

Reimagining the University's Employee Retirement Plans – An Update from the Retirement Plan Review Committee

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- Retirement from one's life occupation is inevitable.
 - Spiritual, physical, and financial comfort are desired
 - The University's Retirement Plans are a part of this process for University employees
 - A Plan's *retirement benefit philosophy* is grounded in
 - Organizational goals
 - Organizational culture
 - Employee demographics
 - Financial constraints and opportunities
 - Retirement needs of its employee population
 - Under Colorado Law (CSU) employees are required to participate in institutional retirement plans

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- Public Employees' Retirement Association (CO-PERA)
 - Established in 1931 by Colorado General Assembly
 - Requested by Group of State Employees
 - Foresaw need for safe and secure retirement system
 - Social Security Act was signed into law in 1935
 - Substitute for Social Security for most public employees
 - 401(a) defined benefit plan (sometimes called a pension plan)
 - Benefits are "pre-funded"
 - Contributions made while a member is working
 - Members are required to contribute fixed percentage of salary
 - Employers also contribute a percentage of salary
 - Contributed funds grow in value according to investments
 - Determined by Board of Trustees appointed by Governor
 - Benefits are distributed at retirement or disability
 - According to fixed structure, schedule and calculation

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- CSU has participated PERA since the latter's start
 - Like other State-operated governmental divisions
 - It remains an employee-elected option today
 - Under certain conditions and limitations for AP and faculty employees
 - Required of State Classified employees
 - By late 20th century the environment surrounding institutional retirement planning and around personal investment had changed
 - Appetite increased for achieving stock market performance
 - Certain provisions of PERA were determined to lessen the University's ability to attract and retain most qualified personnel
 - Fixed investment and payout structures
 - lack of portability of assets and benefits

Defined Contribution Plan Instituted

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- State legislation authorized higher education institutions to offer Defined Contribution (DC) Retirement Plans during the first half of 1990s
 - During President Albert Yates administration
 - DC plans define the level of contribution made to the plan
 - DC plans do not define the retirement income level
 - Benefit paid by a DC plan is contingent on the amount of contributions made and investment income accumulated in individual employee's account over career
 - In DC plan, investment risks and rewards lie with participants
 - Not like traditional pension plan (like PERA)

Existing Plan Characteristics

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- CSU's 401(a) plan, also known as the Optional Retirement Plan or better known as the Defined Contribution Plan (DCP) for faculty and administrative professional staff
 - Employees are required (by state law) to contribute 8% of gross salary.
 - The university contributes 12% to those employees who are match eligible
 - The 403(b) plan is a *voluntary* savings plan sponsored by the university for employees who wish to augment their own retirement savings and investments
 - The same recordkeepers are available for both the DCP and 403(b)
 - The Student Employee Retirement Plan (SERP) is a state-mandated retirement plan requiring contributions from all "eligible" student

Existing Plan Characteristics

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Current

AIG, Fidelity, and TIAA as multiple recordkeepers

- There is no master administrator
- The DCP investment menu offers 359 investment options across the three recordkeepers
- The 403(b) Plan investment menu offers 380 investment options across the three recordkeepers
- The investment are proprietary with AIG recordkeeping offering AIG/VALIC investments, Fidelity recordkeeping offering Fidelity investments and TIAA recordkeeping offering TIAA/TIAA-CREF investment options

Total Costs for recordkeeping:	\$2,979,935
– DCP:	\$2,050,055
– 403(b):	\$892,365
– SERP participant:	\$37,515

Our Guiding Question throughout this process has been:

What plan culture, structures, processes and documents will provide the best framework for successful achievement of the University's Retirement Plan needs and mission in the coming years and match the reality of the way in which a modern plan is run?

With apologies to Claire M. Fraser, Chair AAAS Board of Directors

CSU recently kicked-off the implementation of a research-based approach to improve retirement preparedness for university employees. Through this endeavor, a retirement plans comparative review process will be performed.

Through this project effort Human Resources wishes to modernize the university's retirement plan offerings, while increasing participant focus on education with best-in-class investment options and stellar recordkeeper(s) arrangements at competitive costs.

Project Timeline Affected by Pandemic

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Project Timeline

Phase II (beginning May 22, 2020): Retirement Vendor Search/Request for Qualifications (RFQ) Services (beginning May 2020)

Under Committee Review:

- Employee retirement survey feedback results (beginning December 2020)
- RFQ record-keeper responses (beginning January 2021)

Phase III: Conversion Coordination – Investment Selection – Recordkeeper(s) Selection

Phase I (completed May 22, 2020): Benchmarking & Strategic Planning

CSU Survey - What We Learned

Survey ran 1-23 Oct 2020

Summary

Employees expressed that they feel that they would benefit from better education around the options available to them for retirement plan savings, including CSU plans, PERA, and Social Security. They value low-cost investments and operational efficiency, but also believe that the greatest need and feature for improving their retirement readiness is (personal) expert guidance. Fidelity is used and referenced by the largest number of participants, while AIG is a distant third.

- Total Responses = 1,361
- Participating in DCP = 994 (73%)
- Employment Status:
 - Admin. Professional or Post-Doctoral Fellow = 56%;
 - State Classified = 18%;
 - Tenured/Tenure Track Faculty = 15%;
 - Non-Tenure Track Faculty = 7%

See HR Website for More Information

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<https://hr.colostate.edu>

The screenshot shows a web browser window with the address bar displaying <https://hr.colostate.edu>. The page content is titled "News and Events" and features a grid of six articles:

- [COVID-19 FAQs Regarding Faculty and Staff Guidance](#)**: CSU Human Resources FAQs answer common questions for faculty, staff and student employees about the impacts of COVID-19 on leave, work arrangements and other concerns.
- [New Colorado Leave Benefits](#)**: The State of Colorado implemented three new leave options for State employees effective January 1, 2021. This includes leave under the Healthy Families & Workplaces Act and Paid Family Medical Leave.
- [Fraudulent Unemployment Claims](#)**: Due to the rise in unemployment insurance claims related to COVID-19, there has been a rise in fraudulent unemployment claims and other instances of fraud. Resources are available for employees who have been a victim of such fraud.
- [Town Hall: Fall 2021 at Colorado State University](#)**: View a video of the Town Hall session that occurred on May 13, 2021.
 - [Video with English captions](#)
 - [Video with Spanish captions](#)
- [Voluntary Retirement Incentive Plans](#)**: Colorado State University is pleased to offer the second voluntary retirement incentive plans for eligible faculty, administrative professionals and classified staff. Eligible employees may apply for the Plan from **June 1, 2021** until **June 30, 2021, 5 p.m., MT**.
- [Retirement Plans Comparative Review Process](#)**: CSU recently kicked-off the implementation of a research-based approach to improve retirement preparedness for university employees. Through this endeavor, a retirement plans comparative review process will be performed.

The footer of the page includes a "COVID-19 INFORMATION" button, navigation links for "Apply to CSU", "Contact CSU", "Disclaimer", "Equal Opportunity", and "Privacy Statement", an "Accessibility Statement" link, the Colorado State University logo, and the copyright notice "© 2021 Colorado State University".

Retirement Plan Review Committee

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Project Committee:

- **Chair: Joseph DiVerdi**, Non-Tenure Track Faculty Committee Member
Associate Professor, Chemistry, College of Natural Sciences
- **Sue Doe**, Faculty Council Chair
Professor, English, College of Liberal Arts
- **Catherine Douras**, Admin Pro Council Chair
Senior Research Administrator, Office of Sponsored Programs
- **Bolivar Senior**, University Benefits Committee Chair, Associate Professor
Construction Management, College of Health & Human Science
- **Lacey Snyder**, Higher Ed ORP Review Committee Member
Administrative Professional, Associate University Controller

Advisory Members:

CSU Human Resources

- **Robyn Fergus**, Executive Director & CHRO
- **Bill Liley**, Special Assistant to CHRO & Retired HR Director
- **Teri Suhr**, Chief Total Rewards Officer

Innovest Portfolio Solutions

- **Wendy Dominguez**, Principal, President, & Co-Founder
- **Gordon Tewell**, Principal
- **Troy Jensen**, Vice-President

Compelling Argument for Early Investment CSU AP Council 14 June 2021

