USG Retirement Plan Enhancements

University System of Georgia Retirement Plans
Introducing Important Enhancements

- Consolidation of systemwide plans.
- Streamline providers.
- Consistent fund lineups.
- Efficient cost structure.
- Transparent fees and expenses.
Changes coming in May 2019

New systemwide 403(b) and 457(b) plans.

New consistent investment menus across ORP, 403(b) and 457(b) plans at each provider.

Three providers will be available for 403(b) and 457(b). The same three as the ORP.
  – Fidelity
  – TIAA
  – VALIC
Investment Lineups and Advice

- Lineups will be as consistent as possible across the ORP, 403(b) and 457(b) Plans.
- Existing balances at TIAA, Fidelity and VALIC will be transferred according to the schedule described in the Guide to New Investments inserts.
- Investment help is available from all providers.
- Self-Directed Brokerage will be available on all plans at each provider but will not be monitored by USG.
# Key Dates

<table>
<thead>
<tr>
<th>Dates to Note in 2019</th>
<th>Action / Change</th>
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<tbody>
<tr>
<td>Beginning Week of April 26</td>
<td>Plans administered by individual institutions will begin to be merged into new systemwide 403(b) and 457(b).</td>
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<tr>
<td>April 30 – May 10</td>
<td>Existing account balances transfer to new lineups and new accounts are created where applicable. See <em>Guide to New Investments inserts.</em> New investment lineups available for selection and transfers. VALIC quiet period from May 1 thru May 12th.</td>
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<tr>
<td>May 10</td>
<td>All mergers are completed</td>
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<tr>
<td>May 15</td>
<td>Confirm beneficiary information and any impact to systematic payments</td>
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What can I do?

- Review the new investments in the Guide to New Investments inserts.
  - Certain funds will be eliminated.
  - Certain funds will be transferred to new investments.

- Review your systematic payments.

- Schedule a personal financial consultation.
  - Fidelity
  - TIAA
  - VALIC
Plan Mergers

Systemwide plans administered by USG.
- Fidelity, VALIC and TIAA will each be creating new plans.
- Current plans at each institution will be merged into the new plans.
- Details available online at: retiree-info.usg.edu
Personal Information

- Verify your personal information on each of your accounts post merger.
  - Mailing Address.
  - Digital information such as email address.
- Verify, update or create Beneficiary information.
  - Post merger, review all your accounts.
New Investment Lineups

- Available May 1, 2019, at each provider.
- Simplified menu and tiers.
- Array of investments to choose from.
- Consistency across providers.
- Transparent fees and expenses.
Tier 1: Allocation Tier

- Diversification through a single choice.
- Age-based Target Date Funds.
  - Consider a fund with the date closest to the year you will turn age 65, plan to retire or that meets other needs.
  - Target Date Funds automatically become more conservative as you near the “target date”.
Tier 2: Passive Tier

- Primarily a suite of index funds.
- Designed to give you access to the entire market.
- Index funds are meant to mirror a particular market segment.
- Index funds are supposed to track their benchmark closely.
Tier 3: Active Tier

- Actively managed funds strive to outperform their benchmarks.
- Vary widely by asset class.
- Used to build personalized portfolios.
Tier 4: Self-Directed Brokerage

- Typically used by experienced investors.
- Allows access to investments that are not offered in Tiers 1, 2 or 3. Individual investment options vary by plan and by provider.
- Investments are not monitored by USG.
- Individuals are responsible for all investing decisions.
- Miscellaneous fees associated with these types of accounts are paid by the account holder.
- Available through all of the providers on all plans.
Fees and Expenses

- Participants and Retirees pay for:
  - Retirement plan recordkeeping.
  - Administrative fees paid to consultants, auditors, accountants and other administrative service providers.
  - Investment management expenses which are netted from investment returns.

- Expenses will be charged to participants and retirees and will vary by provider.

- Fees paid from your account will appear on your quarterly statement.
Fees and Expenses

- **Recordkeeping Fees**: Charged by Each Vendor
- **Plan Administration Fees**: Consulting, Audit, Other Service Providers
- **Investment Management Fees**: Charged by each investment

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<thead>
<tr>
<th>Fee Type</th>
<th>TIAA</th>
<th>Fidelity</th>
<th>VALIC</th>
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<tbody>
<tr>
<td>Recordkeeping</td>
<td>0.035%</td>
<td>0.08%</td>
<td>0.11%</td>
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<tr>
<td>Plan Administration</td>
<td>0.0204%</td>
<td>0.0204%</td>
<td>0.0204%</td>
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<tr>
<td>Total Fee*</td>
<td>0.0554%</td>
<td>0.1004%</td>
<td>0.1304%</td>
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Fee Example: 0.100% = $1 fee per $1000 per account annually
Account of $100,000 would pay $25 in fees for Recordkeeping and Plan Administration each quarter. (0.1% x $100,000 = $100 / 4 quarters)
Fidelity Investment Changes

- Existing account balances will transfer to the new fund lineups.
- Investment elections specific to the new fund lineups can be made after May 1, 2019.
- Systematic Payments should not be interrupted.
Fidelity – Beneficiary Designations

- Retirees in the 403(b) or 457(b) at:
  - Georgia State University
  - University of Georgia
  - Georgia Institute of Technology

  Current beneficiary designations will transfer to the new merged plans.

- All other institutions: Beneficiary designations will not transfer and on or after May 1, 2019, you will need to:
  - Call Fidelity at 800-343-0860 or
  - Visit netbenefits.com/usg to designate your beneficiaries.
TIAA Investment Changes

- Existing mutual fund balances will transfer to the new fund lineups.
- Existing annuity account balances will remain in the current annuity options unless you make a change.
- Current TIAA investors who have mutual funds will receive new contracts. Mutual funds will transfer the week of May 10th.
  - Watch for a Welcome Kit.
TIAA – Payments

- Recurring Required and Minimum Distribution Payments
  - Required Minimum Distributions:
    • If you have had or will have any payments prior to May 13, 2019, and have not completed your 2019 Required Minimum Distribution, your total required 2019 minimum distribution will be paid in full from the USG Plan. This will occur within the last two weeks of April.
    • Future required minimum distributions will be paid after January 1, 2020.
  - Payments that are scheduled to begin on or after May 13, 2019, will be processed through your new TIAA contract according to the schedule you have established.
  - Retirees who have already received their full required minimum distribution for 2019 will receive future payments beginning in 2020.
TIAA – Payments (continued)

- Systematic Withdrawal Payments
  - Impacted Retirees will receive information from TIAA
  - Systematic withdrawals that are currently scheduled will continue to be processed until May 3, 2019.
  - Systematic withdrawals will stop as of May 3, 2019.
  - Systematic withdrawals must be re-established by contacting TIAA after May 10, 2019.
TIAA - Beneficiary Designations

- Current TIAA retirees will have their beneficiary information applied to their new plan account in most circumstances.
- Review and make any necessary updates to your beneficiary designations once you receive confirmation of your new account.
VALIC Investment Changes

- Existing mutual fund account balances will transfer to the new fund lineups.
- Existing annuity account balances will remain in the current annuity options unless you make a change.
- There will be a **quiet period beginning at 4:00 pm EST April 30 and running no longer than May 12, 2019**. During the quite period you will not be able to access any of your USG VALIC accounts.
- Investment elections specific to the new fund lineup can be made after May 12, 2019.
- Systematic Payments scheduled for between April 30, 2019 and May 12, 2019 will be accelerated and paid on April 24, 2019.
- Systematic Payments will resume on their normal schedule after the quiet period.
- Welcome information will be sent for any new account created.
VALIC – Beneficiary Designations

- Current VALIC retirees will have their current beneficiary information applied to their new accounts.
Help Is Available

- Fidelity: Available via phone or at their investor centers in select cities to help with your Fidelity accounts. Investment advice, questions about the transition and your Fidelity accounts.

- TIAA: Available via phone to help you with your TIAA accounts. Investment advice, questions about the transition and your TIAA accounts.

- VALIC: Available via phone to help you with VALIC accounts. Investment advice, questions about the transition and your VALIC accounts.
Thanks for Attending

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<th>Contact Information</th>
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<tr>
<td><strong>Fidelity</strong></td>
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<tr>
<td>800-642-7131</td>
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<tr>
<td>Getguidance.fidelity.com</td>
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<tr>
<td><strong>TIAA</strong></td>
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<tr>
<td>800-732-8353</td>
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<tr>
<td>TIAA.org/schedulenow</td>
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<tr>
<td><strong>VALIC</strong></td>
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<td>770-395-4794</td>
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