Cleveland State University

Retirement Plan Enhancements

October 2023

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Today's Agenda

- Introduction
- What's changing & what you need to know
- Why fees are important
- Investment menus
- Timeline
- Next steps
- Questions

Introduction – why are we here?

- In June 2016, the Ohio Department of Higher Education announced that eight investment companies were eligible to offer plans in the state's 401(a) Alternative Retirement Plan (ARP).
- This announcement indicated a minimum of four investment companies must be used.
- In 2017, Ohio public universities met to determine a course of action.
- Most Ohio universities have between six and eight investment companies.
- Best practice is to use fewer investment companies to leverage economies of scale operating efficiencies and better manage plans for participants.
- In 2018, the Inter-University Council of Ohio issued a request for proposal (RFP) to hire a consulting firm to provide investment advisory and due diligence services for the ten universities who chose to participate in this RFP; Cammack Retirement Group was selected (now CAPTRUST).
- CSU began working with CAPTRUST in 2022.

What retirement savings plans are we addressing?

- **Alternative Retirement Plan (ARP)**
  - Alternative to STRS or OPERS for 100% FTE employees
  - Seven (7) current approved providers
- **Traditional 403(b) Plan**
  - Voluntary, pre-tax contributions
  - Nine (9) current approved providers
    - Seven are also ARP providers

We are NOT addressing or discussing OPERS or STRS.

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Current state

- **Most of the investments currently being offered in fixed and variable annuity contracts.**
  - Variable annuities contain “mortality and expense” charges that average 1% or more.
- **Mutual funds are used in most cases as the underlying variable annuity sub-account.**
  - Net Expense ratios range from .015%- 4.04%.
  - Annuity contracts contain surrender charges, deferred sales charges and other fees which make the cost of investing much high when compared to using mutual funds on an “open architecture investment platform.”
  - Annuities can be an expensive option for plan participants.
  - **FEES – Fees paid by participants (CSU does not pay any fees – all fees are paid by participants).**

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Why fees are important

Total fees paid over lifetime by typical worker

Salary when worker starts saving at age 25 and retires at age 67: $30,500

Fee Percentage	Total Fees
0.25%	$42,309
1.00%	$138,336
1.30%	$166,420

Total fees paid over lifetime by high-income worker

Salary when worker starts saving at age 25 and retires at age 67: $75,000

Fee Percentage	Total Fees
0.25%	$104,033
1.00%	$340,147
1.30%	$409,202

Source ("Fixing the Drain on Retirement Savings, How Retirement Fees Are Straining the Middle Class and What We Can Do about Them," Jennifer Erickson and David Madland, Center for American Progress, April 11, 2014)

What's changing & what do you need to know?

- New Investment Options – Carefully selected by CSU to give you the ability to create a diversified retirement portfolio.
- Lower Fees for the majority of plan participants – CSU & CAPTRUST have selected investment options with a lower overall cost.
- Increased fee transparency – A new fee structure will make it easier to see the cost of each investment option, as well as fees paid for plan administration.

A new chapter for the CSU ARP & 403(b) plans

Effective 11/15/2023, Corebridge, Fidelity, TIAA and Voya will be the retirement plan administrators going forward for the ARP and 403(b) retirement plans.

Several enhancements will be included in the new program:

- Transitioning from an annuity platform to open architecture mutual fund platform
- Create greater scale and related lower cost structure
- Independent third- party investment platform control
- Lower cost investment options for majority of participants
- Enhanced employee communication & education program

Provider information

Selected Providers:

- Corebridge Financial (formerly AIG)
- Fidelity
- TIAA
- Voya

Deselected Providers:

ARP:

- Lincoln Financial Advisors
- Nationwide
- Great American

403(b):

- AXA Equitable
- Foresters Financial
- Great American
- Orion Portfolio Solutions
- The Legend Group

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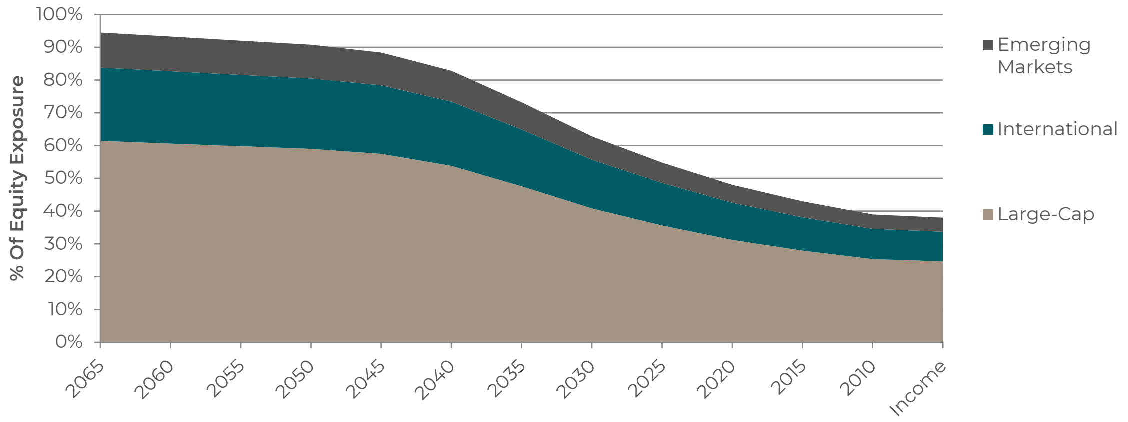
New investment menu

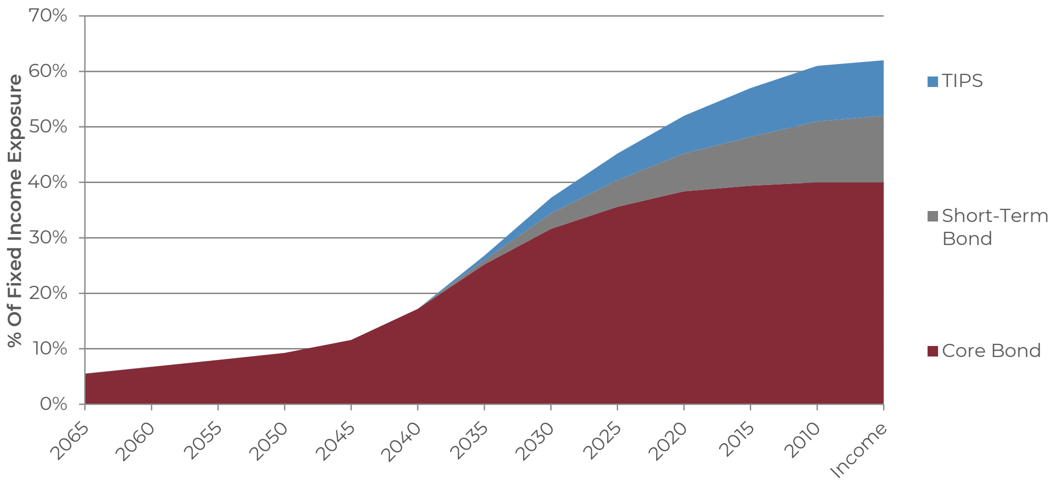
- Tier I: Target date funds
- Tier II: Core investments lineup with both passive and actively managed mutual funds across all major asset categories
- Tier III: Self-directed brokerage window

What is a target date fund?

- A diversified portfolio (funds of funds) that has a de-risking component which reduces equity exposure as you get closer to retirement.
- Offered in 5-year bands (e.g., 2040, 2045, 2050, etc.)
- Provides an age-appropriate asset allocation over your career and into retirement.
- Serves as the CSU qualified default investment alternative (QDIA).

TIAA lifecycle index glidepath example





Investment menu - TIAA

TIER 1 – TARGET DATE,

TIAA Lifecycle Index Target Date Funds

TIER 2 – CORE INVESTMENTS

CAPITAL PRESERVATION

FIXED/STABLE	MONEY MARKET
TIAA Traditional TIAA Stable Value (ORP only)	Vanguard Treasury Money Market

CORE AND DIVERSIFYING FIXED INCOME

INTERMEDIATE

Vanguard Total Bond Market Index
JP Morgan Core Bond Plus

DOMESTIC EQUITY

LARGE VALUE Vanguard Value Index Columbia Dividend Income	**LARGE BLEND** Vanguard 500 Index	**LARGE GROWTH** Vanguard Growth Index JP Morgan Lrg Cap Growth	**Socially Responsible/Hybrid** Vanguard FTSE Social Index CREF Social Choice R4 (Socially Responsible)
MID VALUE Vanguard Mid Cap Value Index Victory Sycamore Established	**MID BLEND** Vanguard Mid Cap Index	**MID GROWTH** Vanguard Mid Cap Growth Index MFS Mid Cap Growth Fund	
SMALL VALUE Vanguard Small Cap Value Index American Beacon Small Cap Value	**SMALL BLEND** Vanguard Small Cap Index	**SMALL GROWTH** Vanguard Small Cap Growth Index Nationwide Geneva Small Cap Growth	

INTERNATIONAL/GLOBAL EQUITY

FOREIGN LARGE CAP	DIVERSIFIED GLOBAL
Vanguard Total International Stock Index	CREF Stock R4

INFLATION HEDGE

REAL ESTATE/REIT

Vanguard Real Estate Index
TIAA Real Estate Account

TIER 3- Brokerage Window

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Investment menu – Corebridge, Fidelity and Voya

TIER 1 – TARGET DATE,

TIAA Lifecycle Index Target Date Funds-Corebridge and Voya

Fidelity Freedom Index Target Date Funds- Fidelity

TIER 2 – CORE INVESTMENTS

CAPITAL PRESERVATION

FIXED/STABLE

AIG Fixed , Voya Fixed

MONEY MARKET

Vanguard Treasury Money Market

CORE AND DIVERSIFYING FIXED INCOME

INTERMEDIATE

Fidelity US Bond Index

Fidelity Total Bond Market

TIAA Inflation-Linked Bond fund

DOMESTIC EQUITY

LARGE VALUE

Fidelity Large Cap Value Index

Columbia Dividend Income

LARGE BLEND

Fidelity 500 Index

LARGE GROWTH

Fidelity Large Cap Growth Index

JP Morgan Large Cap Growth

Socially Responsible/Hybrid

Fidelity US Sustainability Index

MID VALUE

Fidelity Mid Cap Value Index

Victory Sycamore Established

MID BLEND

Fidelity Mid Cap Index

MID GROWTH

Fidelity Mid Cap Growth Index

MFS Mid Cap Growth Fund

SMALL VALUE

Fidelity Small Cap Value Index

American Beacon Small Cap Value

SMALL BLEND

Fidelity Small Cap Index

SMALL GROWTH

Fidelity Small Cap Growth Index

Fidelity Small Cap Growth

INTERNATIONAL/GLOBAL EQUITY

FOREIGN LARGE CAP

Fidelity Total International Index

American Funds Europac

INFLATION HEDGE

REAL ESTATE/REIT

Vanguard Real Estate Index

TIER 3- Brokerage Window

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Self-directed brokerage account

- Includes investments beyond those in the plan's lineup.
- The Plan fiduciaries neither evaluates or monitors the investments available.
- It is your responsibility to ensure that the investments you select are suitable for your situation, including your goals, time horizon and risk tolerance.
- Contact your chosen provider for more information including how to set up an account, investment options available and fees associated with various transactions.

What is not changing?

The general plan design of the ARP and 403(b) Retirement Plans will not change

- Employee Contribution rates
- Eligibility requirements (Immediate for eligible employees)
- Employer contributions (ARP)
- Employees enrolled in OPERS/STRS may not change to the ARP as a result of these changes (nor can employees in the ARP switch to OPERS/STRS).

Employee actions

New plan enrollment process & participant actions:

Employees may need to re-enroll as follows:

Deselected providers:

- Re-enrollment and investment election is required
- If no election is made by established deadline, employee will be defaulted into TIAA and an age-appropriate target date fund

Selected providers:

- Existing Corebridge, Fidelity, TIAA and Voya plan participants may be required to establish new accounts online
- Affirm beneficiary designations
- Current investment elections will map over to a like fund. If not like fund is available, the age-appropriate target date fund will be used.

What happens to my Nov. 14, 2023 balances?

Balances in your vendor accounts as of November 14, 2023, will be handled in two ways, “mapped” or “frozen.”

Mapped Assets

- Mutual Fund assets at Fidelity and TIAA will me “mapped” to a “like fund” at Fidelity or TIAA.
- *Current investments without “like funds” will be mapped to an age-appropriate Target Date Fund. See Fidelity and TIAA transition guides for more information.*

Frozen Assets

- Balances with the remaining vendors are in individual contracts and are not eligible for employer mapping. Employees can meet with their vendor and discern if mapping funds to the new investment platform is a good decision for them. In some cases, fees could apply to transfer assets to a new vendor. Fixed account crediting rates need to be reviewed as well.

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Next steps

- Check CSU benefits website for updates (www.mycsubenefits.com)
- If your current provider has been 'deselected' begin to consider which of the new provider you'd like to learn more about.
  - Schedule 1:1 session in October
- If your current provider is Corebridge, Fidelity, TIAA or Voya, carefully review the transition brochure you will receive in October.
- Stay tuned for more information!

Timeline

- **October**
  - Group and individual meetings
  - Enrollment platform available
  - Deadline to submit vendor change form is x/x/2023
- **November**
  - First payroll with contributions going to new mutual fund investment platforms
    - Semi-monthly: 11/15/2023
    - Biweekly: 11/17/2023

Questions