President Boren established the OU Retirement Plans Management Committee to identify ways for OU to help increase its employees’ savings for retirement and to comply with new federal regulations. As chair of the committee, I’d like to update you on current actions.

After a competitive bid process, faculty and staff input, and an exhaustive review and evaluation of our options, the Committee submitted several program enhancement recommendations to the OU Board of Regents for their consideration. I am happy to report that the Regents approved the Committee's recommendations at their March 24, 2011, meeting. One of the key recommendations is to hire Fidelity Investments as master recordkeeper for OU retirement savings plans.

These recommendations accomplish two important goals. The first is to meet new federal regulations that increase oversight and accountability for retirement plans offered by public sector plan sponsors like OU. The second is to identify changes that will allow us to increase our savings for retirement. Establishing a single recordkeeper will reduce expenses associated with investing and simplify retirement savings decisions for the more than 10,000 OU employees participating in the retirement savings plans.

A transition period to the master recordkeeper will begin soon and will take at least six months. During this period, you will receive more detailed information about the changes and will have time to review new investment choices. In the meantime, you may wish to review the reverse side of this letter which addresses concerns employees have communicated to the committee. Details of the Committee’s recommendations are available on our website (www.hr.ou.edu/RPMC).

We feel the plan going forward is a good one for the university and its employees. We also understand that you may have questions about it. Please review the Committee’s website (www.hr.ou.edu/RPMC), especially the extensive Frequently Asked Questions (FAQ) section. If you don't see your question, please e-mail it to us at rpmc@ou.edu.

Respectfully,

Chris Kuwitzky
Associate Vice President and Chief Financial Officer
Chair, OU Retirement Plans Management Committee
What improvements can we expect? Improved service, reduced costs, and more opportunities for retirement planning education. You will be able to review all your investments administered by the master recordkeeper on one statement. The fee structure will be clear, fees will be lower on average, and they will be plainly shown on your statement. You will be able to make transfers and enroll online. Investment choices will be simpler through a tiered investment line-up. You will have access to more workshops and one-on-one investment planning meetings. You will even be able to use the funds in your investment account to hire an independent retirement advisor, should you elect to do so.

What programs did we review? The Committee reviewed the retirement savings programs sponsored by the university including the Defined Contribution Plans (DCP) and the Optional Retirement Plan (ORP). OU makes contributions to these plans on your behalf and you direct how these funds are invested. These contributions are part of the total compensation package for benefits eligible employees. We also reviewed the 403(b) and 457(b) voluntary retirement savings plans in which any OU employee can participate. The Oklahoma Teachers’ Retirement System is sponsored by the State of Oklahoma and is not affected by our recommendations.

Why are we looking at this now? Recent changes in federal rules require that public sector plan sponsors, including OU, must provide more oversight of their retirement plans and the investment options they provide. As we reviewed and evaluated our current retirement program and examined new resources and services that might be available, we also identified opportunities for improvement that we believe can make our programs even better.

What do we gain with a master recordkeeper? Administration of a retirement program becomes more efficient and cost effective when we hire a master recordkeeper for the program. A recordkeeper monitors the transactions in your retirement account and ensures that they happen in a timely and accurate manner. A recordkeeper also provides reporting and any other administrative tasks related to your account. Currently, separate recordkeeping functions are performed by each of the individual companies in which we are invested. As OU employees, we each pay administrative fees that are deducted from our retirement account by the investment company. Because every company performs these services separately and charges separate fees, there is an opportunity to reduce fees by centralizing the recordkeeping function. The money saved stays in our accounts and reduces our individual annual expenses.

By hiring a master recordkeeper, we also gain the opportunity to align the investment selection process to the employee’s investment expertise and overall desire for active engagement in their retirement investments. We propose a new investment line-up that is organized in four tiers to clarify your retirement savings options. This new line-up provides options that meet the various investment needs of employees. Funds in tiers one, two, and three must meet certain performance standards and are selected and monitored by the Committee. Employees who prefer more specialized choices will find more than 3,000 additional options in tier four.

Will this plan reduce the contribution the university makes for each of us? Our recommendations do not suggest any changes to the university’s retirement contributions or retirement benefits. The Committee is charged with reviewing the administration of our retirement plans. The amount of retirement contributions and benefits is a budgetary consideration and is outside the scope of this committee.

Will we be able to invest with TIAA-CREF under the new plan? TIAA-CREF has worked with the university since 1972 and can continue to be an important part of employees’ retirement savings strategy. Employees can choose to retain their current investments with TIAA-CREF. Some TIAA-CREF investment options can only be administered by TIAA-CREF, so they will not be available for new contributions. Several TIAA-CREF options similar to those currently offered will be available in the new investment line-up, primarily in tier four. TIAA-CREF was considered for the role of OU’s master recordkeeper along with several other companies. Fidelity Investments won the competitive bid process because they offered the best value to the university in terms of service, technology, and investment flexibility.

What happens now that the Board of Regents has approved the plan? A transition period will begin and last at least six months. You can expect a series of communications from Human Resources about what will happen next. During this transition period, you will be asked to make new retirement investment selections or affirm the selections you have already made. You will have the resources and the time to make the selections that are best for you. Every employee will have the opportunity to meet one-to-one with an advisor who can answer your questions about planning for retirement and selecting investments.