



## University 403(b) Plan Enhancements FAQs

### 1. Why is the University making changes to the 403(b) Plan?

The University of Illinois System is committed to providing a best in class Supplemental 403(b) Plan to help support your financial wellbeing and help you prepare for your retirement goals. The 403(b) Plan is reviewed annually by an independent investment consultant and enhancements are being made as a result of this in-depth review, as well as in response to faculty and staff feedback. As a result of these plan changes many participants will see a reduction in fees, while continuing to have access to a diverse array of investment options across different asset classes.

### 2. What is changing?

- **Streamlined core fund lineup.** Investment options will be streamlined into a **core lineup of funds** with Fidelity and TIAA. The enhanced fund lineup:
  - Reduces duplication and overall complexity in fund choice to encourage optimal savings, while still providing access to a diverse array of asset classes in line with the 403(b) Plan [Investment Policy Statement](#).
  - Provides funds with lower-cost expense ratios.
  - Was selected in consultation with an independent investment advisor.
- **Index funds based on your retirement date.** The fund lineup will include a series of lower-cost index Target Date Funds.
  - If you prefer not to create and manage your own portfolio, Fidelity Freedom Funds and TIAA Lifecycle Funds provide a “set it and forget it” investment strategy that provides a balanced, age-appropriate portfolio based on your retirement year.
- **Reduced fees.** Overall plan fees will be reduced, resulting in savings to participants. View “What are the recordkeeping/administrative fee changes?” FAQ below.
- **See Transition Guides for details:**
  - [Fidelity Guide](#)
  - [TIAA Guide](#)

### 3. What will I need to do?

- You are encouraged to review your 403(b) portfolio and current asset allocation with [Fidelity](#) and/or [TIAA](#).
- While you’re reviewing your account, ensure you have designated a beneficiary, or update your beneficiary(ies) if necessary.
- Review the new streamlined fund lineup to understand the fund options that will be available in the 403(b) Plan going forward.
- Understand how your current asset allocation may be impacted by fund mapping if you are invested in funds that will no longer be available in the 403(b) Plan.
- Watch for more information from Fidelity and TIAA, and attend a webinar or schedule a free session with a Fidelity or TIAA counselor.
  - [Register for Fidelity Webinars](#)
  - [Register for TIAA Webinars](#)
  - [403\(b\) Counseling Sessions](#)

#### 4. How might my current asset allocation be impacted?

- If you have assets in funds that will no longer be available in the streamlined lineup, then those assets will be transferred or “mapped” into new funds with similar objectives and risk levels. If no similar fund is available, then your assets will be mapped into an age-appropriate Target Date Fund.
- There will be **no blackout dates** for this to occur and trades can be made on any business day. Prior to August 9, you may redirect your future contributions or exchange your current assets into any of the investment options **that will remain in the lineup**. However, new funds being added to the lineup, such as those from Vanguard, will not be available until August 9.
- **On and after August 9, 2021**, you can log into your account to review the results of the fund mapping.
- **After the mapping process is complete, you are strongly encouraged to review your portfolio to ensure the asset allocation is consistent with your retirement goals. You may make fund changes at any time (up to once per business day).**
- No action is required if you do not wish to choose funds different from your mapped funds.

#### 5. What are the administrative fee changes?

- The University reviews 403(b) Plan fees on a regular basis to ensure they are reasonable and as low as possible. The Plan charges an administrative fee, which covers costs for recordkeeping, accounting, consulting services, education and counseling, and other Plan and participant services.
- The administrative fee was most recently set at 6.0 basis points or .06% of assets. With the streamlined fund lineup, this fee **will decrease**, and will differ based on the investment company.
- Fidelity fees will decrease to 4.25 basis points or .0425% of assets (.0375% for recordkeeping plus .005% for other administrative costs).
- TIAA fees will decrease to 3.4 basis points or .034% of assets (.03% for recordkeeping plus .004% for other administrative costs).

#### 6. What is not changing?

- Investment options will continue to be offered by both [Fidelity](#) and [TIAA](#).
- All features of the Plan, other than the investment lineup, will remain the same, including your login credentials and process for making investment changes.
- The process to make contribution changes via [My UI Info](#) also remains the same.

#### 7. What is the effective date of the change?

As of August 9<sup>th</sup>, your assets will be mapped into like funds, or into an age-appropriate Target Date Fund if no like fund exists. **On and after August 9, 2021**, you can log into your account to review the results of the fund mapping and make changes.

#### 8. I’m currently in a fund that isn’t on the new list of funds. Can I stay in this fund or do I have to move to one of the new funds?

- If a fund is not in the streamlined lineup, then it will no longer be available for investing. All assets will be moved automatically to the new fund menu effective August 9, 2021. **On and after August 9, 2021**, you can log into your account to review the results of the fund mapping.
- After the mapping process is complete, you are strongly encouraged to review your portfolio to ensure the asset allocation is consistent with your retirement goals. You may make fund changes at any time (up to once per business day).
- One exception is the following list of TIAA funds; which under TIAA rules, must allow current assets to remain, but will be closed to new contributions:

- CREF Bond Market Account
- CREF Equity Index Account
- CREF Global Equities Account
- CREF Growth Account
- CREF Inflation-Linked Bond Account
- CREF Social Choice Account

## 9. When do I have to elect my new fund options?

If you have a balance in, or new contributions directed to, your 403(b) Plan account, you are not required to take any action—the changes will happen automatically. As of August 9<sup>th</sup>, your assets will be mapped into like funds, or into an age-appropriate Target Date Fund if no like fund exists. On or after August 9<sup>th</sup>, you may make fund changes any time, up to once per business day. There is no deadline for making changes.

## 10. Will I have time to complete research on the new fund options?

Yes, detailed information regarding fund mapping will be communicated from Fidelity and TIAA to Plan participants in early July. View the streamlined fund lineup (coming soon).

## 11. How do I find information about the funds in the new streamlined fund lineup?

- Online – Go to [Fidelity](#), [TIAA](#), or [Morningstar](#) and enter the ticker in the search field. The ticker for each fund is on the new [streamlined fund lineup](#).
- Call – Fidelity at 800-343-0860 or TIAA at 800-842-2252 to request a prospectus, or with questions specific to your account.

## 12. How was the new fund lineup selected?

The funds in the streamlined lineup were selected in consultation with an independent investment advisor to reduce duplication and overall complexity in fund choice, while still providing access to a diverse array of asset classes in line with the 403(b) Plan [Investment Policy Statement](#). Additionally, streamlining the lineup allows the offering of new funds with lower-cost share classes, as well as an overall reduction in plan recordkeeping fees.

Understanding that employees have varying degrees of risk tolerance and time horizons that pertain to their retirement investment goals, funds were considered with the following objectives in mind:

- Review criteria, which include but are not limited to: performance, expenses and fees, style consistency, and the portfolio management team. These criteria were reviewed across multiple time periods and relative to the relevant benchmark, as well as peer group ranking.
- Offer plan participants a sufficient number of investment options that provide broad exposure to a variety of asset classes.
- Select investment options with reasonable expenses given their investment objectives and features.
- Choose investment options that historically have provided reasonable rates of return given their level of risk.

## 13. If I do not like the new fund options, can I move my assets into a plan outside the University 403(b) Plan?

While it is hoped there is something for everyone included in the streamlined fund lineup, employees who are eligible for a distribution may remove funds from the Plan. Salary deferrals may be distributed from the Plan upon the earlier of:

- Separation from employment
- Death
- Total and permanent disability
- Attainment of age 59 ½
- Financial hardship (for specific IRS-defined reasons)

#### 14. Are there advantages to using the 403(b) Plan vs. an IRA?

Your financial adviser can help you determine the best retirement savings account for your needs. Regardless of your choice, the important thing is that you're saving! Following are some features to consider:

- 403(b) has a higher contribution limit.
  - Under age 50 annual limit is \$19,500 for 403(b), and \$6,000 for IRA.
  - Age 50 and above annual limit is \$26,000 for 403(b), and \$7,000 for IRA.
- 403(b) as a group plan may qualify for lower-cost share classes in some funds, and the University of Illinois monitors and negotiates administrative fees.
- 403(b) provides the ability to make traditional tax-deferred and/or Roth contributions.
- 403(b) allows the convenience of payroll deduction.

#### 15. Can I move my funds from TIAA to Fidelity or from Fidelity to TIAA if I prefer the fund options under the other vendor?

Yes, investment changes may be made at any time within the options available at Fidelity and TIAA. Go to <https://www.hr.uillinois.edu/benefits/retirement/403b/sra> to open an account and designate future contributions with the other investment company. Call your current investment company for assistance with the transfer of current assets.

#### 16. Which of my TIAA or Fidelity accounts do these changes impact?

These changes apply ONLY to your supplemental 403(b) account with the University of Illinois System. These changes do NOT apply to any other TIAA or Fidelity account you might have, such as with SURS, an IRA, or accounts from other employers.

#### 17. How can I get more information?

Attend an informational webinar:

- [Register for Fidelity Webinars:](#)
  - Thursday, July 15 at 12:00 PM
  - Monday, July 19 at 12:00 PM
  - Wednesday, July 21 at 1:30 PM
  - Friday, July 23 at 10:30 AM
  - Tuesday, July 27 at 9:00 AM
  - Thursday, July 29 at 12:00 PM
  - Saturday, July 31 at 12:00 PM
  - Monday, August 2 at 10:30 AM
  - Wednesday, August 4 at 12:00 PM
  - Friday, August 6 at 10:00 AM
- [Register for TIAA Webinars:](#)
  - Monday, July 12 at 11:00 AM
  - Wednesday, July 21 at 10:00 AM

- Wednesday, August 4 at 11:00 AM

You may also view [403\(b\) Plan Enhancements](#) for additional information.

#### 18. Who should I contact with questions?

- [Fidelity](#): 800-343-0860
- [TIAA](#): 800-842-2252
- University Payroll & Benefits:
  - Create a service ticket: [UPB Service Portal](#)
  - Urbana: 217-265-6363
  - Chicago: 312-996-7200
  - Springfield: 217-206-7144