Frequently Asked Questions About Changes to the Retirement Program

The Decision-Making Process

1. Why is The University of St. Thomas making this change?

As a result of recent changes in IRS and Department of Labor regulations, employers now have additional fiduciary responsibilities for the selection of the plan recordkeepers and the overall operation of the plan.

The Board of Trustees formally delegated the University’s fiduciary responsibility to the Retirement Investment Committee to act on behalf of the University in overseeing the investment options available under the plan. In addition, the Board approved and adopted a Retirement Investment Committee Charter providing the Committee with the responsibility to designate the recordkeepers and investment options, and monitor and evaluate their performance, among other responsibilities. The Retirement Investment Committee is comprised of duly appointed faculty and staff.

After extensive review, the University determined that the current retirement plan model is underperforming in terms of the investments that can be provided and the services you receive. In order to better serve your retirement planning needs and to comply with recent regulation changes, the University is changing from two recordkeepers—Fidelity and TIAA-CREF—to a single recordkeeper: Transamerica Retirement Solutions.

2. What is a retirement plan recordkeeper?

A retirement plan recordkeeper is responsible for maintaining complete and accurate records of the plan and the accounts of its participants, and processing any necessary transactions. Transamerica’s sole responsibility is recordkeeping. A recordkeeper like Transamerica also provides participants with the means to access their account, whether it is online, over the phone, or through their account statement. Transamerica will also provide education and support to help you meet your retirement planning goals.
3. What was the decision-making process?

When the University decided to move to one recordkeeper, the Retirement Investment Committee thoroughly reviewed many national recordkeepers (including Fidelity and TIAA-CREF). The Committee unanimously recommended Transamerica because they offer:

- **No conflicts of interest** – Transamerica offers recordkeeping and comprehensive education services only—eliminating potential conflicts that may arise with a recordkeeper offering their own investment funds.
- **Complete flexibility and transparency** – Transamerica’s open architecture platform offers access to a much wider variety of funds from which the new investment lineup was designed. Fee disclosure is also more simple and understandable.
- **Experience** – Transamerica is a leading provider of retirement plan educational and administrative services to higher education institutions with a proven track record of transitioning over 70 plans from Fidelity and TIAA-CREF.
- **Comprehensive tools and services** – Transamerica provides an overall retirement planning philosophy dedicated to making sure you know how to plan for the retirement you’ve always wanted—taking the guesswork out of retirement planning. Whether you need help saving more or need assistance with establishing and monitoring your retirement goal—Transamerica can help you get there.

4. Why will the University have only one recordkeeper instead of the multiple options currently available?

There are several reasons to use a single recordkeeper for the retirement plan:

- **Your experience will be streamlined.** One recordkeeper means only one website you’ll have to visit, one number you’ll have to call, and one statement you’ll have to review. Think of it as one-stop-shopping for all of your retirement planning needs.
- Consolidating the plan allows us to increase our bargaining power and negotiate better terms, including **better services and lower recordkeeping fees.** This means most participants should see a reduction in recordkeeping fees.
- You will likely do a **better job of retirement planning** because you will be more focused by a single website that will better facilitate asset allocation and rebalancing decisions.
- **Recent regulatory changes** require that universities must take on fiduciary responsibility of the retirement plan in order to maintain the 403(b) plans’ tax-qualified status.
5. Why was Transamerica selected to be the University's new recordkeeper?

- Transamerica does not manage funds; they only recordkeep them, and therefore there are no built-in investment conflicts of interest.
- Transamerica can offer investment options from all of the major fund families.
- Transamerica is a leading provider of educational, administrative, and investment services to higher-education institutions and their employees.
- Transamerica has been in the retirement plans business for more than 75 years.
- Transamerica has the most user-friendly website and best educational tools.
- Transamerica offers comprehensive planning services to help you reach your goals.
- Transamerica offers a wide array of financial education seminars.
- Transamerica has a strong history and proven implementation record that includes many conversions involving TIAA-CREF and Fidelity.

6. Were TIAA-CREF or Fidelity considered for the role of the University's single recordkeeper?

Yes. Proposals from other recordkeepers were received, but Transamerica’s combination of services, expertise, experience, and lower recordkeeping fees made them the best choice for the University’s single recordkeeper. They also have no built-in investment conflict of interest, as noted above.

Details and Benefits of the Change

7. What improvements can employees expect?

In addition to the benefits described above, here are just a few of the benefits you will see once the plan moves to Transamerica:

- Reduced recordkeeping fees.
- A more robust fund lineup.
- More opportunities for retirement planning and education.
- Online enrollment and transactions.
- Access to web-based planning tools.
- Simplification of investment selections.
- One statement, one website, and one phone number.

8. Will this change affect the contribution the University makes for each of us or the current vesting rules?

No. The current 9.4% contribution made by the University is not changing. Vesting is not changing.
9. What’s happening to my accounts at TIAA-CREF and Fidelity?

Current balances at TIAA-CREF and Fidelity will not be moved to Transamerica automatically. They will remain invested in the funds you have chosen. However, you can choose to consolidate your assets with Transamerica at any time. All contributions made by you or the University on or after April 1, 2015, will be sent to your new account at Transamerica.

10. How can I obtain more information about consolidating with Transamerica?

You can schedule a one-on-one meeting with a Transamerica representative by visiting stthomas.trsretire.com or calling 800-755-5801. Representatives will be on campus during the month of March. You can also call a transfer specialist at 800-275-8714 at any time.

The role of the transfer specialist is to assist you with your savings and investment plan. There are no fees or commissions for meeting with your transfer specialist, who is a registered representative with Transamerica Investors Securities Corporation (TISC), 440 Mamaroneck Avenue, Harrison, NY 10528.

11. What are the benefits of consolidation?

- It may be easier to understand how much you’ve saved so far (and how much more you need to save to prepare for your desired retirement).
- Your entire account is invested in the flexible investment options that have been carefully selected and monitored by the Retirement Investment Committee and independent advisors.
- You’ll have only one website to visit, one contact center to call, and one statement to check.
- Administrative fees deducted from Transamerica accounts may be less than the fees deducted from investment returns at TIAA-CREF and Fidelity.

*Review the fees and expenses you pay, including any charges associated with transferring your account, to see if consolidating your accounts could help reduce your costs. Be sure to consider whether such a transfer changes any features or benefits that may be important to you.

12. Do I need to choose a new savings rate?

No. Your current savings rate will transfer to Transamerica and you’ll continue saving without interruption. If you need to adjust your savings rate, you can do so by visiting stthomas.trsretire.com or calling 800-755-5801 beginning March 2, 2015.
13. Do I need to choose new investments?

Yes. Your existing investment options will not transfer, so you need to choose new ones at Transamerica. Between March 2 and March 20, 2015, visit stthomas.trsretire.com or call 800-755-5801 to choose new investment options. If you don’t, your account will be invested in an age-appropriate T. Rowe Price target date fund.

Target date options generally invest in a mix of stocks, bonds, cash equivalents, and potentially other asset classes, either directly or via underlying investments, and may be subject to all of the risks of these asset classes. The allocations become more conservative over time: The percentage of assets allocated to stocks will decrease while the percentage allocated to bonds will increase as the target date approaches. The higher the allocation is to stocks, the greater the risk. The principal value of the investment option is never guaranteed, including at and after the target date.

14. Do I need to choose a new beneficiary?

Yes. The beneficiary election you made for your account will not transfer to Transamerica. Because it’s important to ensure your account will be distributed according to your wishes in the event of your death, you must designate a beneficiary with Transamerica. If you don’t, your Transamerica account will be distributed according to the plan’s default beneficiary rules.

15. Will there be any new plan features?

Yes. Along with the move to Transamerica, you’ll have increased flexibility to access the funds in your account. Withdrawals will be permitted if you have attained age 59 1/2 or for IRS-defined hardship reasons. While the plan is becoming more flexible in terms of withdrawals, taking your money out of the plan means you’ll no longer build earnings on that amount (and any earnings on those earnings, and so on). This type of long-term growth is one of the main benefits of your plan—and one of the keys to your financial future. A withdrawal may sometimes make immediate financial sense, but be sure to carefully consider the impact it will have on your retirement savings. Early withdrawals from retirement accounts can also trigger tax penalties.

The New Fund Lineup and Self-Directed Accounts

16. What can you tell me about the new retirement plan fund lineup?

The University is committed to providing you with a competitive and diverse set of investment options, as well as the resources you need to take control of your financial future. The University has selected a competitive and diverse set of investment options from major fund families that meet strict performance standards for both long-term and short-term investors. Whether you are new to investing, a knowledgeable investor, or a very sophisticated investor wanting to manage your own portfolio, the investment lineup will help you meet your financial goals.
Where to Go for More Information

17. What guidance services will be available during the transition period?

- Every employee will be given the opportunity to schedule a confidential, individual meeting with a Transamerica representative.
- The meetings will be conveniently located on campus with various times available.
- You may visit stthomas.trsretire.com or call 800-755-5801 to speak with a customer service representative.
- Additional mailings and emails will be sent to you from Transamerica and the University’s Human Resources office.

18. Is there a self-directed brokerage option?

Yes. If you have a sophisticated understanding of investment principles and the stock market, you may consider opening a self-directed brokerage account through a Schwab Personal Choice Retirement account (PCRA) A brokerage account allows you to invest your account in an even wider variety of funds than what is offered under the plan. There are over 6,000 funds available under PCRA and over 3,000 are no-load and no transaction fee funds.

You are solely responsible for managing your brokerage account, so be sure that you have the resources to research and monitor your investments and that you’re comfortable with the additional risk involved.

19. Are there any restrictions?

The self-directed brokerage option is not available for contributions made by the University of St. Thomas. In addition, money cannot be transferred directly from the New York Life Guaranteed Interest account to your PCRA account.

IRS regulations allow for only mutual fund investment choices within 403(b) plans. Investment in unlisted securities, margin trades, commodities, and options are prohibited. If you direct Schwab to purchase a disallowed investment, the trade will not be placed.

Transfers to or from your PCRA are prohibited during the last two days of any month to allow for transaction settlements.
20. Are there any fees associated with a PCRA account?

Yes. Transamerica will apply a $50.00 annual fee for the PCRA that will be withdrawn from your Transamerica account and will appear on your Transamerica statement. This is in addition to any other Transamerica administrative fee, if applicable. Please contact Transamerica to verify any applicable PCRA fees.

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Call Schwab at 888-393-PCRA (7272) to obtain more information regarding Schwab’s commissions, transaction fees, and short-term redemption fees.
Transaction fees and trading commissions are outlined in the Charles Schwab Pricing Guide for Retirement Plan Accounts provided in the welcome materials you receive from Schwab after opening your account. For any questions regarding the commissions and transaction fees that Schwab charges in your PCRA account please contact Schwab at 888-393-PCRA (7272).

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Transamerica and its agents and representatives do not provide tax or legal advice. The information contained in this letter is for informational purposes and should not be construed as legal or tax advice. For legal or tax advice concerning your situation, please consult your attorney or professional tax advisor.

Descriptions of plan features and benefits are subject to the plan document, which will govern in the event of any inconsistencies.

The role of the retirement planning consultant is to assist you with your savings and investment plan. There are no fees or commissions for meeting with your retirement planning consultant, who is a registered representative with Transamerica Investors Securities Corporation (TISC), 440 Mamaroneck Avenue, Harrison, NY 10528. The University of St. Thomas has selected Transamerica Retirement Solutions as your retirement plan provider, but there are no other affiliations between The University of St. Thomas and Transamerica or its affiliate, TISC.