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# Retirement Plans Transition to Fidelity

Informational Sessions – March / April 2023



Colorado State University

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# Interim Vice President for Human Resources, Brett Anderson

Discusses the Project Background



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# Today's Agenda

- Committee recommendations
- Investment selection and new investment options
- Investment transfers
- Transition to Fidelity

## Presenters

- Joseph DiVerdi, Retirement Plans Committee Chair and Associate Professor of Chemistry
- Guests from Innovest Portfolio Solutions
- Guests from Fidelity Investments



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# A Brief Note

- We understand that major changes, like these, can cause disruption in your life but we are convinced that these changes will greatly enhance your opportunity to achieve your retirement fund goals
- The committee, comprised of your peers, made recommendations with plan participant interests as the primary focus
- The changes have support from the University and the Board of Governors
- There is a detailed plan forward
- Human Resources and Fidelity Investments are here to help



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# Who was involved?

## University-wide committee

- Council Chairs: Faculty & Admin Pro
- University Benefits Committee Chair
- Faculty Member, Joseph DiVerdi, Retirement Committee Chair
- University Associate Controller

## Retirement plan consultant - Innovest Portfolio Solutions

- Independent external consultant
- Experienced in higher ed retirement fund structures and best practices
- Facilitated many higher ed institutions projects with many in Colorado

## University leadership

- Vice President for Human Resources
- University President
- Office of General Counsel
- Board of Governors (final approval)



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# Who benefits from this project?

Employees, retirees and former employees directly benefit as a retirement plan participant in the DCP, 403(b) or SERP in a sole-provider arrangement

- High-quality menu of curated investments selected by the CSU Retirement Investment Committee
- Self-directed brokerage account for DCP and 403(b) for advanced investors
- Elevated customer service
- Streamlined educational resources
- Regulatory compliance
- Cybersecurity protections
- Competitive and transparent fees



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# Retirement Committee Chair, Associate Professor of Chemistry Joseph DiVerdi

Discusses the Review Process and  
Recommendation



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# 3-Year Committee Review

Research best practices for higher education retirement plans

- Multiple providers or sole provider
- Options for streamlined high-quality core investments

Rigorous competitive process – companies required to show how they would be “best” at servicing plan participants including:

- Enhanced communication and education
- Cybersecurity abilities
- Competitive participant fees

Solicited ways to enhance services and education for plan participants as a result of employee survey and town hall feedback

- Quality over quantity of funds - creation of high-quality investments
- Better education about retirement investment strategy and options
- Understandable costs of account management fees and investment fees





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# What was the retirement committee's recommendation?

Initiate a sole-provider agreement for all employee and student retirement plans with **Fidelity Investments** for plan administration and services like:

- Participant education
- Enhanced customer support
- Account administration

Adopt a streamlined menu of high-quality investment options from best-in-class funds from multiple investment companies



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# What was behind the recommendation?

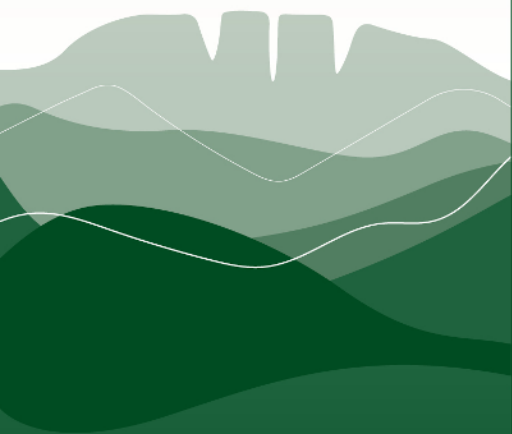
One Core Question:

- What structures, processes and culture will provide the best framework for successful achievement of the mission and purpose of the University retirement plans and align with the reality of how modern organizations operate in this space?  
*For all employees and for the coming years.*

Then the committee had a lot to learn ...

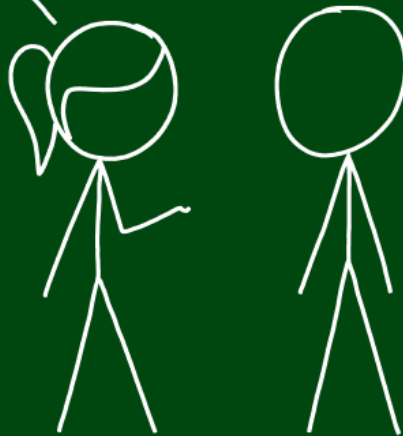


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SILICATE CHEMISTRY IS SECOND NATURE TO US GEOCHEMISTS, SO IT'S EASY TO FORGET THAT THE AVERAGE PERSON PROBABLY ONLY KNOWS THE FORMULAS FOR OLIVINE AND ONE OR TWO FELDSPARS.

OF COURSE.  
AND QUARTZ, OF COURSE.



EVEN WHEN THEY'RE TRYING TO COMPENSATE FOR IT, EXPERTS IN ANYTHING WILDLY OVERESTIMATE THE AVERAGE PERSON'S FAMILIARITY WITH THEIR FIELD.

We spoke with experts ...

Boy, did we speak to experts.

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We studied how everything (retirement finance) works ...

We learned so much.



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*"The truth does not change  
according to our ability to stomach  
it."*

- Flannery O'Connor

*"Do not fear to be eccentric in  
opinion, for every opinion now  
accepted was once eccentric."*

- Bertrand Russell

*"Without deviation from the norm,  
progress is not possible."*

- Frank Zappa

We faced  
sometimes  
difficult truths.

We asked hard  
questions.

We challenged  
assumptions.



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“Which is more important,” asked Big Panda, “the journey or the destination?”

“The company.” said Tiny Dragon.

Yet we never,  
ever forgot what  
was and is most  
important ...

Our colleagues,  
our friends and  
our families.





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# Innovest Portfolio Solutions

Discusses Investment Selection, Mutual  
Fund Transfers and Participant Fees



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# Who made the investment fund decisions?

Retirement Plans Investment Committee with research support from Innovest Portfolio Solutions

- University Chief Financial Officer, Chair
- Department of Finance and Real Estate faculty member with investment expertise
- Active plan participant with investment expertise
- Retired plan participant
- Two non-university members with investment experience
- Chief Total Rewards Officer, non-voting





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# Why is Innovest's structure important?

Innovest is a fiduciary that is independent and objective in helping CSU build an investment menu

- Selected through the University procurement process
- No proprietary products
- No conflicts of interest
- No payments from investment products
- Follow a rigorous and disciplined investment process



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# What were the investment decision factors and selection process?

Rigorous research by committee's consultant, Innovest Portfolio Solutions, which included qualitative and quantitative analysis including:

- Strong organizational structure, culture, investment philosophy and process
- Significant professional tenure
- Strong historical investment performance and risk adjusted performance
- Reasonable fees



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# What investments are available?

<b>Tier 1</b>	<b>Target Date Investments</b>	Investment options structured to periodically rebalance to optimize risk and returns for a predetermined time frame.
<b>Tier 2</b>	<b>Core Investments</b>	Investment options limited to a curated list of best-in-class choices.
<b>Tier 3</b>	<b>Self-Directed Brokerage Option</b>	Hands-on investor approach with access to a wide array of investment options from multiple companies, not included in the core menu.



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# How will the investment menu be monitored?

The CSU Retirement Plans Investment Committee and Innovest will meet quarterly, and at other times as necessary, to monitor and evaluate performance of the core menu funds

- Review fund manager tenure and turnover
- Investment fund organization strength
- Style and philosophy of investment manager
- Investment fund performance
- Fee structures and fee reduction opportunities



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# What is an administrative fee?

## Administrative fees

- You pay this fee to the service provider to manage the plans and record-keep the assets.
- We have negotiated a fixed amount with Fidelity based upon how many unique Social Security Numbers are in the Plans.
- We are in the process of determining how many accounts will transfer to Fidelity from Corebridge and TIAA data. Then the most equitable manner of allocating the fixed fee to plan participants can be selected.
- You will pay one fixed fee if you are enrolled in the DCP and 403(b) under this model to Fidelity.



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# What am I paying my current recordkeeper for administrative fees?\*

Fund Balance	Fidelity	TIAA	Corebridge
\$10,000	\$10	\$13	\$40
\$50,000	\$50	\$65	\$200
\$100,000	\$100	\$130	\$400
\$500,000	\$500	\$650	\$2,000
\$1,000,000	\$1,000	\$1,300	\$4,000

\*Based on weighted average calculations which vary based upon the individual's investment fund mix; your specific current fee could be higher or lower. Fees are annual.



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# What is an investment fee?

## Investment fees

- You pay these fees for fund management and related services assessed as a percentage of assets you have in an investment fund. These are disclosed in the fund prospectus.
- You pay for them in the form of an indirect charge against your account because they are deducted directly from your investment returns. Your net total return is your return after these fees have been deducted.
- The new core fund line-up selected by the CSU Retirement Investment Committee chose best in class funds with competitive performance and investment fees.



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# What am I paying my current recordkeeper (Corebridge) for investment fees?\*

Corebridge				
Current Fund Name	Current Expense Ratio	New Fund Name	New Fund Cost	Annual Cost Savings For \$10,000 Investment
VALIC Company Intl Scilly Rspnb	0.64%	Vanguard FTSE Social Index	0.12%	\$52.00
VALIC Company Stock Index	0.29%	Fidelity 500 Index Fund	0.02%	\$27.50
VALIC Company International Growth	0.85%	American Funds Europacific Growth	0.46%	\$39.00
T Rowe Price Retirement 2020 Fund	0.78%	Vanguard Target Retirement 2020	0.08%	\$70.00
Ariel Appreciation Fund	1.10%	Victory Sycamore Established Value	.54%	\$56.00
			<b>TOTAL</b>	<b>\$244.50</b>

\*These examples represent the current fund and the mutual fund assets will be mapped to as a sample comparator of current and future investment fees.





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# What am I paying my current recordkeeper (TIAA) for investment fees?\*

TIAA				
Current Fund Name	Current Expense Ratio	New Fund Name	New Fund Cost	Annual Cost Savings For \$10,000 Investment
TIAA CREF Social Choice	0.32%	Vanguard FTSE Social Index	0.12%	\$20.00
CREF EQUITY INDEX R3	0.16%	Fidelity 500 Index Fund	0.02%	\$14.50
TIAA CREF Mid Cap Value	0.60%	Victory Sycamore Established Value	0.54%	\$6.00
TIAA CREF Lifecycle Fund 2020	0.54%	Vanguard Target Retirement 2020	0.08%	\$46.00
TIAA CREF Large Cap Value	0.60%	Dodge & Cox Stock	0.41%	\$19.00
			<b>TOTAL</b>	<b>\$105.50</b>

\*These examples represent the current fund and the mutual fund assets will be mapped to as a sample comparator of current and future investment fees.



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# What am I paying my current recordkeeper (Fidelity) for investment fees?\*

Fidelity				
Current Fund Name	Current Expense Ratio	New Fund Name	New Fund Cost	Annual Cost Savings For \$10,000 Investment
Fidelity Diversified International	0.88%	American Funds Europacific Growth	0.46%	\$42.00
Fidelity 500 Index Fund	0.02%	Fidelity 500 Index Fund	0.02%	\$0.00
Fidelity Environmental and Alternative	0.79%	Vanguard FTSE Social Index	0.12%	\$67.00
Fidelity Freedom 2020 Fund	0.51%	Vanguard Target Retirement 2020	0.08%	\$43.00
Fidelity Equity Income	0.48%	Dodge & Cox Stock	0.41%	\$7.00
			<b>TOTAL</b>	<b>\$159.00</b>

\*These examples represent the current fund and the mutual fund assets will be mapped to as a sample comparator of current and future investment fees.



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# How can mutual funds be transferred to Fidelity?

- This will happen automatically through a fund mapping process
  - Like fund will be transferred to a like fund
  - Fund mapping details can be found at:  
[www.myfidelitysite.com/CSU](http://www.myfidelitysite.com/CSU)
- As the sponsor of the plans, the University has a fiduciary responsibility to plan participants and the ability to direct the transfer of mutual fund assets



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# Why can't annuities be automatically transferred?

- Annuities are individual contracts between a participant and the insurance company - Corebridge and TIAA
- Contact your current recordkeeper for options preceding the transfer



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# Fidelity Investments

Discusses the Education and  
Transition Process



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# Get ready for the move to Fidelity

- About Fidelity
- Fidelity Team
- Transition to Fidelity
- How Fidelity can help
- Questions



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# About Fidelity

## Market Leadership

- Retirement is our core business
- Privately held organization founded in 1946
- \$3 billion annual technology investment for last 10 years
- Established brand and trusted reputation

## Tax-Exempt Market

- Dedicated business unit serving public sector and other tax-exempt entities
- Expertise with 403(b), 401(a), 415(m) and 457 plans
- 22-year average tax-exempt client tenure<sup>1</sup>
- 99% tax-exempt client retention rate<sup>2</sup>



<sup>1</sup> Fidelity Investments® recordkeeping data as of December 31, 2022.

<sup>2</sup> Fidelity Investments® average client retention rate as of December 2022. Please note that our methodology includes losses attributable to multi-product clients who maintain one or more products with Fidelity while deconverting another. Additionally, our calculation excludes clients who deconverted as part of a corporate action activity (i.e., merger and acquisition).

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# Fidelity Team

Samuel Casad



Stephen Maloney



- One-on-one consultations
- On-campus visits, including high visibility with departments
  - Lory Student Center help desks
  - Ask Fidelity sessions
- Virtual and in-person availability





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# Transition to Fidelity

- If you already have an account at Fidelity, your investments will transfer to the new core investment menu
- If you have an account at Corebridge Financial and/or TIAA, a new plan account will be established for you at Fidelity
- After the transition you can log on to your Fidelity NetBenefits® account to:
  - View investments transferred
  - View investment elections for future contributions
  - Designate beneficiaries
  - Select communication preferences
  - Access tools and resources



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# Transition to Fidelity, cont.

- Enrollment or deferral changes to your 403(b) contributions will be made through Fidelity NetBenefits®
- All DCP, 403(b), SERP and 415(m) contributions will be directed to your new plan account at Fidelity
- Access to online planning tools, videos, and workshops
- Schedule an in-person or virtual consultation
- Call Fidelity's experienced phone representatives
- Stop by a Fidelity Investor Center



Investor Center products and services are offered beyond your employer-sponsored retirement plan.

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# How Fidelity can help

- Transition communications
  - Sent via email
  - Posted on the transition website at [www.myfidelitysite.com/CSU](http://www.myfidelitysite.com/CSU)
  - CSU Retirement Plans Review webpage at <https://hr.colostate.edu/retirement-plans-review/>
- Watch for details to attend an Ask Fidelity session
- Watch for key dates and additional details for when the transition details will be provided



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# CSU and Fidelity are here to help

## CSU HUMAN RESOURCES

970-491-6947

[myhr@colostate.edu](mailto:myhr@colostate.edu)

<https://hr.colostate.edu/retirement-plans-review/>

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## FIDELITY INVESTMENTS

Talk with a phone representative

800-343-0860

Schedule one-on-one appointment

[getguidance.fidelity.com](https://getguidance.fidelity.com)

800-642-7131



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Questions?



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# Important Fidelity information

Investing involves risk, including risk of loss.

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Thank you



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# Annuity transfer questions?

## Annuity vs mutual funds 101

### FAQs:

- How to know if you have an annuity
- What happens to my annuity after the transfer?
- What do I need to know when deciding about whether to transfer an annuity?
- Is there an incentive for Fidelity consultants to tell me to move my annuities?
- How soon should I decide?
- What steps do I take to transfer annuities?

**Questions to ask Fidelity and my current investment company (TIAA or Corebridge)**



[https://hr.colostate.edu/  
transfer-an-annuity/](https://hr.colostate.edu/transfer-an-annuity/)

