WORKSAVEPlay

START *Saving* NOW...

and put your money to work for you!

STATE OF CONNECTICUT 403(b) PLAN

Content

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What is the 403(b) Plan?

The State of Connecticut 403(b) Plan (403(b) Plan) is a voluntary retirement program that is open to employees of State educational institutions or hospitals, including:

- University of Connecticut, including the University of Connecticut Health Center
- State universities, including the Board of Regents
- Community and technical colleges, including the boards of trustees
- Department of Higher Education
- Department of Education, including the vocational/technical high schools
- Unified School District No. 1 of the Department of Corrections
- Unified School District No. 2 of the Department of Children and Families
- Unified School District No. 3 of the Department of Developmental Services
- Riverview Hospital of the Department of Children and Families
- Board of Academic Awards
- Connecticut Valley Hospital
- Greater Bridgeport Community Mental Health Center
- Connecticut Mental Health Center
- Southwest Connecticut Mental Health System
- Capitol Region Mental Health Center of the Department of Mental Health and Addiction Services

*Non-resident aliens are ineligible.

This 403(b) Plan program gives you the opportunity to save for retirement on a pre-tax or after-tax basis.

Over time, the money that you put into your account has the potential to grow. Take a look at the example below of the impact of saving as little as $100 per paycheck.

You save per paycheck	After 10 years	After 20 years	After 30 years
$100	$37,118	$110,133	$253,767

The longer you save, the more time your money has to grow. This is due to compounding, which occurs when the contributions in your account generate earnings, which are then reinvested to generate their own earnings, and so on. You do not pay state or federal income tax on your earnings until you take the money out of the plan, if making pre-tax contributions. Because you don't have to pay taxes on your earnings, your account's potential to compound untaxed, significantly enhances its long-term growth potential.

The message is clear—start saving as soon as you can, and give your money as much time as possible to grow. Even small contributions can potentially grow into big savings over time.

Starting Early Just Might Pay Off Big

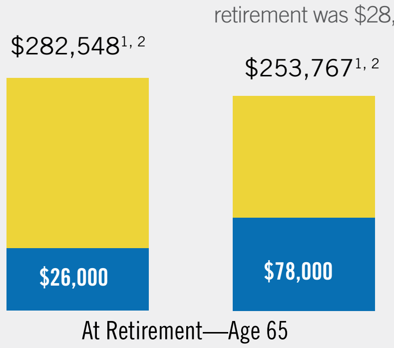
To demonstrate just how powerful time is in the savings equation, consider these hypothetical examples:

Carla enrolled in the 403(b) Plan at age 25 and saved $100 per paycheck until she was 35. In total, Carla contributed $26,000 over 10 years ($2,600 a year). She stopped contributing but left her money in the 403(b) Plan until she retired at age 65. Averaging 7% growth, Carla amassed a total of $282,548 at retirement.

Beth, another State of Connecticut employee, enrolled in the 403(b) Plan at age 35, also saving $100 per paycheck. However, Beth continued saving until she retired at age 65, for a total contribution of $78,000. Averaging 7% growth, Beth's account at retirement was $253,767.

Although Beth contributed $52,000 more than Carla, her balance at retirement was $28,781 less.

Example: **Carla**
Age: **25**
Saves: **$100 per paycheck over 10 years**
Total contribution: $26,000



Example: **Beth**
Age: **35**
Saves: **$100 per paycheck over 30 years**
Total contribution: $78,000

[1]Assumes biweekly contributions and a 7% annual growth rate. Numbers rounded to the nearest whole dollar. The compounding concept is hypothetical, for illustration only, and not intended to represent the performance of any specific investment, which may fluctuate. No taxes are considered in the calculations; generally withdrawals are taxable at ordinary income tax rates. **You can lose money by investing in securities.**

[2]Investment earnings are subject to federal and state taxes upon distribution.

CLEARLY, THERE IS AN ADVANTAGE TO STARTING EARLY AND CONTINUING TO INVEST OVER LONGER PERIODS OF TIME.

Why Should You Enroll in the 403(b) Plan?

While your pension and Social Security may provide a strong foundation, here are some reasons you may need to save more for retirement:

- Rising costs for healthcare, housing, and care of dependents or relatives
- Americans are living longer, which means more years in retirement and more savings needed to support you during those additional years

By law, you can contribute up to $19,000 to all 403(b) Plans in which you participate in 2019. If you participate in another employer's 403(b) plan, your contributions under this and the other 403(b) plan cannot exceed the IRS limit. If you are 50 years old or older by Dec. 31, 2019, you can contribute an additional $6,000 in 2019. This is a big help if you need to catch up to reach your retirement savings goal.

The minimum contribution amount for the State of Connecticut 403(b) Plan is $200 annually.

Your Contributions

The 403(b) Plan is one of the best ways to help you save for retirement. That's because you have two ways to contribute: pre-tax contributions and after-tax (Roth) contributions.[3]

You can choose to make either one or both types of contributions based on what's best for your tax situation:

Pre-tax contributions are automatically deducted from your paycheck before current federal taxes are taken out. This means that contributing money to the 403(b) Plan won't have as big an impact on your paycheck as you may have thought. Why? Because when you invest $100 pre-tax per pay period, your paycheck is only reduced by approximately $76 (assuming a 24% tax bracket).

Please see the chart below for various contribution amounts and their estimated tax advantage. In contrast, individuals who don't contribute to the 403(b) Plan are taxed on the full amount of their paychecks.

While you are working and saving, your contributions have the potential to grow, and you don't pay taxes on those contributions until you withdraw them, for example, at retirement.

[3]You may contribute up to the annual limit ($19,000 in 2019). The annual IRS limit applies to the combination of pre-tax and Roth after-tax contributions, and to all 403(b) plans to which you contribute.

Gross pay per paycheck	$1,200	$1,400	$1,600	$1,700	$2,700
Contribution Amount	**$36**	**$42**	**$48**	**$51**	**$81**
Take-Home Pay Reduced by	$27	$32	$36	$39	$62
Estimated Tax Advantage	$9	$10	$12	$12	$19
Contribution Amount	**$60**	**$70**	**$80**	**$85**	**$135**
Take-Home Pay Reduced by	$46	$53	$61	$65	$103
Estimated Tax Advantage	$14	$17	$19	$20	$32
Contribution Amount	**$84**	**$98**	**$112**	**$119**	**$189**
Take-Home Pay Reduced by	$64	$74	$85	$90	$144
Estimated Tax Advantage	$20	$24	$27	$29	$45
Contribution Amount	**$120**	**$140**	**$160**	**$170**	**$270**
Take-Home Pay Reduced by	$91	$106	$122	$129	$205
Estimated Tax Advantage	$29	$34	$38	$41	$65
Contribution Amount	**$180**	**$210**	**$240**	**$255**	**$405**
Take-Home Pay Reduced by	$137	$160	$182	$194	$308
Estimated Tax Advantage	$43	$50	$58	$61	$97

Note: Examples in the chart above assume a 24% tax bracket.

Pre-tax contributions might be right for you if you:

- Think your tax rate will be lower in retirement than during your working years
- Would like to benefit from being taxed on a lower current gross income
- Would rather pay taxes when you start taking withdrawals

After-tax Roth contributions are automatically deducted from your paycheck *after* taxes are paid and, therefore, reduce your take-home pay by the full amount of your contribution.

This means that you are paying taxes on your contribution amount "up front." However, the potential advantage is that if you satisfy certain tax law requirements, the Roth money you withdraw at retirement—including investment earnings—may not be federally taxable.

Roth contributions might be right for you if you:

- Think your tax rate in retirement will be higher than it is today
- Would prefer to pay current taxes on your retirement savings now to avoid paying later
- Are comfortable contributing from your net income, meaning you'll have less in your pocket now for the potential of having more in retirement

	Your contributions are taxed…	Federal Income tax-free distributions
Pre-tax contributions	At distribution	No
After-tax Roth contributions	When made	Yes, provided Roth money is qualified

Tax-Free Withdrawals of Your Qualified Roth Money

When you are eligible to take a distribution from your account, withdrawals of your Roth contributions are always 100% tax-free because you already paid state and federal income taxes on those amounts.

You must meet a few basic requirements, however, before the earnings of the Roth contribution become "qualified," which means not subject to state and federal taxes. Generally, for a distribution to be considered qualified:

- It must occur at least five tax years after your first Roth contribution is made; and
- Your withdrawals must begin **after**:
  - You have reached age 59½ or older (unless an exception applies);
  - You have died; or
  - You have become disabled (as defined by the Internal Revenue Code).

If your withdrawal does not meet these qualifications, your accumulated Roth earnings, but not your Roth contributions, will be taxed.

How Do You Invest in the 403(b) Plan?

When it comes to investing for your retirement, you want to maximize the potential for your money to grow while minimizing the risk of losing that money as much as possible.

Two important investment strategies can help: asset allocation and diversification.

Each investment, known as a mutual fund, in the 403(b) Plan pools your money with the funds of other investors for the purpose of investing in stocks, bonds and other securities. Each investor owns shares, which represent a portion of the holdings of the fund. Each fund is classified by its investment objective and the securities in which it is invested. Having access to many securities within the same asset class reduces your exposure to any one company or security. How you choose to invest your money (assets) in one particular category or categories is called asset allocation. Reducing your exposure to one particular asset class or risk type by selecting a mix of investments across risk categories is known as diversification, or as the old saying goes, not putting all your eggs in one basket. Keep in mind that application of the two concepts, asset allocation and diversification, does not assure a profit or protection against loss. **You can lose money by investing in securities.**

However, you will need to decide which types of investments are right for your specific retirement goals. That decision is often made, at least in part, on how comfortable you are with market volatility and how many years you have to invest before you plan to begin withdrawing your retirement assets.

Types of Investment Options

Now let's take a closer look at the different types of funds in the 403(b) Plan:

Stocks/Equities are shares of ownership in a corporation. A stock's market value fluctuates depending on the company's current performance and future prospects. Generally, these funds have the potential for higher rewards, but with it come higher risk.

Bonds/Fixed-Income Investments are IOUs, or debt, issued by corporations or governments. In exchange for an investor's money, the bond issuer promises to repay the money at a specified date in the future and to make periodic interest payments. Generally, bond prices rise when interest rates fall and vice versa. Typically, bond funds carry more risk than stable value, but have the potential for higher rewards. Fixed-income investment mutual funds are subject to interest rate risk; their value will decline as interest rates rise.

Stable Value Investments are options with potentially lower risk and reward. Stable value investments focus on safety of principal. They generally invest in high-quality, fixed-income securities with short maturities.

How to Choose Your Investments

When it comes to choosing your investments, you have the following options:

- **Choose from plan investments.**
  Build Your Own Portfolio—To help you choose your own investments, we've provided fact sheets on each of the plan investments in the back of this workbook. Please keep in mind that when selecting your own investments, you may want to review your investment lineup on a periodic basis and rebalance when necessary to make sure your investments stay aligned with your overall investing strategy.

- **Custom model portfolio.**
  Enroll in GoalMaker®—The 403(b) Plan provides this easy-to-use, optional asset allocation program, available at no additional cost, to help you select investments from one of twelve model portfolios based on your investor style and years to retirement.

Step 1: Determine your investor style and years to retirement

What is your investor style?

Conservative	C	• Concerned about short-term ups and downs in the market • Wants to minimize risk and maintain principal • Seeks stability; little fluctuation in the value of investments
Moderate	M	• Willing to sacrifice safety of principal for potentially greater returns • Can tolerate modest market fluctuations • Concerned with safety, but wants to stay ahead of inflation
Aggressive	R	• Seeks to maximize investment returns • Can tolerate substantial market fluctuations • Accepts greater risks in exchange for the prospect of greater rewards

Your years to retirement

Now that you know your investor style, you're halfway there. Next, fill in the blanks below to determine the number of years until you begin taking distributions from your retirement account.

- **Your expected age when distributions begin:** ___________________
- **Minus your current age:** ___________________
- **Your years to retirement:** ___________________

Step 2: Select your portfolio

Use your answers from Step 1 to find the code that can assist you in selecting a mix of investments.

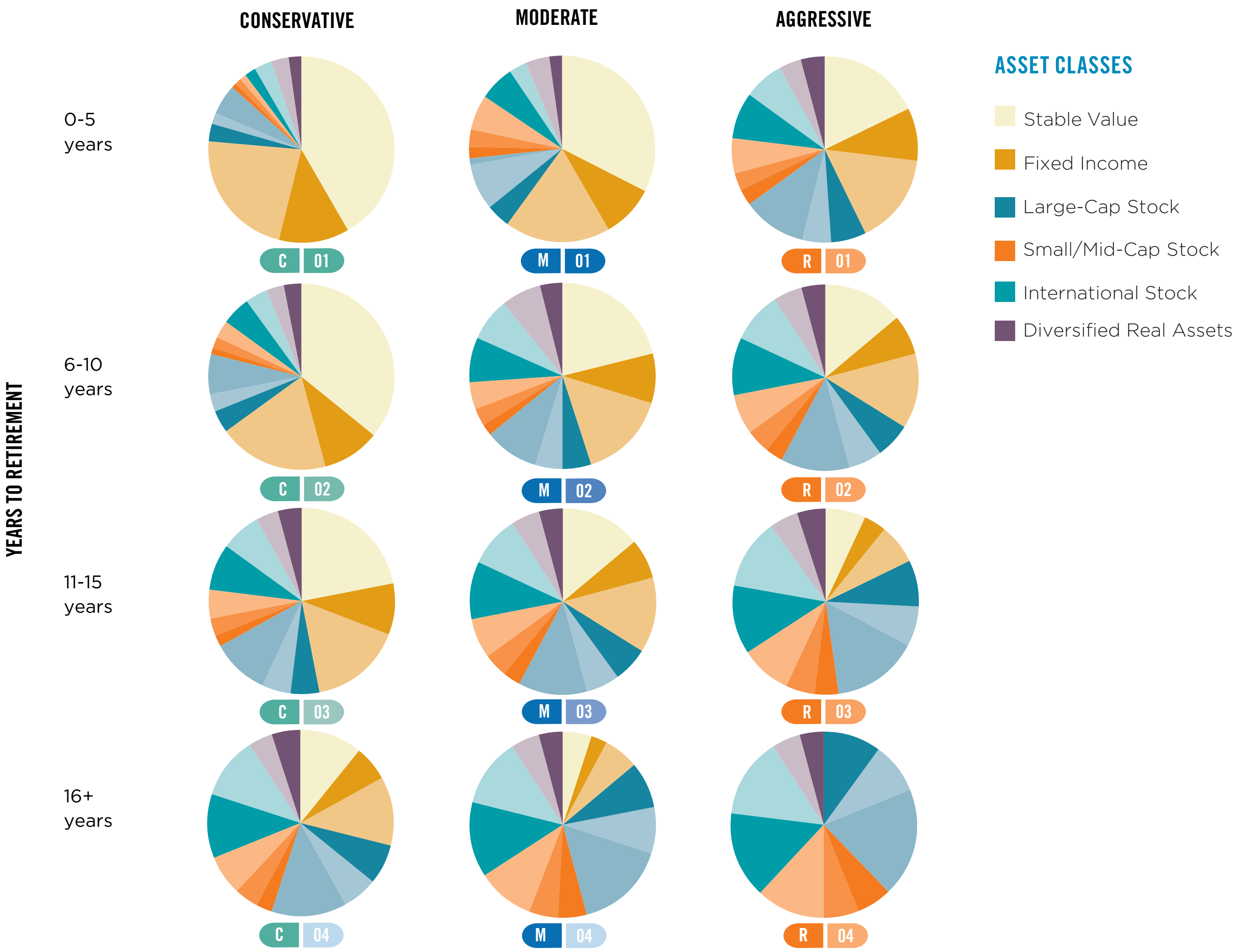
Find your investor style and circle the GoalMaker code letter next to it:		Find your years to retirement and circle its assigned number:	
Conservative	C	0—5 years	01
Moderate	M	6—10 years	02
Aggressive	R	11—15 years	03
		16+ years	04

Write your combined code here: ___________________

Your combined code (e.g., M03, C02, R01, etc.) reflects both your investor style and your years to retirement and gives you a simple formula to find an investment portfolio. Match your code to the corresponding GoalMaker portfolios on the next page, and review the portfolio to ensure the mix is appropriate for you.

Suggested portfolio options by Investor Style Code

Once you've determined your Investor Style Code (see previous page), find that code in the chart below. If you want to enroll in GoalMaker, this chart shows how your money would be invested by asset class. If you want to build your own portfolio, the same code provides a suggested mix of investments by asset class.



These model portfolios are provided as samples and not as investment recommendations. The model portfolios are based on generally accepted investment practices and take into account the principles of modern portfolio theory, in which allocations are adjusted in an effort to achieve maximum returns for a given level of risk. You should consider other assets, income, and investments (e.g. equity in a home, Social Security benefits, individual retirement plan investments, etc.) in addition to your interest in the plan, to the extent those items are not taken into account in the model before applying these models to your individual situation. Please note that in addition to the specific investments used in the GoalMaker model portfolios, other designated investment alternatives have similar risks and return characteristics. Information regarding those designated investment alternatives can be found in your plan enrollment materials or by logging into your retirement account at Prudential.com. The GoalMaker portfolios are subject to change including, for example, the replacement of investment options and allocations within the portfolios. You will be notified in writing in advance of such changes. **Past performance of investments or asset classes does not guarantee future results.**

Balancing your portfolio…automatically

Because the financial markets don't always act in a way that matches your retirement savings goals, the 403(b) Plan provides Automatic Rebalancing. GoalMaker portfolios are automatically rebalanced quarterly. This is helpful because without it, one investment in your portfolio could grow (or decline) faster than another, throwing your original asset allocation "off balance." During the rebalancing process, money is moved among the investments in your GoalMaker portfolio to maintain the allocation percentages that you initially chose. Automatic Rebalancing with GoalMaker ensures your asset allocation stays in line with your original investment objectives.

The 403(b) Plan also offers Automatic Rebalancing for those not enrolled in GoalMaker. Simply enroll in the Automatic Rebalancing program once you have created your own portfolio from the 403(b) Plan investment options.

Adjusting your portfolio over time

If you are enrolled in GoalMaker, you may also choose to select GoalMaker's Age Adjustment feature. This optional feature means that your portfolio will automatically adjust as you near retirement.

The 403(b) Plan allows you to select a new portfolio at any time without charges or penalties as your goals and years to retirement change.

To enroll in the 403(b) Plan and select GoalMaker, simply complete a paper enrollment form and follow the instructions.

What Else Do You Need to Know About the 403(b) Plan?

Beneficiary Designation

Be sure to assign a beneficiary for your account when you enroll so that, upon your death, your account balance will be distributed according to your wishes.

Automatic payroll deductions

Your elected contributions to the 403(b) Plan come out of your paycheck.

Plus, you can change your contribution amount by logging in to your account. You can also suspend or stop contributions at any time.

Retirement planning account tools

The 403(b) Plan gives you the opportunity to access your account 24 hours a day, seven days a week, by calling toll-free at **844-505-SAVE** (844-505-7283). Also, the 403(b) Plan website (**CTDCP.com**) provides a host of retirement information, interactive calculators and contact information for your on-site retirement counselors.

Quarterly statements keep you informed.

After you enroll, you will receive statements four times a year. You have the choice of selecting a simplified or a detailed quarterly statement. If you prefer, you may opt to receive e-statements.

Can I get money out if I need to?

Yes. The 403(b) Plan offers the following ways to access money in your account:

- **Loans**—you may request a loan from your account.
- **Hardship Withdrawals**—you may request a hardship withdrawal if you have an immediate financial need, such as:
  - Medical/Dental expenses incurred by you, your spouse or any of your dependents.
  - Payments to prevent eviction or mortgage foreclosure on your principal residence.
  - Payment of burial or funeral expenses for a deceased parent, spouse, children or dependents.
  - Expenses for the repair of damage to your principal residence that qualifies for a casualty deduction.

(For more information, log in to your account at **CTDCP.com**.)

Since there can be serious drawbacks to taking money out of your 403(b) Plan be sure to carefully weigh the pros and cons before making your decision.

- **In-Service Withdrawals**—In-service withdrawals are allowed upon attainment of age 59½ or later.

Consolidate your retirement savings accounts.

If you have an Individual Retirement Account (IRA) or other retirement accounts from previous employers, you may be able to roll those assets into your 403(b) Plan account once you enroll. Because the 403(b) Plan accepts rollovers from other 403(b), 401(k) and 457 plans, and IRAs,[4] you'll be able to invest those assets in any of the investment options in your 403(b) Plan lineup.

There are numerous benefits associated with consolidating your retirement assets in one place, including:

- **Convenience**—One statement, one website, one toll-free number to call and one point of contact make your savings easier to manage.
- **On-site assistance**—On-site retirement counselors are available to meet with you.
- **Potentially lower cost in the 403(b) Plan**—The investment options in the 403(b) Plan may have lower expense ratios than options you can invest in on your own.
- **Loan provision**—Leaving all your money in your account is the best way to continue saving for your future, but if the need arises, the 403(b) Plan offers a loan feature. Conversely, you may not be able to borrow funds from your IRA or a previous employer's plan.

[4]Pre-tax IRA assets are eligible for rollovers into the 403(b) Plan. Check with your current provider for any applicable surrender or transfer fees.

Enjoy Lots of Options at Retirement

When you retire or leave employment with the State of Connecticut, you can make any of the following choices about what to do with your 403(b) Plan account balance:

- **Leave your funds in the 403(b) Plan:** You can leave your money in the 403(b) Plan, subject to federal rules on Required Minimum Distributions (RMDs). RMD payments must begin once the participant attains age 70½ or following separation of service at age 70½ or older, whichever occurs later.
- **Take a full or partial systematic withdrawal (periodic payments to fit your needs):** You can opt to receive monthly, quarterly, semiannual or annual installment payments. (These payments are paid in equal amounts over a specified period of time and cannot exceed your life expectancy.)
- **Take a full or partial lump-sum withdrawal:** This option means you can withdraw all or part of your account balance at once. However, if you're under age 59½ when you withdraw the money, you may face an additional tax consequence for doing so.
- **Roll over your balance to another eligible retirement program:** If you leave your current employer for any reason, you can take your 403(b) Plan assets with you by rolling your balance into another qualified retirement program. Check with your new employer to see if its plan will accept a rollover from your previous program.
- **Roll over your balance to an Individual Retirement Account (IRA):** If you're retiring or changing jobs, this is an option. However, you will likely pay higher fees for investment options and may incur additional custodial fees that you would not have to pay by leaving your assets in the plan. If you do a direct rollover—which means that you have your plan recordkeeper make the withdrawal check payable to the financial institution where you opened your IRA—you can also maintain your money's tax-deferred status. In other words, by having the check made payable to the financial institution for deposit directly into your qualified personal retirement account, you can avoid the mandatory federal income tax withholding.

Withdrawals generally are taxed at ordinary income tax rates. See program information regarding limitations on withdrawals from your 403(b) Plan account.

Take Action Now!

Enroll in the 403(b) Plan today through one of the simple ways listed below:

Meet with your on-site retirement counselor for one-on-one support in enrolling. Call toll-free **844-505-SAVE** (844-505-7283), or visit **CTDCP.com** and click on "Schedule a meeting."

Enroll online by completing the enrollment form when you log in to **CTDCP.com**, and click on the Forms tab. The enrollment form is located in the 403(b) Plan section.

Call toll-free **844-505-SAVE** (844-505-7283). Participant service representatives are available Monday through Friday from 8 a.m. to 9 p.m. ET.

State of Connecticut
Defined Contribution Plans
CONNECTING TO YOUR FUTURE

Prudential Retirement
30 Scranton Office Park
Scranton, PA 18507

844-505-SAVE (844-505-7283)
CTDCP.com

Prudential

GoalMaker's model allocations are based on generally accepted financial theories that take into account the historic returns of different asset classes. But, of course, past performance of any investment does not guarantee future results. Participants should consider their other assets, income and investments (e.g. equity in a home, Social Security benefits, individual retirement plan investments, etc.) in addition to their interest in the plan, to the extent those items are not taken into account in the model. Participants should also periodically reassess their GoalMaker investments to make sure their model portfolio continues to correspond to their changing attitudes and retirement.

Amounts withdrawn, except for qualified withdrawals from a Roth 403(b), are generally taxed at ordinary income tax rates. Amounts withdrawn before age 59½ may be subject to a 10% federal income tax penalty, applicable taxes and plan restrictions. Neither Prudential Financial nor any of its affiliates provide tax or legal advice for which you should consult your qualified professional.

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