Retirement Savings Program

Fund Menu Management Project

UCRS Advisory Board
November 16, 2012

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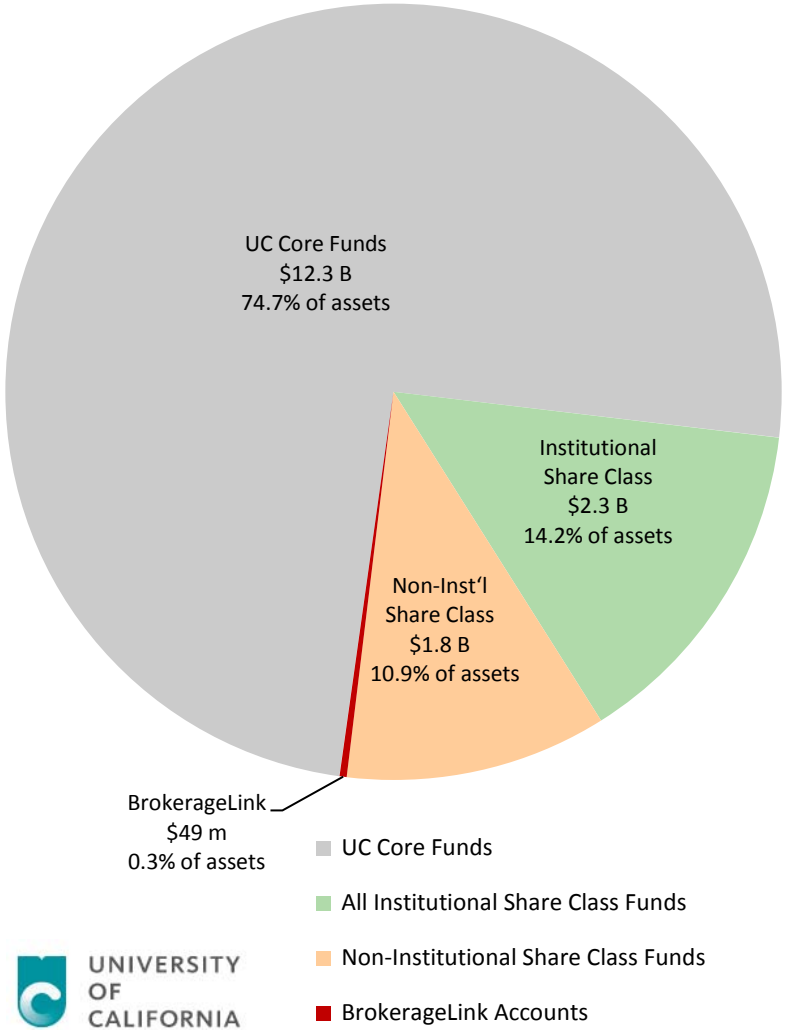
RSP Fund Menu Management: Project Goals

- Enhance value for participants
  - Fee control / reduction
- Reinforce oversight & monitoring
  - Smaller menu allows more efficient monitoring
- Improve participant experience and plan effectiveness
  - Simpler menus are easier to understand and use; less duplication
  - A smaller number of choices can alleviate confusion
    - Studies have shown that too much choice can prevent participants from making appropriate decisions

Where Retirement Savings Program (RSP) Assets Are Invested

UC Retirement Savings Program

Total Assets – Market Value as of 6/30/12



Fund Category	Market Value	% of Total Assets	Unique Participant Count	# of Funds Offered
UC Core Funds	$ 12,262,899,243	74.7%	272,671	24
All Institutional Share Class Funds	$ 2,324,628,007	14.2%	45,498	62
Non-Institutional Share Class Funds	$ 1,789,142,588	10.9%	42,806	128
BrokerageLink Accounts	$ 48,550,103	0.3%	265	thousands
Total	$ 16,425,219,941	100.0%		

All Institutional Share Class Funds includes:
Fidelity K Shares, Spartan Institutional & Calvert Institutional share class funds.

Unique count = number of participants with a balance in any fund in the category.

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RSP Fund Menu Management Project

- UC Core Funds will continue to be the focus of communications and financial education
- Only other available menu funds will be institutionally-priced
- Full access to mutual funds retained in BrokerageLink (BL) for the self-determined investor

RSP Fund Menu Management: Phase 1 (Complete)

- Menu management applied using pricing guidelines
  - Pricing is the most objective form of monitoring
  - Institutional fund pricing demonstrates stewardship and objectively benefits participants

- RSP fund menu modifications
  - Fund additions are controlled at plan sponsor level
  - Converted 49 Fidelity-managed mutual funds to “institutional” class shares: 3/28/2012
  - Converted 8 Calvert-managed mutual funds to “institutional” class shares: 7/31/2012

RSP Menu Management: Phase II

- Reduce number of choices on platform to exclusively “UC Core” and “Institutional”
- Freeze all other “non-menu” funds (no new contributions or transfers in)
    - Institute 90 days prior to default mapping date
    - New contributions re-directed by participant / defaulted to Target Date Funds (TDFs)
    - Prevents imposition of short-term trading fees
- Map non-menu fund balances for non-responders
    - Map to UC Pathway Fund (UC Core TDFs)
    - Mapping to UC Pathway Funds by age is considered a best practice
        - Funds are fully diversified across asset types
        - Risk is automatically reduced as targeted retirement date is neared
    - Expect 90% of non-menu fund balances to require mapping by UC

RSP Menu Management: Mapping Strategy

Map to this fund if	Participant turns 65 Between	Date of Birth Range
UC Pathway Income Fund	01/01/1901 – 12/31/2012	Before or on 12/31/1947
UC Pathway Fund 2015	01/01/2013 – 12/31/2017	01/01/1948 – 12/31/1952
UC Pathway Fund 2020	01/01/2018 – 12/31/2022	01/01/1953 – 12/31/1957
UC Pathway Fund 2025	01/01/2023 – 12/31/2027	01/01/1958 – 12/31/1962
UC Pathway Fund 2030	01/01/2028 – 12/31/2032	01/01/1963 – 12/31/1967
UC Pathway Fund 2035	01/01/2033 – 12/31/2037	01/01/1968 – 12/31/1972
UC Pathway Fund 2040	01/01/2038 – 12/31/2042	01/01/1973 – 12/31/1977
UC Pathway Fund 2045	01/01/2043 – 12/31/2047	01/01/1978 – 12/31/1982
UC Pathway Fund 2050	01/01/2048 – 12/31/2052	01/01/1983 – 12/31/1987
UC Pathway Fund 2055	01/01/2053 – 12/30/2057	01/01/1988 – 12/31/1992
UC Pathway Fund 2060	01/01/2058 – 12/31/2062	01/01/1993 – 12/31/1997

Assumptions for determining target date:

- Age 65
- July 1 (academic year) retirement date

RSP Phase II Target Timeline

January 2013: Communication campaign begins

April 2013: Freeze non-menu funds to prevent short-term trading fees

- no new contributions
- no transfers in
- fund information still viewable
- balances still available for transfers out

June 2013: In-kind transfers for BrokerageLink account holders and mapping of non-menu fund balances

- no buys/sells involved for in-kind transfers
- no fees for in-kind transfers or mapping

RSP Phase II Communications Campaign

Deliverable	Target Audience	Details	Delivery Date
UC Newsletters – *Our University* (Active Employees) and *New Dimensions* (Retirees)	All UC Employees and Retirees	▪ Provides a high-level outline of what's coming ▪ Includes a leadership message from UC ▪ Gives approximate dates that more information will be provided.	January 24, 2013 (Active) February 1, 2013 (Retirees)
Announcement Email/letter (1 page)	Participants with a balance in an impacted fund regardless of status code (≈ 43,000 individuals) (20% Print, 80% Email address on file)	▪ Provides a high-level outline of what's coming ▪ Gives approximate dates that more information will be provided.	January 29, 2013
Fund Action Brochure/Decision Guide	Participants with a balance in an impacted fund regardless of status code. (≈ 43,000 individuals) (20% Print, 80% Email address on file)	▪ Detailed brochure that outlines the fund action. ▪ Decision dates ▪ Schedule of learning events ▪ B-Link resources ▪ Description of resources. ▪ Links to portal home page article	February 19, 2013

RSP Phase II Communications Campaign

Deliverable	Target Audience	Details	Delivery Date
Portal Home page article	Participants with a balance in an impacted fund regardless of status code (≈ 43,000 individuals)	▪ Rotational message on the home page. ▪ Provides a place to get more detail on the change ▪ Updated over time as content is released ▪ Link to pre-recorded workshop and workshop schedule	February 19, 2013
Custom Fund Management Workshop	Participants with a balance in an impacted fund or others accessing the workshop	▪ Workshop offered to educate participants on the fund action details, delivered by Fidelity Retirement Counselors already dedicated to UC ▪ In Person, Pre-recorded (available in February), Webinar	February through June 2013 (Dates TBD)
UC Location Information Events	All active Participants.	▪ Events at each location based on location's needs ▪ Delivered by Fidelity Retirement Counselors already dedicated to UC and ▪ Includes workshops ▪ 1:1 information ▪ Help desk	February and March 2013 as locations are available (Dates TBD)

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RSP Phase II Communications Campaign

Deliverable	Target Audience	Details	Delivery Date
Reminder notice 1 (Email/Postcard)	Participants with a balance in an impacted fund regardless of status code (≈ 43,000 individuals) (20% Print, 80% Email address on file)	▪ Reminds Participants of opportunity to re-direct contributions prior to freeze. ▪ Points to the portal, workshops, and telephone/in-person resources ▪ Includes deadlines and instructions	March 13, 2013
FOCUS newsletter article – Spring edition	All Participants (delivered via email link to website)	▪ Provides high-level information about the change. ▪ Points to the portal home page article in the portal.	Mid-April 2013
Reminder notice 2 (Email/Postcard)	Participants with a balance in an impacted fund regardless of status code (≈43,000 individuals) (20% Print, 80% Email address on file)	▪ Reminds Participants of pending balance transfers. ▪ Points to the portal and telephone/in-person resources ▪ Includes deadlines and instructions	June 4, 2013

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RSP Phase II Communications Campaign

Deliverable	Target Audience	Details	Delivery Date
Update Fund Information section of portal	Anyone who accesses the portal	Updates the fund information on the portal so that non-menu funds are no longer included	July 1, 2013
Transfer Complete Notice (Email/Postcard)	Participants with a balance in an impacted fund regardless of status code (≈ 43,000 individuals) (20% Print, 80% Email address on file)	Notifies Participants that the transfer is complete	July 16, 2013

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Questions??