

# CSU TSA Transition Fact Sheet

Updated: 02/21/2018

## Transition Information - GENERAL

### What Took Place in 2016?

In April 2016, CSU introduced a number of enhancements to the TSA Program following a rigorous due-diligence process. These modifications included the selection of Fidelity Investments (Fidelity) as the Program's sole recordkeeper and the establishment of a new streamlined investment line-up. At that time, CSU decided that participant balances for both active and separated employees held by the Program's five legacy administrative recordkeepers (Fidelity, MetLife, TIAA, VALIC, and Voya) would not be transferred.

### What's Changing Now?

Your legacy mutual fund balances held by the TSA Program's five legacy recordkeepers (Fidelity, MetLife, TIAA, VALIC, and Voya) will be transferred to the active Fidelity TSA plan. You will have the opportunity to choose investments for the transferring balances during an "Early Choice" window. If you do not choose an investment(s), your balances will be automatically transferred into a Vanguard Target Retirement investment option at Fidelity, based upon the date closest to when a participant will turn age 65.

#### Please Note:

- **Mutual funds at Fidelity, Met Life, TIAA-CREF, VALIC, and VOYA** will be **liquidated** and transferred to the new line-up
- **Annuities at Fidelity, MetLife, TIAA-CREF, VALIC, and VOYA** will **remain** in your existing TSA account unless you request the assets to be transferred

### What's Not Changing?

Balances held in legacy annuity contracts will not be affected by this transition. Contact your current legacy recordkeeper for assistance in determining if you have balances in annuity contracts. To move your legacy annuity balances, please schedule a meeting with a Fidelity campus representative or contact Fidelity directly (800)343-0860.

- **Regardless of employment status**, any participant may move legacy assets to take advantage of new investment menu and lower fees

### Why Target Retirement investment option (aka Target Date Funds)?

Target date investments are designed for investors expecting to retire around the year indicated in each fund's name. The investments are managed to gradually become more conservative over time as they approach the target date. The investment risk of each target date investment changes over time as its asset allocation changes.

Target Date Retirement Funds have overwhelmingly become the favored Qualified Default Investment Alternative QDIA choice.

### What are Qualified Default Investment Alternative (QDIA)?

The Pension Protection Act of 2006 established rules under which CSU may transfer participant asset balances and investment elections from a discontinued option to the plan's default investment option. A QDIA is an investment vehicle that meets safety and diversification criteria as established by the Department of Labor.

### Why has the CSU decided to make these changes to the TSA Program now?

Participants who have balances with legacy vendors are paying much higher fees on average.

CSU believes that by taking steps to transfer legacy mutual fund balances held by the Program's five legacy administrative recordkeepers into a Vanguard Target Retirement investment option at Fidelity, participant fees will be reduced and the participant's ability to plan for retirement will be improved.

Fees vary by participant and by investments choices but on average participants are paying administrative recordkeeping fees of \$212 per year and investment management fees of \$201 per year – a combined total of \$413 per year. Program participants with balances in the new fund line-up only pay \$46 and \$26 per year, respectively - a combined total of \$72 per year.

	Account Balance	Average Investment Fee	Average Administration Fee	Total Fee	Annual Participant Savings
<b>Low</b>					
Old	\$50,000	\$259 (0.52%)	\$145 (0.29%)	\$404 (0.81%)	
New	\$50,000	\$200 (0.40%)	\$46 (0.09%)	\$246 (0.49%)	<b>\$158</b>
<b>High</b>					
Old	\$100,000	\$517 (0.52%)	\$290 (0.29%)	\$807 (0.81%)	
New	\$100,000	\$400 (0.40%)	\$46 (0.05%)	\$446 (0.45%)	<b>\$361</b>

### What are Administration Fees?

Administrative fees include services that are provided to participants such as recordkeeping, customer service centers, quarterly statements, etc.

## What are Investment Management Fees?

Investment management fees reflect an investment option's total annual operating expenses and include management and other fees. All shareholders of the investment option pay this fee, often referred to as an "expense ratio."

## When will the changes take effect?

End of May/Beginning of June 2018 - more details are coming soon. You will have an early choice window in April to select the fund of choice and make beneficiary elections.

## Will my current monthly contributions with Fidelity be impacted?

No, active contributions will not be affected. This change is only to transfer balances with legacy recordkeepers.

## Will this change impact both active and separated employees?

This change will impact all CSU participants (active and separated) who have mappable balances with any of the legacy recordkeepers.

- Transfer of assets is based on service provider and investment type, not on participant (i.e., active, retired, etc.)

## Can I make choices as to how my funds are invested?

Fidelity is offering CSU an early choice 30-day window so your balances are transferred into the fund of your choice at Fidelity.

If you do not take action during the early choice window, your balances will be transferred to a target date fund (as mentioned above).

## Can I keep my balance with my current legacy fund sponsor?

All mappable funds (Mutual Funds) will be transferred.

Only balances held in legacy annuity contracts will not be transferred. Contact your current legacy recordkeeper for assistance in determining if you have balances in annuity contracts. We are informing you now to provide time for you to learn about the changes and to meet with your personal financial advisor about your retirement savings and investment goals.

## What are mappable funds?

Mutual funds are mappable while annuities cannot take advantage of this consolidation and cost saving enhancements.

## How do I determine if I have an annuity? Why can't annuities be transferred?

A portion of legacy balances are invested in individual contracts or custodial agreements (annuities) with the legacy recordkeepers. This does not allow the CSU to "map" participant assets.

Contact your current legacy recordkeeper to assist you in determining if you have an annuity.

## What happens if I am currently receiving RMDs (required minimum distributions) or periodic payments?

Fidelity will receive your payout instructions from your current legacy recordkeeper and will continue your scheduled payments.

## What about my statement(s)?

If you wish to retain hard copies of account statements, contact your current legacy recordkeeper and request a statement. Most recordkeepers allow you the option to print statements covering the reporting period of your choice. This action must be completed before the blackout period, which will be communicated soon.

## When funds roll over, will employees receive a confirmation of the transition?

There will be a comprehensive communication campaign. Fidelity and the CSU will inform and guide you every step of the way.

## How can I find out more information about the changes to the TSA Program?

In the coming months, you will be receiving more information in the mail and through email including a transition guide and a timeline with all the key dates.

More information is also available on the [CSU TSA 403\(b\) Program News web page](#).

## What action do I need to take?

No action is required on your part **at this time**. You will have an early choice window in April to select the fund of choice and make beneficiary elections.

More information is also available on the [CSU TSA 403\(b\) Program News web page](#).