





University of Pittsburgh

Retirement Oversight Committee

Retirement Savings Plan Enhancements

December 5, 2017



Executive Summary

- The Defined Contribution Plan, the University's Retirement Savings Program, will have a great new look that conveys our goal to help participants improve financial literacy and achieve their financial goals.
- The University will take part in a relaunch of the program and reeducation of all Plan participants.
- The University of Pittsburgh has continually worked to streamline administration, increase efficiencies, and lower overall Plan costs.
- In 2016 Cammack Retirement Group was engaged to assist in the ongoing enhancement of the Plan and negotiation of Plan fees.
- Proposed future enhancements include a streamlined fund array, the addition of a brokerage window, and the introduction of a 457(b) Plan.



An Exciting New Look

The Retirement Savings Program will have a great new look. Upcoming communications will feature the new theme: *Write Your Own Financial Story*.

This theme conveys the University's goal to:

- Recognize that the financial goals of our faculty and staff are as diverse as our workforce
- Provide greater access to the investments, resources and education to help employees achieve their financial goals
- Give participants the tools and support to increase their financial literacy and to write their own financial story





Retirement Oversight Committee

- **Cheryl Johnson** – Human Resources (Chair)
- **Alan Garfinkel** – Office of General Counsel (Advisor)
- **Lori Carnvale** – Benefits
- **Aynsley Jimenez** – Benefits
- **John Kaye** – Office of Finance
- **John Kozar** – Benefits
- **Tom Spanedda** – MHSF
- **Jay Sukits** – Katz School of Business Faculty Member



Actions Undertaken by the ROC to Add Value for Participants

1. Streamlined Portfolio
2. Addition of Brokerage Window
3. Reduced Fees
4. Process to ensure plans continue to be fully compliant
5. Addition of 457(b)
6. Comprehensive plan rollout and continued enhanced communications plan



1. Streamlined Portfolio

- Working with Cammack Retirement Group, a more focused fund array has been developed.
- 50 funds will be available effective March 16, 2018:
 - a. Target Date Investments (TIAA Lifecycle and Vanguard Target Date)
 - b. A broad mix of core investment funds including:
 - a. Capital preservation (TIAA Traditional, Stable Value, Money Markets, short-term bonds)
 - b. Core and Diversifying Fixed Income (Long-term Bonds)
 - c. Domestic Equity (Large, Mid, and Small Value, Blends, Growth and Social Choice)
 - d. International/Global Equity
 - e. Inflation Hedge (Inflation Protected Securities, Real Estate)
- Funds are classified in a manageable way to assist participants in making appropriate allocation decisions
- Fund lineup consists of 25% TIAA, 50% Vanguard and 25% Other

INVESTMENT ARRAY:

TIER 1 – TARGET DATE, RISK ALLOCATION, MANAGED ACCOUNTS

TIAA CREF Lifecycle
Vanguard Target Retirement

TIER 2 – CORE INVESTMENT FUNDS

CAPITAL PRESERVATION

FIXED/STABLE

TIAA Traditional
TIAA Stable Value

MONEY MARKET

CREF Money Market
Vanguard Federal Money Market

SHORT-TERM BOND

Vanguard Short-Term Investment-Grade I

CORE AND DIVERSIFYING FIXED INCOME

INTERMEDIATE

Vanguard Total Bond Market Index*
Vanguard GNMA

WORLD BOND

Templeton Global Bond

HIGH YIELD

Vanguard High-Yield Corporate

EMERGING MARKETS

Vanguard Emerg Mkts Govt Bd Idx*

LONG-TERM BOND

CREF Bond Market
TIAA-CREF Social Choice Bond
Western Asset Core Plus

Vanguard Long-Term Bond Index*

DOMESTIC EQUITY

LARGE VALUE

Vanguard Equity Income
Vanguard Windsor
Vanguard Value Index*

LARGE BLEND

Vanguard Institutional Index *
CREF Stock

LARGE GROWTH

Vanguard PRIMECAP
CREF Growth
Vanguard Growth Index*
Vanguard Capital Opportunity

SOCIALLY RESPONSIBLE EQUITY

CREF Social Choice
TIAA-CREF Social Choice Eq Instl

MID VALUE

Wells Fargo Special Mid Cap Value
Vanguard Mid-Cap Value Index*

MID BLEND

Vanguard Mid Cap Index*
Vanguard Extended Market Idx*

MID GROWTH

MassMutual Select Mid Cap Gr Eq
Vanguard Mid-Cap Growth Index*

HYBRID

Vanguard Wellington
CREF Social Choice

SMALL VALUE

JPMorgan US Small Cap Value
Vanguard Small Cap Value Index*

SMALL BLEND

Vanguard Small Cap Index*

SMALL GROWTH

TIAA-CREF Small-Cap Equity
Vanguard Small Cap Growth Index*

INTERNATIONAL/GLOBAL EQUITY

FOREIGN LARGE CAP

Vanguard Total Intl Stock Index*
Vanguard International Growth
Vanguard FTSE All-Wld ex-US Idx*

FOREIGN SMID

Victory Trivalent International Sm-Cp

EMERGING MARKETS STOCK

American Funds New World
Vanguard Emerging Mkts Stock Idx*

WORLD STOCK

CREF Global Equities
Vanguard Global Equity

INFLATION HEDGE

INFLATION PROTECTED BOND

Vanguard Inflation Protected Secs

REAL ESTATE/REIT

TIAA Real Estate
Vanguard REIT Index*

COMMODITY

Funds in green = new additions

* Indicates passive investment options



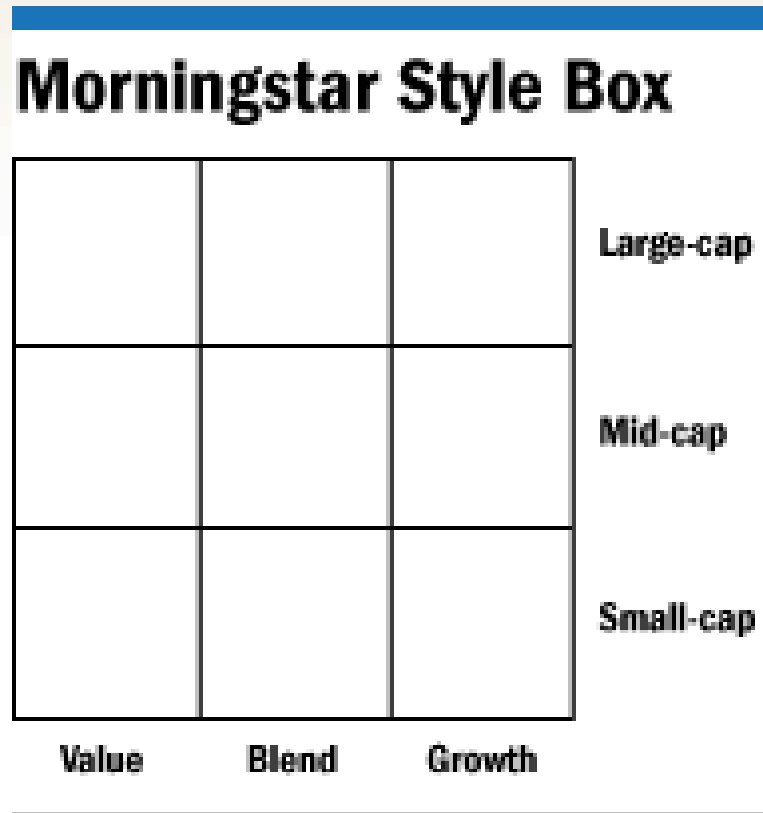
Streamlined Portfolio

Addition of seven new funds:

- Western Asset Core Plus – Fixed Income
- Templeton Global Bond – Fixed Income
- Wells Fargo Special Mid Cap Value – Domestic Equity
- JP Morgan U.S. Small Cap Value – Domestic Equity
- MassMutual Select Mid Cap Growth Equity – Domestic Eq.
- Victory Trivalent International Small Cap – International
- American Funds New World – International



Streamlined Portfolio





2. Addition of a brokerage window to retain choice

- The brokerage window provides the opportunity to exercise personal preference outside of the funds that the University monitors.
- The majority of current funds not included in the new menu will be available through the brokerage window. If the fund is transferred between February 15, 2018 and June 15, 2018, any transaction fees are waived.
 - Funds not moved by June 15th may remain available but at the retail fee level.
- At other institutions, the use of the brokerage window has been very limited, however, the 90-day fee waiver is a new offering that the University negotiated with TIAA on behalf of participants.



3. Reduced Fees

Fees are being reduced for several reasons

- Continued success with sole recordkeeping
- Elimination of small balances
- Streamlining loan administration
- Creating a much more manageable platform
- Competitive market conditions
- Increased value of the University's account. It has increased significantly due to:
 - Market value
 - University and participant contributions
 - Influx of cash from rollovers



Basis Points

What a Fee Reduction Means

A basis point is equal to 1/100 of 1%. In other words, 100 basis points equal 1%. **2016**

Investment Amount	Basis Points	Expense	Expense
\$1,000	10	$\$1000 \times .001$	\$1.00
\$10,000	10	$\$10000 \times .001$	\$10.00
\$100,000	10	$\$100000 \times .001$	\$100.00

2017

Investment Amount	Basis Points	Expense	Expense
\$1,000	4	$\$1000 \times .0004$	\$0.40
\$10,000	4	$\$10000 \times .0004$	\$4.00
\$100,000	4	$\$100000 \times .0004$	\$41.00

2019

Investment Amount	Basis Points	Expense	Expense
\$1,000	2.5	$\$1000 \times .00025$	\$0.25
\$10,000	2.5	$\$10000 \times .00025$	\$2.50
\$100,000	2.5	$\$100000 \times .00025$	\$25.00



4. Ensure plans continue to be fully compliant

- Worked with Cammack Retirement Group to review plan documents and the effectiveness of the plan's menu
- Cammack conducts a regular quarterly analysis of fund performance.
 - Recommendations will be made to keep, remove, or place certain funds on a watch list.



5. Addition of a 457(b) Plan

- Available to all eligible faculty and staff
- Allows for deferral of additional pre-tax income on a voluntary basis (no match/cost to the University).
- **Current IRS limits for 2017 are:**
 - **\$18,000/year** – under age 50
 - **\$24,000/year** – age 50 and over
- Provides participants with an opportunity to double these IRS limits.



6. Communications and Education - Roll out Plan

- Pre-announcement via Read Green
- Detailed communications to homes to include letter and transition guide the week of January 16
- Social media messaging
- Article in University Times
- TIAA counseling sessions and workshops
- Live and On-Demand Webinars



University of Pittsburgh

Campaigns and Events



November	December	January	February	March
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Meetings and Education*



* Early Engagement / Stay Smart (Ongoing)



Targeted Outcomes

Understanding the benefits of the plan changes

Review current asset allocation

Increase contribution percentage or start saving

Broaden awareness of TIAA services

Financial literacy engagement

Meet near-term obligations

Maximize longer-term financial well-being

Retirement readiness planning

Metrics to monitor outcomes