

HR NEWS BULLETIN

2011-4

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Notice of upcoming changes to the MSU Retirement Plans

Michigan State University is introducing changes to the MSU Retirement Plans. We are introducing these changes to ensure that MSU retirement plans comply with the new IRS 403(b) regulations and best practice recommendations, and to provide additional support, tools and resources to help plan enrollees meet their retirement savings goals.

First, it is important to note that what is **NOT** changing is the University contribution. MSU will continue to match the eligible employee's 5% contribution with a 10% University contribution.

In this Bulletin, you'll find important information on the retirement plan changes that go into effect with the January 2012 payroll cycles, why these changes are being made, and what you may need to do, if anything.

WHAT IS CHANGING AND WHY?

Recent changes to the IRS 403(b) regulations require Michigan State University (MSU) to become more involved in the oversight of the retirement plans we offer to our employees. In order to comply with these regulatory changes and integrate best practices associated with retirement plan management, we asked our investment consultant Hewitt Ennis Knupp to conduct an extensive review of our retirement plans and vendors. The purpose of the review was to ensure the vendors of the MSU retirement plans offer the following benefits:

- A broad spectrum of investment options, including investment managers that MSU and its retirement plan consultant can monitor for performance and appropriateness of fees.
- Financial planning tools employees can use when creating a retirement investment strategy.
- Educational resources and representatives that can help increase employees' awareness of the MSU Retirement Plans.
- Administrative services, such as recordkeeping, quarterly statements and processing distributions, at reasonable and acceptable prices.

As a result of this extensive plan review, we're introducing the following changes:

- Consolidating the retirement plan vendors to two companies — our two most widely used vendors, Fidelity and TIAA-CREF.
- AXA Equitable, Lord Abbett, VALIC and Vanguard will no longer be approved vendors for the plans effective January 1, 2012.

- Changing the investment menu from more than 550 investments to a simplified [core group](#), giving you an array of diversified investment choices from multiple investment managers.
- Providing a new 4-tiered investment structure designed to help you select the appropriate investment choices based on your preferred investment style, including Target Date Retirement Funds, index funds, and professionally managed funds.
- The plans also will include a self-directed brokerage account option for participants who would like to choose from thousands of additional mutual funds from hundreds of available mutual fund families.

Please note these changes will affect **only new contributions** starting with the January 2012 payroll cycles, though you may wish to make some decisions and take some actions **between November 1, 2011 and November 30, 2011** to ensure your plan and investment allocations are set up the way you want them when the changes go into effect with the January 2012 payroll cycles.

You will have the flexibility to keep your **existing money** with your current investments and vendor, or to transfer them to the new plan options. You also will continue to have access to third-party investment advice from StraightLine, our independent investment advisor.

WHAT DO I NEED TO DO?

What you need to do depends on your current situation:

If you currently make contributions to Fidelity Investments® and/or TIAA-CREF investment options, you can continue contributing to them; however, beginning in November you may want to adjust your investments to correspond to the new menu of investment choices. This is a good time to:

- Review the new [core investment menu](#) and also review your current investment choices and asset allocation as well as your retirement planning goals.
- If you wish, contact Fidelity Investments® and/or TIAA-CREF to discuss the new options or to schedule an individual meeting. (You can always find the most up-to-date vendor contact information at http://www.hr.msu.edu/benefits/retirement/Investment_Sponsors.htm)

Please note that if you choose not to adjust your **future** contributions, the investment choices that you currently have that are not included in the [new core investment menu](#) will default to an age-appropriate [Target Date Retirement Fund](#). This will only apply to new contributions beginning January 1, 2012.

If you currently make contributions to AXA Equitable, Lord Abbett, VALIC or Vanguard investment options:

- AXA Equitable, Lord Abbett, VALIC, and Vanguard will be closed as MSU approved vendors effective January 1, 2012 and will no longer be available for new contributions. You must open an account and redirect your contributions to Fidelity Investments® and/or TIAA-CREF **between November 1, 2011 and November 30, 2011**.
- If you do not redirect your contributions by November 30, 2011, your AXA Equitable, Lord Abbett, VALIC, or Vanguard future contributions (January 1, 2012 forward) will be automatically redirected to an age-appropriate [Target Date Retirement Fund](#) with Fidelity Investments®. If this occurs, you can change it at a later date (beginning in January 2012) if you wish to do so.
- While the age-appropriate [Target Date Retirement Fund](#) offers you a broadly diversified portfolio for your retirement investment needs, you should review your portfolio to determine whether you want your current fund contributions to be redirected to any other investments available from the new [core investment menu](#).

- If you wish, contact Fidelity Investments® and/or TIAA-CREF to discuss the new options or to schedule an investment consulting session. (You can always find the most up-to-date vendor contact information at http://www.hr.msu.edu/benefits/retirement/Investment_Sponsors.htm)

Regardless of which vendor you currently use, to redirect your future contributions to a different vendor, visit MSU Human Resources online at www.hr.msu.edu/benefits/retirement and, **starting November 1**, follow the directions on how to change the retirement vendor for your contributions. If you have any questions, please contact Human Resources Benefits at 800 353-4434 or 517 353-4434, Ext. 3. You may also e-mail us at retirementinfo@hr.msu.edu

NEXT STEPS

You will receive additional information about these changes in the upcoming months. Watch your mailbox for information that will be mailed to your home in late-October describing the changes and inviting you to a variety of [information sessions](#) that will be held in November at campus locations.

At these sessions, you will hear MSU Benefits Retirement staff discuss what is changing and why. You also will have the opportunity to hear from and speak with representatives from both Fidelity Investments® and TIAA-CREF as well as representatives from StraightLine, MSU's independent third-party investment advisory service.

Additional information also will be made available online in late-October, including a detailed Enrollment Guide and downloadable copies of all the information that will be shared at the information sessions in November.

Consider marking your calendar now to remind yourself that **between November 1, 2011 and November 30, 2011** you may need to make some decisions and take some actions to redirect your future retirement contributions in light of the changes that will take effect with the January 2012 payroll cycles.

WHO CAN I CONTACT IF I NEED ASSISTANCE?

[Fidelity Investments®](#) and [TIAA-CREF](#) representatives can answer any questions you have about the investment offerings available from their investment menus. Representatives from each vendor also are available for confidential individual sessions by appointment only. [StraightLine](#) can offer you independent third-party investment advice that could help you make decisions about what plans and investment options could best help you meet your retirement planning goals. The **MSU Benefits Retirement office** can answer your general questions about the changes as well as the processes MSU uses for making vendor changes. Contact information for each of these groups follows, as well as links to additional information online that you may find helpful.

Fidelity Investments®

- Website: www.mysavingsatwork.com/atwork/msu.htm
- By Phone: Call 800 343-0860, Monday through Friday from 8 a.m. to midnight ET.

For confidential individual sessions, make an appointment:

- Online: Visit www.mysavingsatwork.com/atwork/msu.htm to schedule an appointment.
- By Phone: Call 800 642-7131, Monday through Friday from 8 a.m. to midnight ET.

TIAA-CREF

- Website: www.tiaa-cref.org/msu/
- By Phone: Call 800 842-2776, Monday through Friday from 8 a.m. to 10 p.m. and Saturday from 9 a.m. to 6 p.m. ET.

For confidential individual sessions, make an appointment:

- By Phone: Call 800 732-8353, Monday through Friday from 8 a.m. to 8 p.m. ET to schedule an appointment.
- Local office: 517 203-3600, Monday through Friday from 8 a.m. to 5 p.m. The East Lansing office is located at 4660 South Hagadorn Road, Suite 130, East Lansing, MI 48823.
- For information in Spanish / Para información en Español: Llame al **1-800-842-2252**, (oprime 9) en el horario de lunes a viernes, de 8 a.m. a 10 p.m. y sábados de 9 a.m. a 6 p.m., hora del Este

StraightLine

For those seeking assistance in determining the plan(s), vendor(s) and investments that are most appropriate for their individual goals, Michigan State University has approved StraightLine as an optional resource. Whether your account resides at Fidelity Investments®, TIAA-CREF, or one of the soon to be eliminated vendors, StraightLine can provide independent education and investment advice.

- Website: www.myRplan.com/msu
- By Phone: Call 877 EDU-403B, Monday through Friday from 8 a.m. to 5 p.m. ET.
- By E-mail: info@myRplan.com

MSU Benefits Retirement Office

Call 800-353-4434, 517-353-4434, Ext. 3 or send e-mail to retirementinfo@hr.msu.edu.

FOR MORE INFORMATION

Retirement Consolidation Information Page on HR Website:

<http://www.hr.msu.edu/benefits/retirement/consolidation.htm>