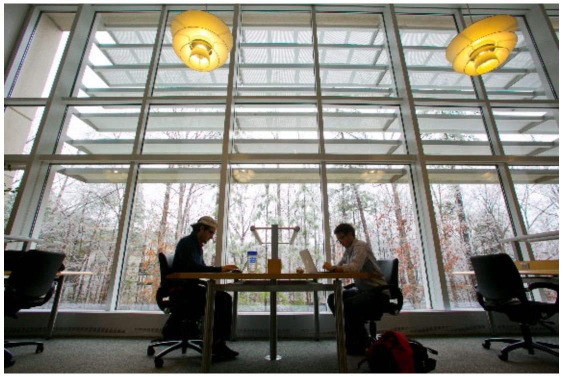
Duke Contribution for Eligible Salaried Employees Paid Monthly

Effective January 1, 2022, the Duke contribution is:

8.9% of the first $72,000 of salary and
13.2% of annual salary in excess of $72,000,
up to a statutory salary limit of $305,000

Example with $7,500 monthly salary ($90,000 annually)

Duke Contribution Percent	Multiplied by 2022 Monthly Salary	EQUALS: Monthly Duke Contribution
8.9%	$6,000	$534
13.2%	$1,500	$198
Total	**$7,500**	**$732**

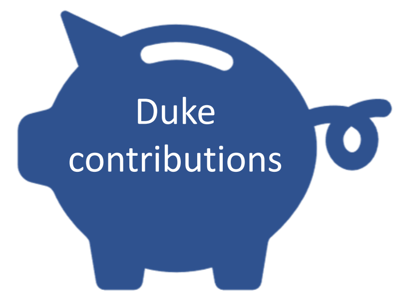


Duke's contribution formula is determined each year and published at: ***hr.duke.edu/dukecontribution***

Vesting

- You are 100% vested in your employee voluntary contributions
- You will be 100% vested in Duke's contribution upon:
  - ✓ Completion of three years of service
  - ✓ Attainment of age 65 while employed by Duke
  - ✓ Hired after age 65
  - ✓ Death while employed by Duke
  - ✓ Approval for long term disability under the Duke LTD Plan
  - ✓ Hired before Jan. 1, 2012

100% vested



0% -100% vested

Investment Options

Tier 1:
Target Date Funds

Tier 2:
Core Funds

Tier 3:
Self-Directed Brokerage Account

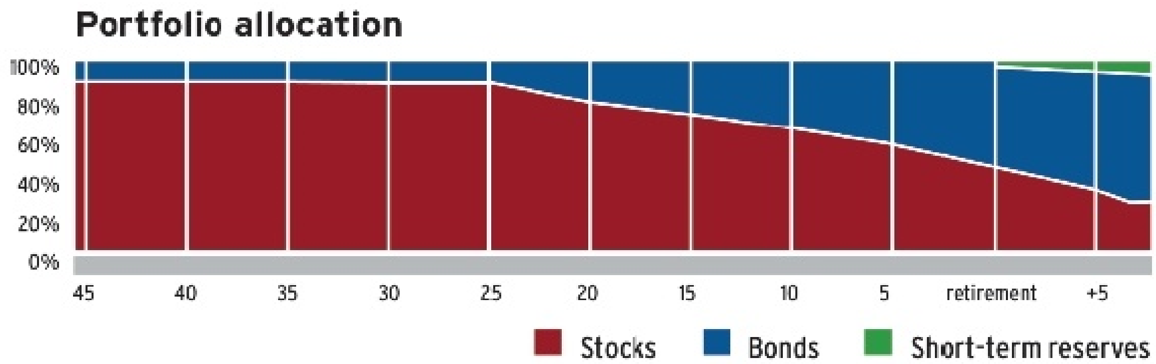
- Investments are grouped by tier.
- Duke has an **Investment Advisory Committee (IAC)** that selects funds for the plan that are regularly monitored (Funds in Tier 1 and Tier 2).
- The IAC does not monitor accounts and Duke is not responsible for any losses or lack of gains of the funds.

Investment Considerations

- How much will you need in retirement?
- Time horizon
- Tolerance for risk
- Tax and Fund Diversification
- Asset Allocation

Tier 1: Target Date Funds

- The Target Retirement Funds offer a way to make a single choice based on your expected years to retirement
- Each Fund includes a diversified mix of stocks, bonds and short-term instruments that change automatically over time
- ***Default Investment Option*** – If you do not select an investment, your contributions will be invested in the Target Fund closest to your 65th birthday

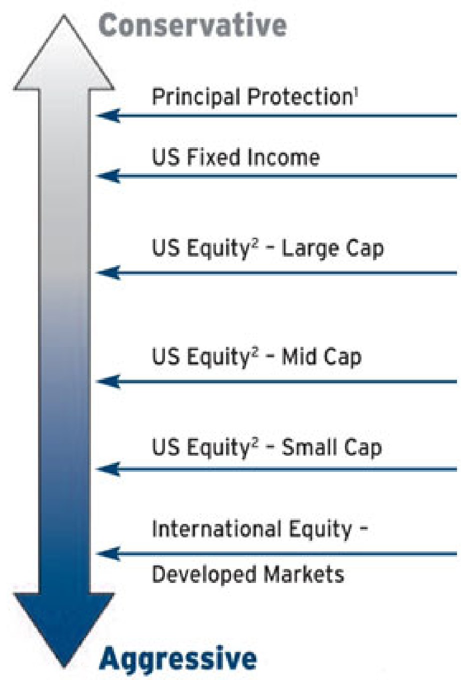


- Examples:
  Vanguard Target Retirement 2025
  Vanguard Target Retirement 2030
  Vanguard Target Retirement 2040
  Vanguard Target Retirement 2045
  Vanguard Target Retirement 2050
  Vanguard Target Retirement 2065

Tier 2: Core Funds

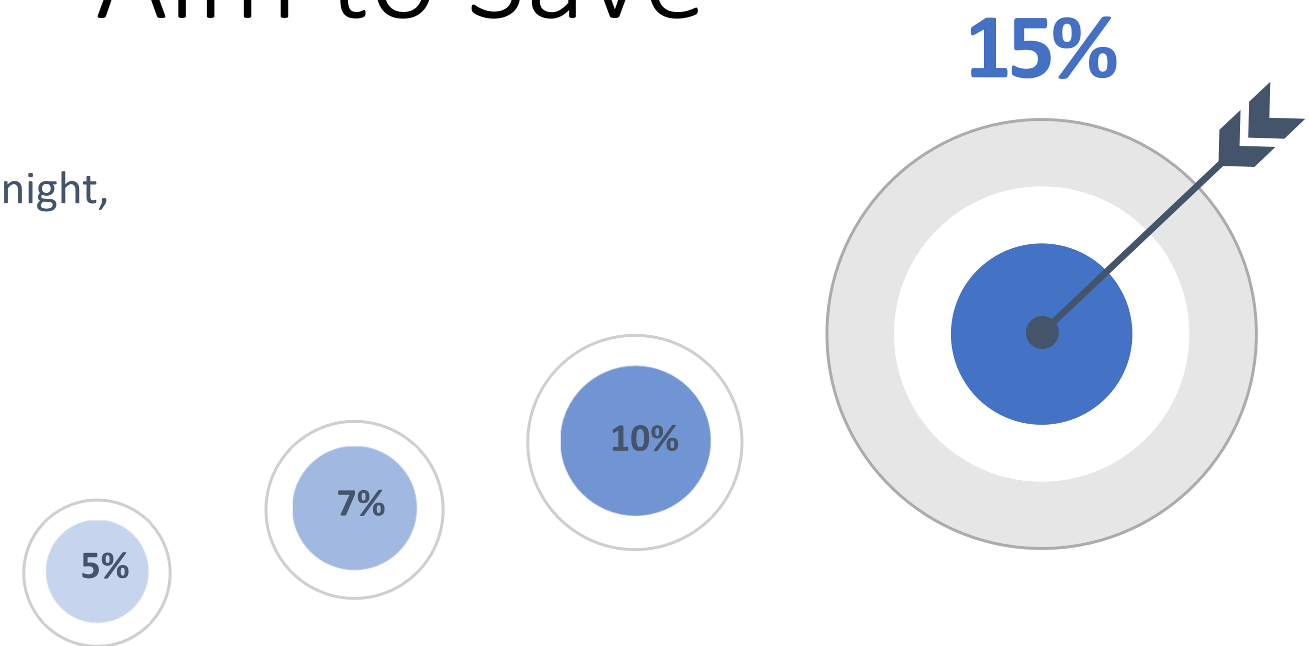
- These funds represent the primary asset classes and have been chosen based on their suitability for inclusion in a customized retirement portfolio
- This option may be good if you are more comfortable diversifying your own investments
- Examples:

Stable Value Fund	VALIC Fixed Interest Option
Multisector Bond Fund	PIMCO Income Instl
Large Growth Fund	T. Rowe Price Growth Stock I
Mid-Cap Blend Fund	Vanguard Extended Market Index
Small Value Fund	Fidelity Small Cap Value
Foreign Large Blend	American Funds Europacific Growth

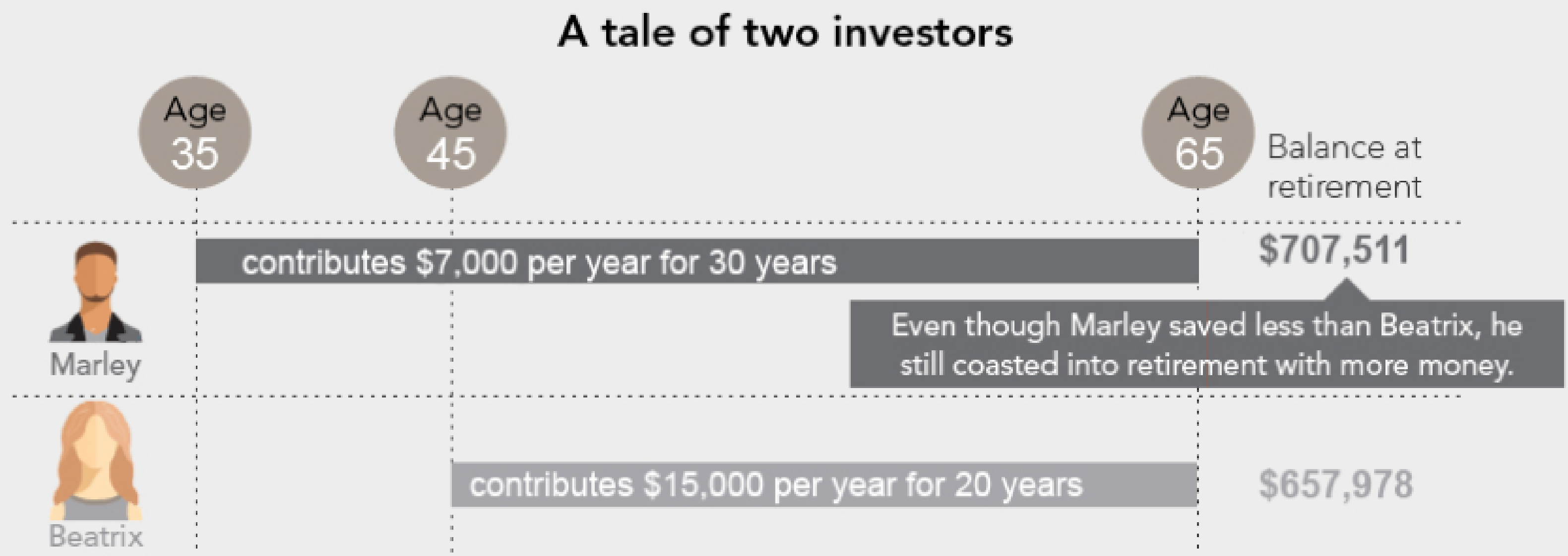


Aim to Save

Few people get there overnight, so think of planning for retirement as a journey.



Importance of Saving Early



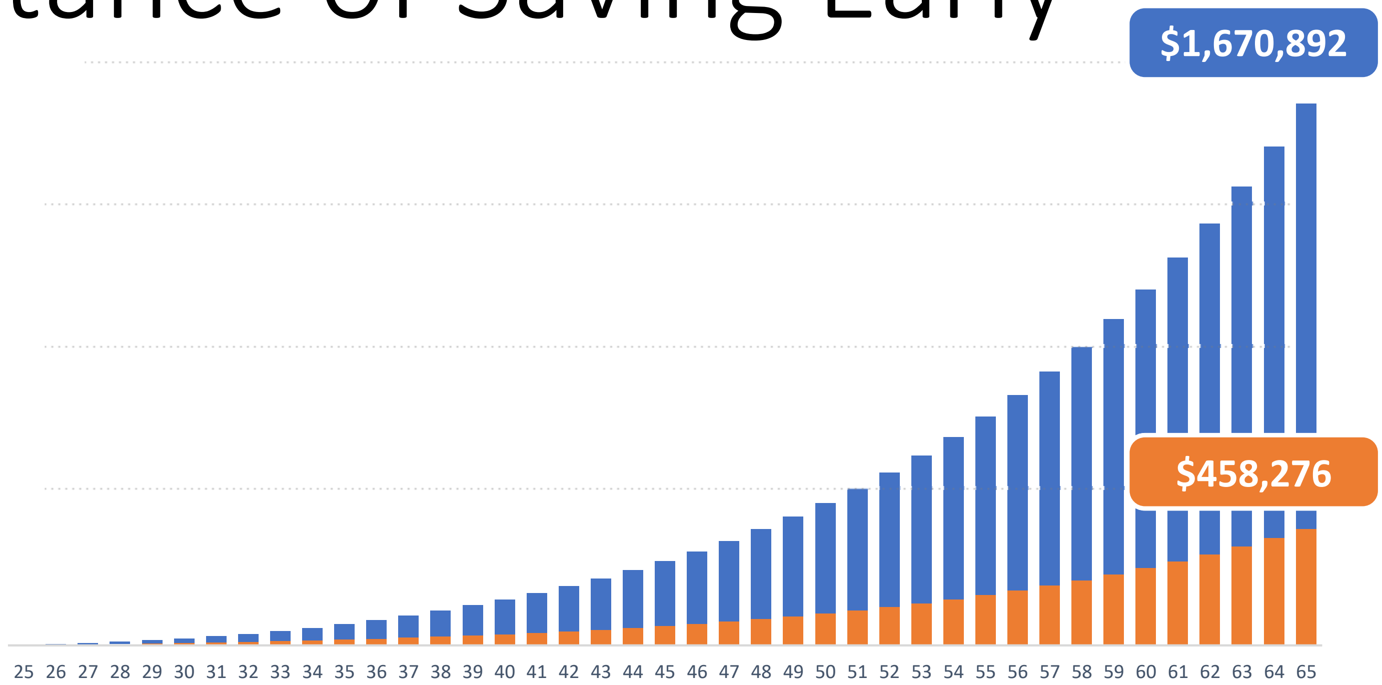
The hypothetical illustration assumes a 7% nominal annual growth rate on investments. The constant $7,000 or $15,000 contribution is made at the beginning of each year starting at ages 35 and 45 respectively. The total balances for the two hypothetical portfolios are then compared at the assumed retirement age of 65. All accumulated retirement savings amounts are shown in future (nominal) dollars. The illustration does not take into account any taxes or fees. Your own plan account may earn more or less than this example and income taxes will be due when you withdraw from your account. Investing in this manner does not ensure a profit or guarantee against a loss in declining markets. Investing involves risk, including the risk of loss.

Importance of Saving Early

Age: 25
Salary: $40,000
Starting balance: $0
Annual rate of return: 7%

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

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

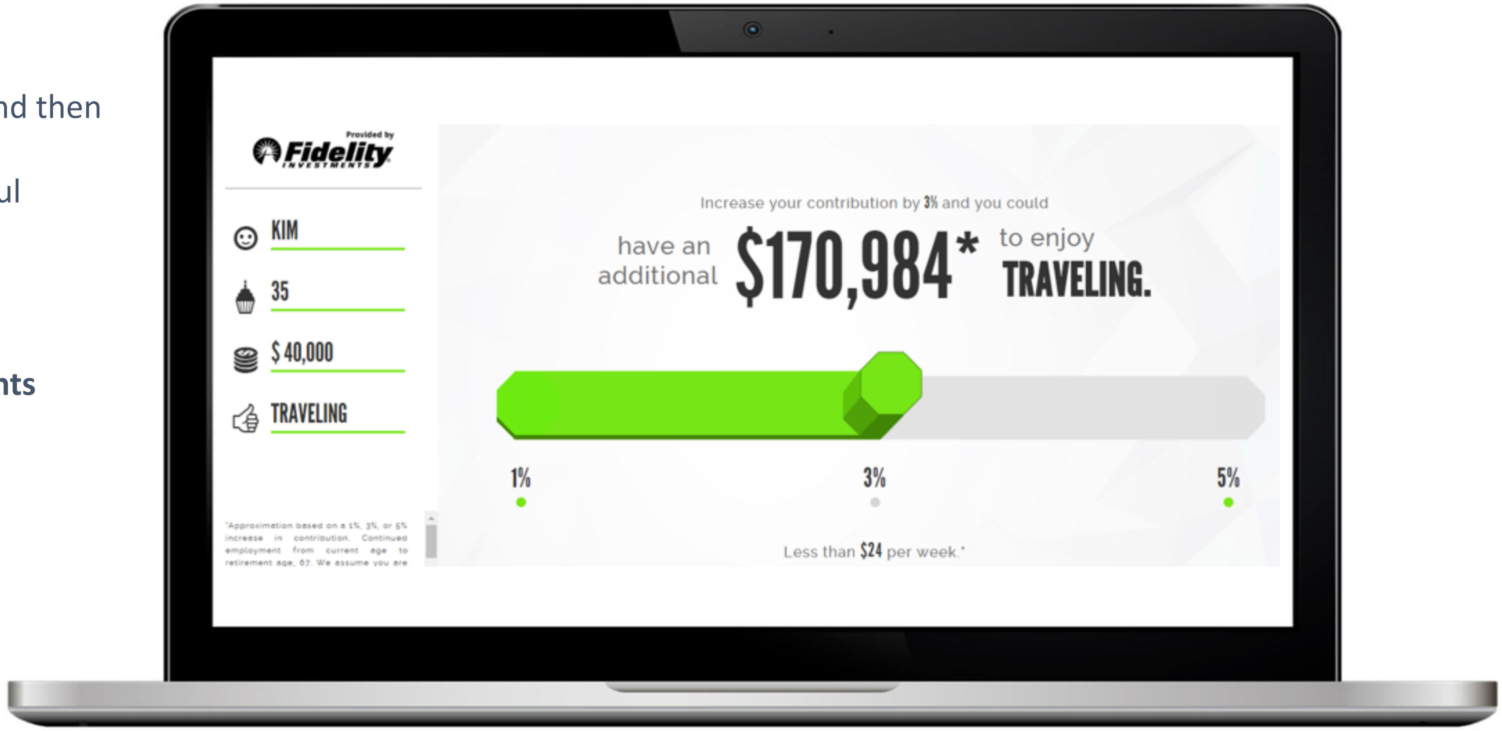


This is a hypothetical example. Assumptions: Person A and Person B both started contributing at 25 years old. Person A contributed 3%/year through age 65. Person B increased contributions 1%/year for 10 years, then stayed at 13% contributions through age 65. Both started out earning $40,000 per year 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 Small Amounts

With this online experience, you'll provide some basic information and then see how a small increase in your contributions may make a powerful difference.

Go to
Fidelity.com/powerofsmallamounts



Screenshot is for illustrative purposes only.

Important Information

Keep in mind that investing involves risk. The value of your investment will fluctuate over time, and you may gain or lose money.

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

Screenshots are for illustrative purposes only.

System availability and response times may be subject to market conditions.

*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 (BLS), Statistics of Income Tax Stat, IRS 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.

These simulations take into account the volatility that a typical target date asset allocation might experience under different market conditions. Volatility of the stocks, bonds and short-term asset classes is based on the historical annual data from 1926 through the most recent year-end data available from Ibbotson Associates, Inc. Stocks (domestic and foreign) are represented by Ibbotson Associates SBBI S&P 500 Total Return Index, bonds are represented by Ibbotson Associates SBBI U.S. Intermediate Term Government Bonds Total Return Index, and short term are represented by Ibbotson Associates SBBI 30-day U.S. Treasury Bills Total Return Index, respectively. It is not possible to invest directly in an index. All indices include reinvestment of dividends and interest income. 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.

IMPORTANT: The projections or other information generated by Fidelity's Planning & Guidance Center Retirement Analysis, regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results may vary with each use and over time.

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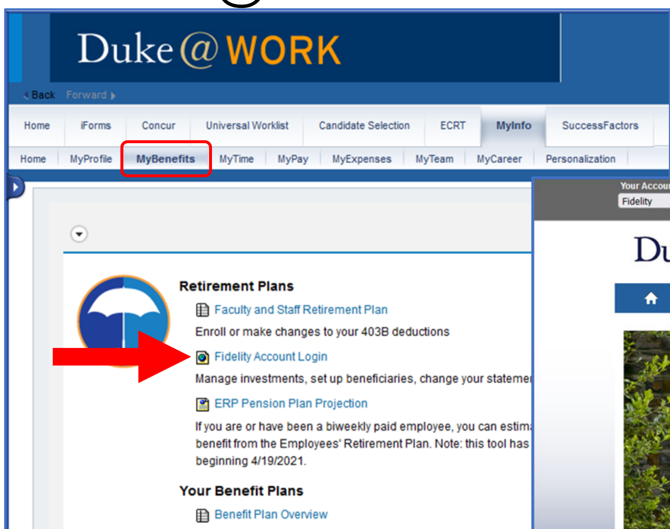
Your Fidelity Account

Duke@Work



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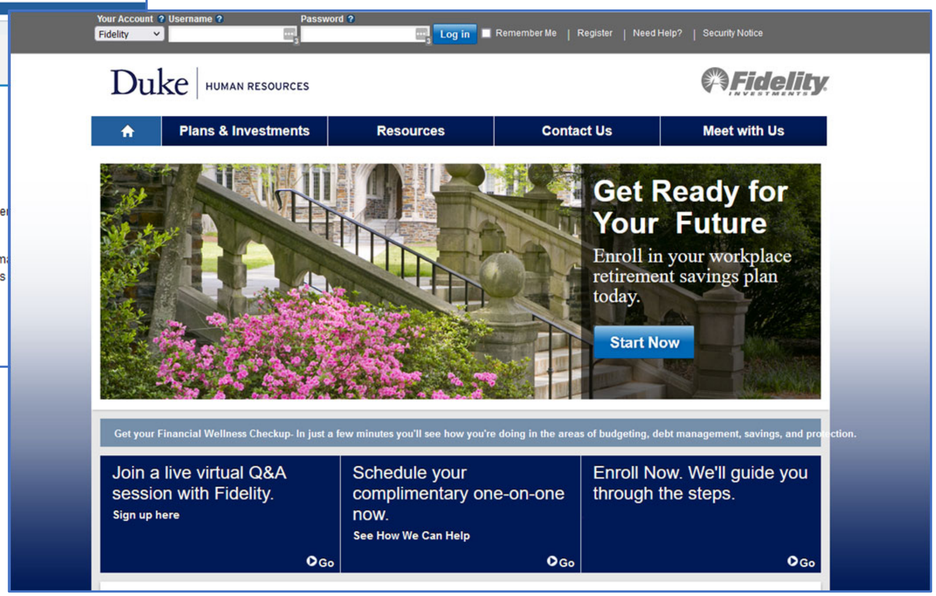

- Register at Fidelity.com/duke
- Select from the investment lineup
- Designate/update your beneficiaries
- Schedule an appointment with a Fidelity rep!

Duke Fidelity INVESTMENTS

Contact Fidelity for questions about your Duke Faculty and Staff Retirement Plan:

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Call
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Text
“MeetAtDuke”
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Investing involves risk, including risk of loss.

*Get details at http://pages.fidelityinvestments.com/smsee

Legal Notification

- Though there are not present plans to do so, please remember that the eligibility and other provisions applicable to continuing Duke's benefit plans can change. The coverage offered is not a vested benefit, and Duke reserves the right at any time to change or terminate the benefit plans.

- If there is a conflict between this presentation and the official plan documents, the official plan documents will govern in all cases.

- If you have questions, please email Benefits at benefits@duke.edu.

Any Questions?