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## **ALTERNATIVE RETIREMENT PLAN ENHANCEMENTS**

The ERB is pleased to announce new enhancements to the Alternative Retirement Plan (“ARP”) and the addition of a new service provider. After a thorough and careful review of several ARP service providers, the ERB selected TIAA-CREF and Fidelity as its ARP service providers. Each service provider will be offering enhancements previously unavailable to ARP participants. TIAA-CREF’s new enhancements and Fidelity as a new provider choice will be available to participants **September 1, 2011**.<sup>1</sup>

### ***ARP Enhancements***

By selecting TIAA-CREF and Fidelity the ERB will be able to provide optimal value to ARP participants through enhanced investment services, improved and diverse investment options and the addition of target date retirement funds. These funds offer a single diversified portfolio professionally managed by a fund manager in accordance with the fund’s investment objective. The funds offer a “hands off” approach to investing by charging the fund manager with the task of periodically adjusting asset allocation to meet specific growth goals set for the portfolio.

### ***Selection Process***

The selection of TIAA-CREF and Fidelity was made through a comprehensive eight month selection process. During this period an ARP evaluation committee was established to look at criteria commonly measured in the industry including but not limited to: investment offerings, recordkeeping fees, recordkeeping standards, quality assurance standards, technology capabilities, security standards, and employee experience and expertise. TIAA-CREF and Fidelity were selected after receiving the highest marks among several vendors.

### ***Current Participants***

#### **TIAA-CREF Participants**

Current TIAA-CREF participants are not required to make any changes. TIAA-CREF participants interested in the new TIAA-CREF enhancements should take note of TIAA-CREF’s improved and diverse investment fund line-up including target date retirement funds.

## VALIC Participants

VALIC will be phased out as an ARP service provider effective December 15, 2011. Current VALIC participants will be allowed to have their current account balances remain at VALIC.<sup>ii</sup> All future contributions will be required to be directed to TIAA-CREF or Fidelity. VALIC participants can continue to make contributions to VALIC until December 15, 2011, however, participants will need to make a switch to either TIAA-CREF or Fidelity by **December 15, 2011**. If a current VALIC participant fails to make the switch by the deadline the VALIC participant will automatically be defaulted into a TIAA-CREF or Fidelity target date retirement fund.

### *New Employees*

New employees interested in the ARP may select either TIAA-CREF or Fidelity as their service provider.<sup>iii</sup> Effective September 1, 2011 VALIC will no longer be offered as a service provider for new employees.

New employees will be able to make an election to the ARP within 90 days from the start of their employment. The 90 day period offers new employees an opportunity to select either the ARP or the defined benefit plan as the retirement plan of their choice. Any employee who fails to make the election within the first ninety days of employment shall remain a regular member in the defined benefit plan and shall not be eligible to elect later on, to be a participant in the ARP.<sup>iv</sup>

New employees should note that TIAA-CREF is currently set up to accept contributions for its existing annuities; however, participants will not have access to or be able to make contributions to the new TIAA-CREF investment fund line-up until September 1, 2011.

New employees making an election to Fidelity prior to September 1, 2011 will have contributions allocated to the defined benefit plan until September 1, 2011, at which point all contributions will then be withdrawn and applied to Fidelity along with the commencement of regular contributions directly to Fidelity.

### *Communication*

New employees and current participants will be receiving separate announcement letters from both TIAA- CREF and Fidelity in early to mid August 2011. The announcement letters will contain information on investment options and special services including one on one investment counseling sessions. The announcement letters will also identify: (1) mutual/variable funds for participants interested in taking a more active approach to their portfolio; (2) target date retirement funds for participants who want minimal involvement in their investment portfolio and; (3) fixed contracts for those seeking guaranteed interest rates. Informational seminars will also be available on campus starting in mid-August.

Questions regarding investment lineup, portfolio selection and fees should be directed to the appropriate service provider after informational letters are distributed.

The ERB is pleased to be working with TIAA-CREF and Fidelity to bring enhanced customer service and value to the ARP program. All new employees and current participants interested in the new enhancements are encouraged to meet with a TIAA-CREF or Fidelity representative to assist in making informed decisions.

### ***Switching Providers***

ARP participants may switch service providers once per plan year.

### ***Tentative Schedule***

**Early to Mid August 2011** – Announcement letter from TIAA and Fidelity containing contact information, investment menus, enrollment information, and services. Letters will be distributed by schools to new employees.

**Mid August to Mid September 2011** – Counseling sessions with service providers will be available.

**September 1, 2011** – Official participant enrollment date. New employees and current participants may officially enroll in the plan starting September 1, 2011. (New employees may make their election to the ARP prior to that date but official “enrollment” which entails completion of ARP vendor application forms, completion of beneficiary designation forms and selection of investments or target date retirement funds will not be possible until September 1, 2011.) Current participants may enroll in the new offerings in accordance with the “one switch per plan year” provision referenced above. September 1, 2011 also marks the commencement date for forwarding contributions directly to the participant’s selected service provider.

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<sup>i</sup> Vendor availability is subject to contract approval. Contracts expect to be finalized prior to September 1, 2011.

<sup>ii</sup> VALIC participants may also choose to have their accumulated contributions transferred to another carrier subject to the rules and regulations of the carriers governing these transfers.

<sup>iii</sup> Vendor availability is subject to contract approval. Contracts expect to be finalized prior to September 1, 2011.

<sup>iv</sup> If the 90 day period for a new ARP eligible employee to elect to participant in the ARP expires **before** September 1, 2011, the election period will be extended to September 30, 2011 to allow the new employee to review material from both vendors before making an election. In the event that the election period is extended, the ERB should be informed by the employer of the date on which the new employee’s 90 day election period would expire.