



**BOARD OF REGENTS OF
THE UNIVERSITY SYSTEM OF GEORGIA**

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January 28, 2010

MEMORANDUM

TO: Chief Human Resources Officers, University System of Georgia

FROM: Tom Scheer, Associate Vice Chancellor for Health and Life Benefits

SUBJECT: 2010 - ORP Changes

As you may be aware, over the last year we have been investigating possible improvements to the ORP, specifically potential improvements to the vendor and investment structures within the plan. A primary goal has been to ensure that all participants have a broad selection of quality investment products available to them at very competitive prices. In late 2009 modifications to the ORP were approved by the Board of Regents and these modifications were slated for implementation effective April 1, 2010.

There are two primary changes taking effect April 1, 2010:

- The number of approved vendors in the Plan is being reduced from four to three. Fidelity, TIAA-CREF and VALIC will remain as approved vendors for participants. American Century will no longer be included in the Plan as an approved vendor. While participants may no longer contribute to American Century as of April 1, 2010, they may leave their previous assets in their accounts with American Century, if they desire to do so.
- The remaining three vendors will all carry expanded investment offerings that include not only their own proprietary funds, but also mutual funds from other investment companies. Each of the three approved vendors will provide participants with a broad array of investments organized into three tiers.
 - o Tier 1 will include target-dated funds from the vendor. This tier is designed for people who do not wish to select from a menu of investments. Instead, if they select a target-dated fund for their age bracket the money will be managed for them based on the projected number of years until their retirement.
 - o Tier 2 for each vendor will include a broad range of mutual funds from both the vendor as well as outside investment managers. There will be several funds to select from for each investment style ranging from very conservative investments to equity funds. All Tier 2 funds have gone through a screening process that looks at many variables including long term performance as well as cost of the fund. For TIAA-CREF, some annuity products have also been included in their Tier 2 offering.
 - o Tier 3 has been designed for the investor who wishes to have lots of investment choices. Each of the three vendors will offer a Tier 3 line up that will include numerous funds, and in some cases a full investment window where participants have very significant choice.

We should note that while the new investment line-ups will be available for all new contributions on or after April 1, 2010, participants with these approved vendors will not be forced to move their previous balances

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to any new investments. They may leave their assets in place. They may, however, wish to take advantage of the new offerings.

However, while current American Century participants may leave their previous assets with American Century, they must select a new approved vendor as well as new investments for their future contributions that are deducted from April 1, 2010 forward. It is important to note that if the American Century participants do not make a new active election for a new vendor prior to April 1, they will be defaulted to an appropriate target-dated fund at TIAA-CREF and their contributions after April 1 will begin flowing there.

The approved vendors have been preparing for the April 1, 2010 rollout. As part of that they are working together to provide a series of consolidated communication materials to all participants. Going forward, there will be one set of communication materials that equally represent all three vendors. Participants will no longer receive different sets of materials from each vendor. There will be several initial, transition materials that will be sent to participants leading up to April 1. After April 1 there will be one consolidated enrollment kit for all new participants.

The pre-April 1 transition communication materials will include:

- An announcement letter will be mailed around February 12, 2010 to each participant. It will be a relatively brief communication that announces changes to the ORP effective April 1. The letter will not go into great detail regarding the changes, but will state that more information is forthcoming. There will be two versions of this letter: one to American Century participants; and one to all other participants.
- A more comprehensive transition guide will be mailed to participants around February 26, 2010. This guide will include detailed information regarding all changes including all investment products now offered by each approved vendor arranged in the new three-tiered structure.
- Around February 26th a newsletter article will be provided to each institution for inclusion in your respective paper-based or internet-based employee newsletters. You will have the option as to whether or not to utilize this communication.
- A reminder postcard will be mailed to all American Century participants around March 15th. Remember, if an American Century participant fails to make a positive election for a new approved vendor (as well as investments) for their contributions that occur on or after April 1, 2010, they will be defaulted (for new contributions only) to an appropriate target-dated fund at TIAA-CREF. If this should occur, TIAA-CREF will mail them a default notice after April 1.

We are pleased to offer these important enhancements to the participants of the ORP. We wanted to take the opportunity to inform you of the upcoming changes as well as the impending communications that will be mailed to participants. If you have any questions regarding the changes please contact Dorothy Roberts (404-657-7596) or Dorothy.Roberts@usg.edu.

cc: Wayne Guthrie
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