Why Redesign?

- Changes in the Regulatory Environment
  - Plan sponsor responsibility expanded
  - Compliance issues increased
- Current Plan Structure Administratively Complex
  - $1.2 billion in assets; 10,000+ employees/retirees with accounts
  - IRS 401(a), 403(b), and 457(b) defined contribution plans offered
  - Recordkeeping and other services provided by multiple vendors
- Employees choose from over 1,000 options with limited OU oversight
- Evolution of Best Practices in Plan Management & Administration
  - Consolidated recordkeeping
  - Online enrollments and transactions
- Improve Participant Experience and Investment Outcomes
  - Lower fees and increased investment education & advice
  - Simplify plan for most participants
  - Added plan features (e.g., loans and hardship withdrawals)
- Issued RFP for independent investment consultant – August 2006
- Selected RV Kuhns after competitive bid process – June 2007
- President Boren appointed Retirement Plans Management Committee - March 2008
- Issued RFP for recordkeeping and administrative services - July 2008
- After rigorous review and analysis process, identified proposal from Fidelity Investments as offering best value
  (Considered proposals from Fidelity, Great West, TIAA-CREF, Vanguard, and ING)
- Initiated campus discussion of RPMC recommendations – October 2010
- Met with Faculty Senate in November 2010 and Faculty Senate Executive Committee in November 2010 and January 2011

Tier I: Default Option: Target Date Retirement Funds
(Fidelity Freedom Funds)

Tier II: Index Options
(7 options, including passive Target Date Retirement Fund and Short-Term Bond index options)

Tier III: Actively Managed Options
(9 options, including a traditional TIAA - Retirement Choice annuity option)

Tier IV: Self-Directed Brokerage Window
(Fidelity BrokerageLink – Over 190 Investment Families – Over 1,800 Choices)

The RPMC will consider additional funds for inclusion in the core investment lineup as underrepresented asset classes are identified.
The change in asset allocation over time (i.e., glide path) for Fidelity Freedom Funds is more conservative in retirement than other funds, and generally has a more diversified set of holdings, which equates to lower risk/volatility for participants.

Fidelity forthcoming and transparent during interview/selection process.

Fidelity offers a long history of success (14 years) and proven methodology.

Fidelity client service representatives offer general education, not investment advice, and are not compensated on an incentive/commission basis.

The RPMC believes that carefully selected and actively managed funds will outperform on a net of fees basis passive index funds over time.

A broad array of options exist for participants utilizing TIAA-CREF funds. As they move to the new platform, they can continue to utilize TIAA-CREF funds or migrate to the funds that have been selected and monitored by the RPMC.

Importantly, all plan revenues - explicit fees and revenue sharing - will be used exclusively for the purpose of paying plan costs. Fidelity has agreed contractually to adhere to the same disclosure requirements as private (ERISA) plans.

As plan assets in the Fidelity platform grow over time, explicit fees and/or revenue sharing will decline.

Over a 25 year career, an average participant will accumulate compounded savings of approximately $20,000 as a result of lower administrative expenses.
Other Active Considerations

- Investigate offering Roth options for 403 and 457 Plans.
- Improve understanding of the RPMC process, due diligence, and fiduciary responsibility.
  (e.g., sharing of the “RPMC Charter” and “Retirement Plans Investment Objectives and Policy Guidelines”)
- Design participant-friendly statements with Fidelity
- For those interested in retaining their Vanguard investments, Fidelity has developed the ability for any Vanguard investor to elect to open a brokerage account at Fidelity prior to the transition, which would allow them to move any or all of their investments from Vanguard to the brokerage window at no charge. This represents a significant boon for those Vanguard investors concerned with access to their desired index funds.
- The RPMC is encouraging Fidelity and TIAA-CREF to develop a process that would allow Tier IV TIAA-CREF contributions at no charge, but this is not yet available.

Participant Benefits

- Reduced fees paid by plan participants across all OU plans.
- Increased assets at retirement for plan participants.
- Access to online enrollment, and online account administration.
- Access to loans and hardship withdrawals from participant contributions.
- Access to onsite education and guidance from Fidelity client service representatives.
- Confidence in having a record-keeper with a consistently clean (unqualified) audit and compliance record across all plans.
- Access to managed investment options, simplified choices by means of a small tiered core investment lineup, and access to more than 1,800 total options.
- Active oversight of the core investment lineup (Tiers I, II and III) by the RPMC.

Retirement Plans Management Committee

Members
- Chris Kuwitzky, Associate Vice President and Chief Financial Officer – Norman Campus, Chair
- Kenneth Evans, PhD, Dean, Price College of Business
- Michael Ferguson, Associate Dean, Finance/Administration, College of Dentistry, Health Sciences Center
- Terry Henson, Associate Vice President and Chief Financial Officer – Health Sciences Center
- Julai Hilburn, Associate Vice President and Chief Human Resources Officer
- Karthikeyan Muraleetharan, PhD., Professor, Civil Engineering and Environmental Science, Norman Campus
- Guy Patton, Chief Executive Officer, OU Foundation

Supporting Staff
- Charlie Wale & Ben Taylor, investment management consultants, RVKuhns
- Dudley Hyde, Benefits Attorney, Moflee & Tall
- Nic Kelly, OU Assistant Director, Benefits Analysis and Planning