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UNIVERSITY SENATE MEETING

Retirement Plan Committee Report

January 23, 2012

RETIREMENT PLAN: ONE YEAR UPDATE

In January 2011, a new investment platform was implemented and Fidelity Investments became the record keeper for the University's defined contribution and voluntary savings retirement plans

- Background
  - Retirement Plan Review
  - Opportunities for Improvement
- Retirement Plan Changes
  - Plan Structure
  - Investment Structure
  - Retirement Plan Committee

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RETIREMENT REVIEW TASK FORCE

- **Co-Chairs:**
  - Jim Almond – Business Services
  - Mike Atallah – Computer Science*
- **Faculty/Staff:**
  - David Denis – Management*
  - Julie Mariga – Computer and Information Technology/Faculty Compensation and Benefits*
  - Julio Martinez – Civil Engineering*
  - John McConnell – Management*
  - Joe Hornett – PRF/Related Foundations
  - Scott Seidle – Investments
- **Regional Campuses**
  - Steve Turner – North Central/Staff
  - Dolores Rinke – Calumet*
  - Robert Barrett – Ft. Wayne*
  - Carol Sternberger – Ft. Wayne*
- **Employee Groups/Retirees**
  - Dan Schuster - APSAC
  - Cynthia Dalton - CSSAC
  - Martha Chiscon – Purdue Retirees Association*

* Faculty representatives

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RETIREMENT REVIEW PROCESS & TIMELINE

The Task Force Review spanned 18 months, and included:

- Engagement of external investment consultant
- Review of incumbent service providers, fees and investments
- Formal RFP and vendor presentations
- Recommendations to the Board of Trustees
- Conversion to new record keeper and investment platform

Task Force communications occurred throughout the review process, including formal campus presentations.

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PREVIOUS RETIREMENT PLAN

Opportunities to make positive changes

- Investment options complex and redundant
- Fees higher than desired for Total Plan Assets
- Independent investment advice
- Opportunities exist to improve investment platform
- Ongoing monitoring necessary to produce the best outcome for participants

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NEW PLAN STRUCTURE

- Single service provider
- Transparent fee structure
- Lower administrative and investment fees, including a flat administrative fee
- Open architecture and investment choices to meet a range of investment styles and approaches
- Standing Retirement Plan committee

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INVESTMENT STRUCTURE

Tier	Participant Type	Option Type
Tier 1	Inactive Investor DOL Qualified Default Investment Alternative	Target Date Retirement Funds
Tier 2	Knowledgeable and Cost Aware	Index Funds
Tier 3	Active Investor	Diversified Actively Managed Funds
Tier 4	Investment Savvy	Self-Directed Brokerage Window

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PARTICIPANT AND INSTITUTION BENEFITS

Participant	Institution
Open Architecture Investment Platform, with low cost index funds and Self-Directed Window	Single provider reduces data flows, facilitates self-service, compliance
Objective investment guidance	Flexibility to change investments
Transparent fees • Institutional class investment fees • Flat administrative fees	Unbundling recordkeeping and investment services to provide best-in-class services
State of the art technology tools	Targeted communications
More $ working for participant	Retirement readiness

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RETIREMENT PLAN COMMITTEE

Established as part of the Defined Contribution Retirement Plan Investment Policy approved by the Board of Trustees

- Committee membership
  - Includes representatives from APSAC, CSSAC and the Faculty Senate
- Review performance of investment options
- Review and monitor plan costs
- Discussion of future opportunities and any operational issues

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CURRENT PLAN ALLOCATIONS

Tier	Option Type	Total Assets	% of Plan Assets
Tier 1	Target Date Retirement Funds	$196,360,000	62%
Tier 2	Index Funds	$37,845,000	12%
Tier 3	Diversified Actively Managed Funds	$70,150,000	22%
Tier 4	Self-Directed Brokerage Window	$12,275,000	4%
	Total	**$316,630,000**	**100%**

No forced mapping of existing balances - Approximately 2,200 participants have transferred balances of $221M+ to the new plan structure

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MAKING A GOOD PLAN BETTER

- Fidelity has been a good partner
  - Local office and campus presentations
  - Participant communications
- Separation of recordkeeping from investments
- Simplified investment platform
- Enrollment easier for University and voluntary contributions
- Access to institutional class investment fees
- Participants have more of their $'s working for them

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