**Frequently Asked Questions (FAQ’s):**

**Retirement Savings Plan**

**Record Keeper Request-For-Proposal (RFP)**

**May 16, 2019**

***The UVM Retirement Oversight Committee held a number of public meetings for employees in April and May 2019 to present information about proposed changes to the retirement record keeping services and investment options. Below are answers to the most frequently asked questions and additional information on next steps. Please send any further questions or feedback to*** ***HRSInfo@UVM.edu******.***

**Q: What is a retirement plan record keeper?**

A: A retirement plan record keeper is essentially the bookkeeper of the retirement plan, and they track the investment options from which employees can choose. They provide a website, periodic account statements, and offer investment education and financial counseling services.

**Q: Who are the current retirement savings plan record keeping vendors?**

A: TIAA, Fidelity and Prudential.

**Q: What is the UVM Retirement Oversight Committee and what does it do?**

A: Appointed by the President, the UVM Retirement Oversight Committee is responsible for active oversight of the UVM retirement plan. They meet quarterly to monitor the plan’s record keepers, participant communications, regulatory compliance and investment fund performance. These are common duties of a retirement plan sponsor, and they are commonly referred to as “fiduciary responsibilities.”

**Q: What is a Request-For-Proposal?**

A: A “Request-For-Proposal” (RFP) is a process which allows vendors to bid on a contract (in this case to manage UVM’s retirement plan services). It is a good fiduciary and purchasing practice to perform an RFP every five years to keep fees and services competitive.

**Q: Why is this RFP important?**

A: UVM sponsors a retirement plan for employees. Both UVM and participating employees contribute to the plan to encourage employees to prepare for retirement. Currently, participants have over $1.2 billion in retirement assets in the plan. Each participant is charged a fee by their retirement plan record keeper based on their account balance and investment fund choices. UVM is negotiating for lower fees and increased services for employees. The University itself will have no savings – all savings go to plan participants.

**Q: Has anything been decided yet?**

A: The final options in the RFP process were narrowed down to having a single record keeper, or retaining both TIAA and Fidelity as two record keepers.  During the past several months, the Committee held a number of stakeholder meetings and public presentations to share information about the RFP process and the resulting options, respond to questions and receive feedback.  In addition to these on-campus meetings, a video recording of the presentation was posted and made available for participants to review privately and remotely. At that time, no decisions were made.

Based on the feedback received, review of fees and services offered, and assessment of what will best encourage continued robust participation in the University’s retirement savings plans, **the Committee’s recommendation is to retain both TIAA and Fidelity as two separate record keepers and President Sullivan supports this recommendation**.  Both vendors have been notified of this result, and will begin engaging more heavily with the campus community in the fall about the range of investment options and services available to participants

**Q: What is NOT changing regarding UVM retirement plans?**

A: UVM is not changing the retirement plan design, participant eligibility requirements, or UVM contribution amounts.

**Q: What fees does a record keeper charge and who pays for the fees?**

A: Record keeper fees are paid for by participants. They are charged a percentage based on each participant’s account balance and investment fund choices.

**Q: What is the current dollar amount of total employee fees paid per year?**

A: Prior to the start of the RFP process, employees paid approximately $1.4 million in annual record keeper fees.

**Q: How much can each employee expect to save annually?**

A: Savings for each employee will vary depending on the size of their retirement account and which investment funds they have chosen. The estimated annual average participant savings is $85-95 per person per year.

**Q: Who will the retirement plan record keepers be in the future?**

A: Five different record keepers submitted bids to provide services to UVM plan participants. Prudential chose not to bid for a future service contract. TIAA and Fidelity were both selected to continue to serve as UVM retirement plan record keepers, after reviewing the services, their ability to handle the UVM account and the fees that they would charge participants.

**Q: What changes are being considered?**

A: UVM will actively oversee the performance of investment funds offered and simplify investment fund selection by reducing the number of investment funds. UVM will also offer a “brokerage window” that allows participants to purchase from hundreds of investment funds from many vendors.

**Q: What are the advantages of keeping both record keepers?**

A: Most employees can remain with their current vendor and maintain relationships with their current vendor’s financial advisor. A few funds from TIAA and Fidelity will continue to be available as part of the investment funds offered at lower rates. A brokerage window will be offered allowing hundreds of funds to be chosen from many different vendors.

**Q: What changes will occur when we consolidate to two vendors?**

A: Participant fees will be reduced, and the number of investment funds offered through the UVM plan will be reduced and actively monitored. A brokerage window will be available to allow choice of funds through many different vendors.

**Q: When it is time to transfer to the new investment funds, how will that work?**

A: Employees will receive a transition guide announcing the new record keeper configuration, along with the new investment menu. Participants will have at least 30 days to make new investment elections and support will be provided from the record keepers. Unless participants make new choices, all assets and future contributions will default to a target date fund based on an individual’s potential retirement date at age 65. Changes can also be made at any time after the go-live date.

**Q: Will transitioning from our old funds to the new funds result in any fees or taxes?**

A: No. In this transition, all funds remain in a tax exempt retirement savings plan, and there are no transition fees or taxable events.

**MORE DETAILS:**

**Q: Will there still be a lot of funds to choose from?**

A: We expect the core selected and monitored investment menu to offer about 25-30 investment options from a broad variety of actively managed and index funds in addition to numerous target date fund options. In addition, hundreds of additional funds will be available through the brokerage window. Funds obtained through the brokerage window will not be monitored by the Retirement Oversight Committee, and many may charge retail share prices.

**Q: Who decides what funds will be offered? Which stay and which go?**

A: These are part of the fiduciary responsibilities of the UVM Retirement Oversight Committee. The Committee monitors fund performance on a quarterly basis with information and data provided by our retirement plan advisor, Cammack Retirement Group. The goal is to provide employees with a best in class open architecture investment menu**.**

**Q: If I am enrolled in Prudential right now, what actions do I need to take?**

A: You do not have to do anything. Your funds will automatically transfer to an age-based target date fund with a new record keeper. Or you can choose to move to TIAA or Fidelity prior to the transition. You will have the opportunity to choose new funds before the transition or you can later select whatever funds you prefer with the new vendors, or obtain funds through the open brokerage window.

**Q: What is the timeline for these changes?**

A: The UVM Retirement Plan Oversight Committee plans to work on the investment fund menu in the coming months and may recommend transition dates to occur in the fall or early winter. Final decisions on the timeline have not been determined.

**Q: Does Cammack Retirement Group receive any commission for any new purchases of mutual funds by UVM employees in the program after the change is made?**

A: Cammack is entirely independent and receives no commissions from the retirement record keepers or the investment fund managers.  UVM pays them as an independent adviser to help the University best manage the responsibilities of sponsoring an employee retirement savings plan.  The adviser fees are not charged to employees or the retirement plans.

**Q: Will we be required to change our funds if they are not part of the new menu of fund options?**

A: The Retirement Oversight Committee will work with its consultant from Cammack Retirement Group to create a best-in-class open architecture investment menu. All participants with mutual funds will reset their investment fund choices based on the new funds offered. Employees can proactively make those selections prior to the transition date and all of their funds will be transferred to the new funds. A new open brokerage window will be offered that will allow participants to choose hundreds of investment funds available in the open market, which may be the same funds they are currently in at a same or higher expense ratio.

If a participant chooses not to select their investment funds ahead of the transition, their current funds will automatically default into an age-based target date fund along with their new contributions.

**Q: If I am in one of TIAA’s annuity accounts, do I have to transfer to different funds?**

A: If a participant is in one of the ten TIAA “annuity” accounts, which are individual contracts (not controlled by UVM), these will remain unchanged, unless the participant directs changes.

**Q: If I have other questions, who should I contact?**

A: If you have additional questions, please email Human Resource Services at hrsinfo@uvm.edu, or give us a call at (802) 656-3150.

**FOR RETIREES:**

**Q: Does this affect current retirees?**

A: For retirees with mutual funds with TIAA, Prudential or Fidelity, the choice of funds available will change. Retirees can proactively select new funds prior to the transition date and all their funds will be transferred to the new funds. For retirees who choose not to make selections before the transition date, funds will automatically transfer into an age-based target date fund, but they can later move it to whatever fund they prefer. For retirees with individual “annuity” contracts through TIAA, there will be no change, unless the retiree actively elects to move their savings into the new funds.

**Q: If I am retired and want to stay with Prudential, can I do that?**

A: You could if you roll over your funds into a new personal account that you would set up with Prudential. If you establish a personal account, you would then be an individual customer, and no longer part of the UVM group plan which could result in higher fees.