

# Nevada System of Higher Education

System Administration  
5550 West Flamingo Road, Suite C-1  
Las Vegas, NV 89103-0137  
Phone: 702-889-8426  
Fax: 702-889-8492



System Administration  
2601 Enterprise Road  
Reno, NV 89512-1666  
Phone: 775-784-4901  
Fax: 775-784-1127

## Memorandum

**DATE:** October 3, 2013

**TO:** Faculty and Staff of the Nevada System of Higher Education

**FROM:** Daniel J. Klaich, Chancellor

**COPY:** Renee Yackira, Vice Chancellor – Administration & Operations  
Michelle Kelly, Retirement Plan Manager

**RE:** Upcoming Improvements to the NSHE Retirement Plan, including the Retirement Plan Alternative 401(a) mandatory plan for Faculty; the Medical Resident/ Post-Doctoral Fellow 403(b) mandatory plan; and the Tax Sheltered Annuity 403(b) supplemental retirement plan.

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For almost two years your Retirement Plan Advisory Committee with the assistance of an independent consultant has been engaged in comprehensive review of the Plan. The goal of that review was to provide you with higher quality investment options at a lower administrative cost.

As a result of that review, I am pleased to announce that a series of important enhancements are being made to the NSHE Defined Contribution Retirement Plan (“Plan”), which are specifically designed to meet the goals of our review, namely to improve the quality of the investment options available to participants and to lower each participant’s administrative costs. The purpose of this note to you is to begin the process of informing you of these changes.

First, we will be rolling out a new tiered investment line-up which will result in lower cost investment options and provide for better oversight of the managers on the line-up. And second, starting on January 1, 2014, TIAA-CREF will become the sole administrative services provider for the Plan.

After a great deal of research, the RPAC (whose membership is composed of representatives from each of the NSHE institutions, a representative of the Faculty Senate Chairs, a Retiree member and Benefits Managers North and South,) unanimously recommended streamlining the Plan to enhance the participant experience and leverage the System’s purchasing power to reduce administrative and investment management costs for participants.

**I want to make sure that you understand one very important thing right up front - while certain administrative and investment aspects of the Plan are changing, the underlying design of the Plan will not change. Contribution rates, eligibility requirements, immediate vesting, and all other aspects of the Plan’s design will remain the same. Those employees who are enrolled in the PERS will not be affected by this change and PERS will remain the mandatory retirement program for classified staff.**

Although future communications will provide more detailed information on the enhancements being made to the Plan, let me now provide some preliminary information regarding these upcoming changes.

## **NEW INVESTMENT OPTIONS**

A new four-tiered investment line-up will provide investment options for everyone, from the less-engaged investor to the investor who prefers to more actively manage their retirement savings. Your investment choices will no longer be tied to the retirement service provider as was previously the case with Fidelity, TIAA-CREF and VALIC. Instead, the new investment line-up will provide a more focused set of funds with a broad range of investment choices, including funds from Vanguard, PIMCO, and Dodge & Cox, among others. This tiered line-up will also include a new fourth tier, which will be a self-directed Mutual Fund Brokerage Account for those who wish to invest in funds that are not in the new line-up, such as mutual funds from Fidelity and VALIC. This new structure will simplify your investment selection process, allowing you to make your decision based on your investment expertise and comfort level.

## **ONE SERVICE PROVIDER INSTEAD OF THREE**

After a competitive bidding process, TIAA-CREF has been selected as the sole administrative service provider. TIAA-CREF will host the new investment line-up and provide the online portal you will use to enroll in the plans, view your account balances, manage your plan contributions, and make transactions. This means that no new contributions will be directed to Fidelity Investments and VALIC after December 31, 2013. Balances held at Fidelity or VALIC may remain in place at these legacy institutions, although no new contributions will be directed to these accounts after December 31, 2013.

- **EXISTING ACCOUNTS WITH FIDELITY AND VALIC**

Going forward, there will be no new contributions to Fidelity Investments or VALIC after December 31, 2013. You will have the opportunity to consolidate these accounts at TIAA-CREF if you choose to do so.

- **EXISTING ACCOUNTS WITH TIAA-CREF**

If you currently have retirement funds with TIAA-CREF, you will still need to review the new investment line-up to see what impacts these changes may have on your retirement savings strategy.

The move to a sole administrative service provider will benefit participants by providing savings on the fees charged to retirement accounts and, in conjunction with the new tiered investment line-up, will allow for a more streamlined review of funds and vendor performance. Going forward, the Retirement Plan Advisory Committee will conduct ongoing reviews of funds in the investment line-up to ensure that they are meeting the desired investment goals. Additionally, the services provided by TIAA-CREF will be reviewed on an annual basis to ensure that they are at the appropriate level for our Plan and that our participants are receiving the proper level of guidance and advice.

## **WHAT'S NEXT?**

1. In October, you will receive a detailed brochure explaining what will occur with your current investments and what specific steps you will need to take. **All participants in the NSHE Retirement Plan will need to take action.**
2. Starting in November, you will need to select investment options from the new investment line-up.
3. If you do not make new investment elections, your contributions after January 1, 2014 will be directed to the qualified default investment alternative (QDIA), which is an age-appropriate Vanguard Target Retirement Fund.
4. TIAA-CREF offers advice and planning services at no cost. Please take advantage of their expertise to help you review and plan your retirement investments. You can schedule an appointment with your TIAA-CREF consultant by calling (800) 732-8353, Monday through Friday, 8 a.m. – 5 p.m. PT.

5. For questions about the changes or the new Plan, please contact NSHE's Retirement Plan Manager, Michelle Kelley, at [michelle\\_kelley@nshe.nevada.edu](mailto:michelle_kelley@nshe.nevada.edu) or 702-889-8426.
6. We will also be working with your respective campuses to set up campus workshops during the months of November and December to personally assist you with any changes or to help answer questions you may have. We will provide notice of those workshops to you as they are scheduled.

We understand that change is never simple and understand that you may have questions of us. As we implement these changes in investment options and administration, we will be constantly available to assist you at every turn. Our goal is your retirement security through solid fund investment and the most reasonable administrative costs. We believe we are delivering on that pledge to you.