HARVARD UNIVERSITY RETIREMENT BENEFITS
FREQUENTLY ASKED QUESTIONS FROM RETIREES

Special Benefit (VERIP Participants)
Staff Retirement Plan, Basic Account

Tax Deferred Annuity Plan (TDA)
Staff Retirement Plan, Investment Account

SPECIAL BENEFIT (VERIP PARTICIPANTS) AND BASIC RETIREMENT ACCOUNT BENEFIT (PENSION)

1. **How can I find the current value of my Special Benefit or my Pension benefit and request an estimate?** Call the Harvard University Retirement Center (HURC) at (800) 527-1398.

2. **How do I request a distribution of my Special Benefit or my Pension benefit?** You may request a distribution by calling the HURC. Your Special Benefit can be paid in accordance with any of the options available under the Retirement Plan. You can elect to receive your Special Benefit in a different payment form and at a different time from your Pension benefit.

3. **Can my distribution be rolled into another of my Harvard retirement plans?** Yes, it can be rolled into the TDA. If you are over age 70 ½ and some or all of this payment includes a Required Minimum Distribution (RMD) (see below) the RMD portion cannot be rolled over.

4. **Can my Special Benefit be rolled into an IRA?** Yes, except for any RMD portion.

INDIVIDUAL INVESTMENT ACCOUNT (PART OF THE STAFF RETIREMENT PLAN) AND TAX-DEFERRED ANNUITY (TDA)

1. **How can I find the balance in my Individual Investment Account and/or my TDA**? You can receive information online by logging into your vendors' web site, by consulting your most recent quarterly statement, or by calling the vendor directly. See below for contact information for Fidelity, TIAA and Vanguard.

2. **How do I request a distribution from my Individual Investment Account and/or my TDA?** Call your vendor for information on your withdrawal options, which may vary according to vendor) and how to request a distribution. Contact information is below.

3. **Can my Individual Investment Account distribution be rolled into another of my HU retirement plans?** Yes, it can be rolled into the TDA. This might be beneficial if you wish to have all your funds consolidated in one account. If any portion of the distribution represents a Minimum Required Distribution, this portion cannot be rolled over.

4. **Can either my Individual Investment Account or TDA be rolled into an IRA?** Yes, except for any MRD amount.

FOR THOSE APPROACHING AGE 65

Basic Retirement Account Benefit--If you are a grandfathered plan participant, your pension benefit is based on the formula under Harvard's 1989 Staff Retirement Plan. Once you have retired and attained age 65, your pension benefit under this formula will NOT continue to grow. If you elect a monthly annuity and delay distribution beyond age 65, your monthly benefit amount remains fixed in value and does not increase. Alternatively, if you elect to receive your benefit as a lump sum payment, the payment amount is likely to decline after age 65. Either way, once you have retired and reached age 65 your retirement benefit no longer gains value and may actually lose value by waiting to take it. **To maximize the value of your benefit, you should initiate payment immediately upon the attainment of age 65.**

Special Benefit—Your special pension benefit will continue to grow at 5% interest even after age 65. However, see below for important information about minimum required distributions at age 70 ½.

Individual Investment Account and TDA – Based on the investments you have chosen for your Individual Investment account and TDA, you will continue to receive gains/losses due to market fluctuation. You will need to begin to minimum required distributions at age 70 1/2.

INFORMATION ABOUT REQUIRED MINIMUM DISTRIBUTIONS

Internal Revenue Service (IRS) regulations require that participants in retirement plans begin receiving annual minimum required distributions (MRD) in the year they attain age 70 ½. The MRD generally does not need to start until the later of when you: (1) become age 70 ½, or (2) terminate employment. MRD payments cannot be rolled over to an IRA or to another employer's retirement plan.

Timing of your MRD

As a retiree, your MRD payments are to begin in the year you attain age 70 ½. However, you may defer this first payment to the April 1, of the following year. Plus, you will be required to receive your ongoing annual MRD by December 31.

Since multiple MRD payments in a year could increase your tax liability, you should carefully consider the timing of your MRD. You should also consider consulting with a tax advisor for assistance regarding your individual situation.

If this is not your first MRD payment, you are required to receive your annual MRD by December 31 of each calendar year.

Calculating your MRD

Your annual MRD is calculated by the financial vendor, dividing the market value of your retirement account(s) as of December 31st of the prior year by the applicable life expectancy factor taken from tables provided by the IRS.

If you have multiple retirement accounts, you will need to distribute the MRD from each account or If you have a Harvard plan account with multiple vendors, you may satisfy the RMD requirement by withdrawing funds from just one vendor as long as your total plan balance is used to calculate the required amount.

Consequences of missing your MRD

You may be subject to a **50% penalty tax** on any portion of your MRD that is not received by you in a calendar year. For example, if you were due an MRD in 2016 for $3,250, and you only took $1,000 worth of distributions from your account in 2016, you may be subject to a 50% penalty on the difference, $2,250, of your MRD that you did not withdraw. This would mean that, in addition to the ordinary income tax that you would owe on the $1,000 distribution taken, you would also be responsible for a penalty tax of $1,125 on the $2,250 portion you failed to take.