

## **Retirement Plan Required Contribution Increase**

In July 2021, the required contribution percentage for employees will increase to 5% (from 4%). This completes the 2016 Retirement Plan goal to get required employee contributions to 5% through phased 1% increases.

This final increase means employees participating in the University Retirement Plan will have retirement contributions of at least 10% (5% employee plus 5% University). **Annual contributions of at least 10% are very important in ensuring you have an adequate account balance when you reach retirement.**

If you're currently contributing 5% or more, the required contribution increase will **not** change your overall contribution. For example, if you are currently contributing 7% (4% required and 3% voluntary) your required contribution will increase to 5% and your voluntary contribution will decrease to 2%, maintaining your current 7% contribution.

You may continue to change your voluntary contribution at any time. The University will match your contributions up to 10% for a total contribution of 20%—a huge step toward retirement readiness.

## **Retirement Plan Recordkeeping Fees**

In July 2021, the current recordkeeping fee structure will be replaced by a fixed recordkeeping fee structure. Recordkeeping fees pay Fidelity and TIAA for their administration of the plan, including:

- Maintaining the website and call centers;
- Mailing quarterly and annual reports;
- Managing loans and distributions;
- Providing one-on-one counseling services; and
- Similar administrative functions.

Currently, these costs are built into the operating expenses of the funds. They are not prominently disclosed and not often discussed by the vendors; however, they do have a cost to participants in the form of reduced investment earnings.

The new uniform, per-participant fee will be transparent, straightforward and equitable. Regardless of account balance and investment selections, the fee will be:

- TIAA: \$35 per year (charged at \$8.75 per quarter)
- Fidelity: \$41 per year (charged at \$10.25 per quarter)

The difference in pricing is driven primarily by participant counts and account volumes. **Note:** Just as in the current structure, participants with accounts at TIAA **and** Fidelity will pay the fixed recordkeeping fee to both administrators. The change in fee structure will be reflected in your July-September quarterly report.

Find more information about the [Retirement Plan on the benefits website](#).