Dear Faculty and Staff,

We’d like to provide you with an update on the proposed changes to the Retirement Plan announced earlier in the semester. That process was put on hold in early March in order to consider campus feedback about the timeline, process and impact of some of the proposed changes.

After hearing your feedback and with additional consultation from various campus committees and constituencies, three major changes have been made to the previously announced plans:

- The TIAA Traditional Fund will not change – the fund will remain at a guaranteed rate of 3% for all existing and future contributions.
- There will be a clearer, revised and consolidated implementation guide sent to all participants in mid-August (rather than separate guides to TIAA and Fidelity participants).
- The implementation date has been changed to October 1, 2018, in order to provide adequate preparation time and a more convenient deadline.

What is changing?

After a comprehensive review we are adding new choices, swapping some funds out for better options and reducing the overall number to make the process more efficient. After October 1, 2018, certain funds offered through TIAA and Fidelity will no longer be available in the core fund offering. Notably, the CREF Social Choice, TIAA-CREF Lifecycle funds and Fidelity Freedom funds will no longer be in the core lineup. However, any fund no longer offered will still be available for all employees to invest in directly through TIAA and Fidelity’s self-directed, brokerage windows. Instructions will be provided in the implementation guide.

Record-keeping fees were negotiated lower and will be distributed more evenly and fairly among participants. These fees are not new. This transition moves the institution to a place where all participants are assessed the same cost (as a percentage of assets) for record-keeping services provided by TIAA and Fidelity (services that all participants receive). They are currently embedded in the overall fees of funds at different rates, creating uneven fee costs among participants.
Why is this happening?

All employers have a fiduciary responsibility under federal law to review their sponsored 403(b) plan construction and performance including the fees, returns and diversification of the options available to its employees. Wesleyan administers this responsibility through its Retirement Plan Investment Committee, a group of administrators with faculty and staff representatives, as well as the input of an independent consultant, Fiduciary Investment Advisors (FIA). Following a recent review and with the advice of FIA, the committee concluded that the fee and fund changes better met our fiduciary obligations. These changes are meant to ensure better management, reasonable fees, and more equitable distribution of record-keeping fees, and have more competitive historical rates of return. A similar analysis was conducted in 2012 and resulted in a previous change to plan options and investment choices.

What do I have to do?

You will receive an implementation guide on or around August 15, 2018; please review the new guide carefully. Log into your Fidelity or TIAA account(s) or call and speak to a Fidelity or TIAA representative to direct your existing and future contributions to your fund(s) choice.

If you have money in any of the funds no longer offered, your funds will be “mapped” (transferred) to a new offering similar to your current fund or to the new Target Date retirement fund if there is no similar fund. If you like the mapped lineup, you do not need to do anything. You will have to move both your existing and future contributions if you do not want them directed to the mapped funds. You can direct your money to other core funds or to any of the offerings in the brokerage windows. Specific directions on how to do this will be in the implementation guide.

TIAA Traditional Fund

The initially proposed change to the TIAA Traditional Fund was intended to offer the potential for greater returns, allow funds to be withdrawn more easily and reduce the waiting period to withdraw these funds in retirement by two years. However, overall feedback indicated that the certainty of the guaranteed rate was more valuable to participants. As a result, the guarantee of 3% will remain in effect and participants do not need to take any action on these funds.

Socially responsible fund offering

Walden Asset Management will replace the CREF Social Choice as the socially responsible core offering. The committee wanted to offer an investment choice that meets the needs of a Social ESG investor (Environmental, Social, and Corporate Governance) but at the same time meets the performance standards of a fund that does not use these screens. The Walden fund’s performance was compared and outperformed other investment options, net of the fees per the date of the review. Please note that other socially responsible investments that may better
align with an employee’s individual ethical concerns will be available through the brokerage window in both the TIAA and Fidelity platforms.

**Target Date Funds**

Target date retirement funds offer a choice that can simplify the investment process for participants of all ages by automatically reallocating your funds, moving from higher risk/higher return investments to lower risk/lower return investments as you get closer to retirement. The target date funds are increasingly popular and are the designated default fund under the Plan. The Committee carefully considered the unique characteristics of the American Funds Target Date Retirement Series and beliefs regarding topics such as management style, diversification, volatility, and fees. These considerations led to the decision to replace the TIAA-CREF Lifecycle Funds and Fidelity Freedom Funds.

**Summary Timeline:**

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<tr>
<th>Date Range</th>
<th>Event Description</th>
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<tr>
<td>August 15, 2018</td>
<td>The consolidated implementation guides will be distributed</td>
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<tr>
<td>August 15, 2018 - October 1, 2018</td>
<td>TIAA and Fidelity representatives will be on campus for one-on-one and group information sessions</td>
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<td></td>
<td>TIAA and Fidelity advice is also available by contacting them directly, either online or by phone</td>
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<tr>
<td>October 1, 2018</td>
<td>New fund offerings and fee distribution will be in effect</td>
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The implementation guide will discuss many of these concepts in greater detail than can be done in this announcement, including fee distribution and calculation, brokerage services and target date funds. However, please don’t hesitate to direct any questions in the meantime to benefits@wesleyan.edu. If you wish to speak with someone at TIAA or Fidelity, you can contact TIAA at (800) 842-2252 or Fidelity at (800) 343-0860.

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