



## Frequently Asked Questions – Updated August 3, 2020

### Ohio University Retirement Plan Transition FAQ

#### 1. Why is the university changing retirement plan vendor options?

In 2017 members of the Inter University Council of Ohio, which include the fourteen public universities in Ohio, received a legal guidance clarifying that State of Ohio law places fiduciary duties on universities for retirement plans such as the 401(a) Alternative Retirement Plan, 403(b) plan, and 457(b) plan.

As fiduciary employers must take a more active role in oversight of retirement plans offered to employees. This normally includes negotiating and monitoring fees and expenses charged by retirement plan vendors, monitoring investment options provided including the performance of options, simplifying the ability for employees to review and compare investment options and fees, and managing retirement plans in the best interest of employees.

Due to this new determination Ohio University partnered with other Ohio Inter-University Council (IUC) institutions to select an independent advisor to guide us through a process to meet the recommendations presented. After an IUC led RFP process, Cammack Retirement Group, Retirement Group, an independent investment advisor, to conduct a full review of 401(a) Alternative Retirement Plan (ARP), 403(b) retirement plan, and 457(b) retirement plan programs in an effort to:

- Simplify the ability for employees to review and compare options and fees by
  - establishing an appropriate amount of investment options available from each ARP, 403(b) and 457(b) plans vendor, and
  - reducing the number of vendors offering ARP, 403(b), and 457(b) plans.
- Negotiate reduced/improved investment expenses and fees charged to Faculty and Staff participating in the ARP, 403(b), and 457(b) plans, wherever possible;
- Establish a process to continually monitor fees and expenses charged to employees and monitor the performance of investment options.
- Establish a Retirement Benefit Investment Committee to partner with Cammack to better position the university in terms of compliance and the ability to carry out fiduciary responsibilities.

#### 2. Who serves on the Retirement Benefit Investment Committee?

In forming the Retirement Benefit Investment Committee, the university sought individuals with sought faculty and staff members with focused expertise in investments and

retirement plan administration, and related experience in serving on similar committees for employers. The Retirement Benefit Investment Committee members include David Gaume, Director of Investments; Andrew Fodor, Professor and Chair of Finance – College of Business; Colleen Bendl, Chief Human Resources Officer; and Greg Fialko, Director of Benefits. This committee has a separate charge from the Benefits Advisory Committee (BAC) as it does not contemplate change to the employee benefit but is focused specifically on the fiduciary duties of the University as it relates to the retirement plan investments. The BAC would be consulted should there be discussion related to the actual benefit level.

**3. Who are the four vendors that employees will be able to use starting November 1, 2020?**

The four vendors will be AIG-VALIC, AXA Equitable, TIAA, and Voya.

Ohio Deferred Compensation will continue to be a 457(b) vendor as well.

STRS and OPERS are not impacted by these changes.

**4. When will the changes be effective?**

The transition to the four selected vendors and new investment options is effective November 1, 2020.

The university originally established an implementation date of July 1, 2020. However, that date was reconsidered and moved to November 1, 2020 mainly due to the disruption caused by the coronavirus during what would have been the main implementation time period for a July 1, 2020 start date.

**5. When will more detailed information be distributed to faculty and staff?**

Detailed information and open informational forums are scheduled for late August and September. Packets regarding the changes will be sent to impacted employees. And informational sessions to review options and answer questions will be held in September.

**6. How were the four vendors chosen?**

Retirement plan vendors were provided the opportunity to submit proposals to continue to be a vendor at Ohio University. Not all vendors submitted proposals.

The Retirement Benefit Investment Committee partnered with Cammack Retirement Group, a consulting firm hired through the Inter University Council of Ohio, to review proposals from plan vendors, negotiate services and fees, select vendors, and improve investment options available wherever possible.

## 7. How does this improve retirement plans for faculty and staff?

Reducing the number of approved vendors from as many as eleven to four will simplify the ability for employees to review and compare investment options and fees. It also provides the university the opportunity to use its scale to negotiated new, and lower fees charged to faculty and staff. Below is an example of the typical fees paid over a lifetime of investing by a employees\*. As shown, reducing fees can greatly impact the amount of funds an employee can accumulate over a lifetime.

For an employee with a \$30,502 starting salary at age 25 who retires at age 67		For an employee with a \$75,000 starting salary at age 25 who retires at age 67	
Fee Percent	Total Fees	Fee Percent	Total Fees
0.25%	\$42,309	0.25%	\$104,033
1.0%	\$138,336	1.0%	\$340,137
1.3%	\$166,420	1.3%	\$409,202

*\*Source: "Fixing the Drain on Retirement Savings, How Retirement Fees Are Straining the Middle Class and What We Can Do about Them". Jennifer Erickson and David Madland, Center for American Progress, April 11, 2014*

## 8. What retirement plans are impacted?

The 401(a) Alternative Retirement Plan, 403(b) plan, and 457(b) plans are impacted.

## 9. Does this impact my retirement plan with STRS, OPERS or Ohio Deferred Compensation?

No, STRS, OPERS, and Ohio Deferred Compensation are not impacted by these changes.

## 10. Does the university save money by making these changes?

The university does not realize any direct savings from these changes. Savings from reduced fees should help improve overall investment outcomes for faculty and staff.

The changes do position the university to comply with its legal fiduciary responsibilities as dictated by State of Ohio law.

**11. I have a relationship with a current investment advisor, will I be able to continue that relationship.**

If you have worked with an independent advisor and would like to continue that relationship you should contact them to see how they can assist you with these changes and provide ongoing investment advisory services.

All of the funds you have invested now can remain invested where and with whom they are invested. You can continue working with your investment advisor regarding the investment of those funds. Starting November 1, all new retirement plan contributions will need to be directed to one of the four selected vendors or Ohio Deferred Compensation.

Investment advisors have the opportunity to continue working with faculty and staff under the TIAA Registered Investment Advisor (RIA) program. It will be up to each investment advisor to become operational on the TIAA platform as a RIA. Under the TIAA RIA program the advisors can assist you in selected investments through TIAA. There may be additional fees charged by your advisor for these services, which can be deducted directly out of your university retirement plan assets held at TIAA. In order to keep fees reasonable, the university has capped these fees at 1.00% of your university retirement plan assets. This program is currently offered through TIAA as they are the only selected vendor currently allowing the RIA setup. These advisors are independent and are not affiliated with the university or TIAA.

**12. What happens to my current investments? Can I leave current/existing funds where they are now?**

You can leave your current investments where they are now. You may also transfer your funds to the new investments offered by the four vendors. Faculty and staff should weigh transferring funds carefully. Once funds are transferred to new investments, they cannot be transferred back.

**13. I use one of the 4 selected vendors. Will I need to take any action?**

Yes. Starting in late August you will receive information from your vendor indicating how your retirement plan contributions may be allocated starting November 1, 2020. You will have the opportunity to work with your retirement plan vendor to review your investment allocations and make any desired changes.

**14. I use one of the de-selected vendors. Will I need to take any action?**

Yes. If you currently use a vendor who will no longer be an option, you will need to select a new vendor. Starting in late August you will receive information regarding the options available and information sessions will be made available.

All of the funds you have invested now can remain invested where and with whom they are invested. And, you can continue working with your investment advisor regarding the investment of those funds. However, starting November 1 all new retirement plan contributions will need to be through one of the four selected vendors.

**15. Why can't I continue to make retirement contributions to a de-selected vendor?**

Allowing as many as eleven vendors to continue to provide services works against the university's fiduciary duty to simplify investment options, monitor investment lineups and performance of investment options provided by vendors, and reduce expenses and fees wherever possible.

**16. What happens if I take no action?**

If you do not take any action, you will be automatically enrolled in a life cycle fund based on your age range provided by TIAA. You will continue to have the opportunity to review/change your investments with TIAA or change to one of the other vendors.

TIAA was selected by the university committee as the default vendor for these circumstances based on the strength of their fee proposal and target date fund options.

**17. What actions can I take now?**

No action is needed right now. Starting in late August and in September and October you should carefully review the informational packets that will be distributed and work with one of the four retirement plan vendors to ensure your retirement plan investments are set up as you desire.

**18. Who do I contact with additional question?**

If you have additional questions at this time, please email the HR Benefits Office at [benefits@ohio.edu](mailto:benefits@ohio.edu).