

## 2011 University Optional Retirement Plan (ORP) Changes - An Overview

**The following is intended as an overview and guide. The most detailed and up-to-date information is available at the ORP investment provider sites. You are STRONGLY advised to contact Fidelity at 1.800.343.0860 or TIAA-CREF at 1.800.842.2252 for assistance.**

### KEY FACTS

The Arizona Board of Regents (ABOR) reviews the Optional Retirement Plan (ORP) provider lineup every 5 years and uses a consultant to offer technical guidance. Mercer Consulting was our partner in our latest ORP review process.

In addition to ABOR personnel, the review Committee consisted of faculty and senior benefits staff from the University of Arizona, Arizona State University and Northern Arizona University. A complete list of Committee members is available at:

<http://azregents.asu.edu/boardbook/Board%20Agenda%20Books/2011-02%20Meeting/Board-Book-2011-02.pdf>. (Committee members are listed on page 43).

The Committee's review process was intended to support prudent investment choices.

### OPTIONAL RETIREMENT PLAN INVESTMENT OPTIONS

The Committee conducted a rigorous review of providers' performance, cost and efficiency ratings. Based on this review, Fidelity and TIAA-CREF were offered the opportunity to continue as authorized providers and the ABOR contract with VALIC will conclude at this end of this year.

In addition to making decisions about authorized providers, the ORP was organized into various tiers which are described below. A copy of the ABOR's "Approval of Providers for the ABOR Optional Retirement Plan" is located at: <http://azregents.asu.edu/boardbook/Board%20Agenda%20Books/2011-02%20Meeting/Board-Book-2011-02.pdf>. (The report is located on Page 40 of the PDF file).

## DEFINITION OF CURRENT AND FUTURE OPTIONAL RETIREMENT PLAN TIERS

### Tier 1 Lifecycle

These are mutual funds designed for investors who want a simple yet diversified approach to investing. They are professionally managed. Lifecycle funds have asset allocations that generally become more conservative as they approach their target retirement date. The fund manager periodically rebalances the fund's assets to keep the fund in line with the target asset allocation.

### Tier 2 Core Investment

This tier includes a limited menu of mutual funds. Those considering these options are those who are comfortable diversifying investments on their own or with the assistance of an outside investment advisor and/or asset allocation tools. The performance of funds in Tier 2 is reviewed quarterly by the Arizona University System and an outside investment consultant.

### Tier 3 Self-directed Brokerage and Annuities

The broad spectrum of investments in this tier may be a good choice for more active investors with an understanding of how to research and evaluate individual investments. Self-directed brokerage account entails greater risk, and is not appropriate for everyone. Those uncomfortable actively managing a portfolio of individual securities may find that Tier 1 or 2 to be a more appropriate choice. There are some restrictions and additional fees for this type of account.

PLEASE NOTE: It is **not** necessary to open a brokerage account to invest in or maintain existing TIAA Traditional Guaranteed Annuity, CREF Stock Account Variable Annuity and CREF Money Market Account Variable Annuity.

## MAKING CHANGES

### ***Fidelity and TIAA-CREF Participants***

IF YOU DO NOTHING before the tier lineup changes on September 16 for TIAA-CREF or September 19 for Fidelity, new contributions made beginning with the September 23 payday will automatically be directed to the new Tier I and Tier II fund lineup. Automatic redirection is not irrevocable. You may make changes after these dates.

Existing account balances will remain in current accounts until December when they will be automatically redirected to the new tier lineup (with the exception of annuity balances). You can avoid the automatic redirection of existing account balances by taking action (by December 13 for TIAA-CREF or December 19 for Fidelity). Automatic redirection is not irrevocable. You may make changes after these dates.

Details on how investments will be redirected can be found in the August communication from your investment provider. Copies of these letters can be found on the Human Resources website at [http://www.hr.arizona.edu/benefits/2011/upcoming\\_changes\\_to\\_orp](http://www.hr.arizona.edu/benefits/2011/upcoming_changes_to_orp).

**You are strongly encouraged to contact Fidelity at 1.800.343.0860 or TIAA-CREF at 800.842.2252 for assistance.** You may also schedule a one-on-one consultation with a representative. Visit [http://www.hr.arizona.edu/benefits/2011/upcoming\\_changes\\_to\\_orp](http://www.hr.arizona.edu/benefits/2011/upcoming_changes_to_orp) for information on how to set up an appointment.

#### Changes to Contribution Investment Elections

1. To direct contributions to **Tier 1 or Tier II**, contact Fidelity or TIAA-CREF for assistance.

**Fidelity** – Changes must be completed by 1 p.m. PT on September 19.

**TIAA-CREF** – Changes must be completed by September 16.

2. To direct contributions to **Tier III**:

You may open a brokerage account at any time. If you would like to begin investing in Tier III funds beginning with the September 23<sup>rd</sup> paycheck, please follow the directions below for Fidelity and TIAA-CREF. **TIAA Traditional Guaranteed Annuity, CREF Stock Account Variable Annuity and CREF Money Market Account Variable Annuity DO NOT require a brokerage account application.**

**Fidelity** – Contact Fidelity to open a brokerage account. Brokerage applications must be submitted by September 2. Once your brokerage account is established, contact Fidelity prior to 1 p.m. Pacific time on September 19 to direct your future contributions to Tier III.

**TIAA-CREF** – Contact TIAA-CREF to open a brokerage account and for assistance directing future contributions to Tier III. Brokerage accounts must be opened by September 16 and contributions must be directed to Tier III by September 16.

#### Moving Existing Account Balances

1. To transfer existing account balances to **Tier I or Tier II**, contact Fidelity or TIAA-CREF for assistance.

**Fidelity** – Transfer must be completed by 1 p.m. PT on December 19

**TIAA-CREF** – Transfer must be completed by December 13

2. To transfer existing account balances to **Tier III**:

**Fidelity** – Contact Fidelity to open a brokerage account if you have not already done so. Brokerage applications must be submitted by December 5. Once your brokerage account is established, contact Fidelity for assistance with the transfer. Transfers must be completed by 1 p.m. Pacific time on December 19.

**TIAA-CREF** – Contact TIAA-CREF to open a brokerage account if you have not already done so. Once your brokerage account is established, contact TIAA-CREF for assistance with the transfer. Transfers must be completed by December 13.

## **VALIC Participants**

IF YOU DO NOTHING, all future contributions and VALIC mutual fund account balances will be **automatically redirected to Fidelity beginning with the September 23 payday** as described in the Transition Guide mailed to your home in August. This Transition Guide can be found on the Human Resources website at [http://www.hr.arizona.edu/benefits/2011/upcoming\\_changes\\_to\\_orp](http://www.hr.arizona.edu/benefits/2011/upcoming_changes_to_orp). Annuity contracts, annuity account balances and balances in the VALIC Fixed Interest Option will remain with VALIC.

### Making Changes

1. Choose a new investment provider.
2. Open an account with Fidelity or TIAA-CREF no later than September 15. Contact Fidelity or TIAA-CREF for assistance. You are strongly encouraged to schedule a one-on-one consultation to ensure that you are investing in the new fund lineup.
3. Transfer VALIC mutual fund balances to Fidelity or TIAA-CREF. The last day to request transfer paperwork from VALIC is September 12. Fidelity or TIAA-CREF can assist with the transfer. VALIC annuity funds may have restrictions on withdrawals.
4. **You must also elect your new vendor in UAccess Employee by 5 pm on September 15.** Select Employee/Manager Self Service > Self Service > Benefits > Benefits Enrollment. Once you make your election in UAccess Employee, contributions to your new vendor will begin the following pay period, so you must have an account open.

### INFORMATION RESOURCES

1. The HR Benefits website contains resources, including all recent explanatory communication: [http://www.hr.arizona.edu/benefits/2011/upcoming\\_changes\\_to\\_orp](http://www.hr.arizona.edu/benefits/2011/upcoming_changes_to_orp)
2. Multiple information sessions are being held on campus and at Arizona Health Sciences Center. Representatives from both Fidelity and TIAA-CREF representatives will provide information about the change in plan lineups. In addition, the presenters bring additional representatives to the meetings. These representatives can answer individual questions or create follow up appointments on the spot. Sessions: [http://www.hr.arizona.edu/benefits/2011/upcoming\\_changes\\_to\\_orp](http://www.hr.arizona.edu/benefits/2011/upcoming_changes_to_orp)
3. Speak with an investment company representative.  
Fidelity: 1.800.343.0860      TIAA-CREF: 1.800.842.2252
4. Schedule a one-on-one consultation with an investment company representative. Visit [http://www.hr.arizona.edu/benefits/2011/upcoming\\_changes\\_to\\_orp](http://www.hr.arizona.edu/benefits/2011/upcoming_changes_to_orp) for information on how to set up an appointment.
5. Speak with HR Benefits at 621-3662, option 3.