



UNT System ORP and TSA Retirement Program Changes Questions & Answers

The UNT System Benefits Team is working to streamline investments to a core set of funds, reduce fees, and simplify the enrollment and administration of our Optional Retirement Program (ORP) and 403(b) Tax-Sheltered Annuity Plan (TSA).

The following questions and answers are designed to help you understand the upcoming improvements to the ORP and TSA retirement programs:

Why was the retirement program redesigned?

- Provide a consolidated fund lineup with a simplified menu of investment options
- Make it easier to access and understand the investment process
- Lower administrative fees for the majority of participants
- Support recruitment and retention of top talent by providing competitive retirement plans
- Provide additional investment resources and education to help you pursue financial security in retirement
- Improve plan administration

What options will be in the new investment lineup?

The investment lineup and self-directed brokerage option provide a variety of investment choices. You can develop and customize a diversified investment portfolio from the following:

Tier 1: Target Date Funds (“Do it for me” Investor)

This tier offers options that are already allocated for you. The target date funds are designed for investors expecting to retire around the year indicated in each fund’s name. The funds are managed to gradually become more conservative over time as they approach the target date. The investment risk of each target date fund changes over time as the fund’s asset allocation changes. The funds are subject to the volatility of the financial markets, including that of equity and fixed-income investments in the U.S. and abroad, and may be subject to risks associated with investing in high-yield, small-cap, and foreign securities. Principal invested is not guaranteed at any time, including at or after the funds’ target dates.

Tier 2: Passively Managed Funds (Build your own portfolio for the “fee-conscious or index” investor)

Passively managed funds (also called index funds) are designed to mirror a market index or benchmark. These funds generally have lower fees than funds that are “actively managed,” that is, funds that try to outperform—or beat—market returns, rather than just track them. Ultimately, index funds are designed to provide exposure to a broad selection of securities at a relatively low cost. While these funds typically perform very similarly to the index they track, you should be aware that index funds cannot be expected to meet or beat the index’s performance.

Tier 3: Actively Managed Funds (Build your own portfolio using actively managed funds)

Actively managed funds try to outperform comparable market indices or benchmarks. These funds are actively managed by a fund manager or team of managers who select the investments they think will deliver the best combination of risk and return. Actively managed funds often have higher fees than passively managed funds due to the level of involvement the fund manager has in maintaining the portfolio. These actively managed funds give you a greater degree of flexibility and the ability to rebalance and manage the portfolio over time and as your situation changes. The cost of actively managed funds may be higher than passive funds.

Tier 4: Self-Directed Brokerage Account (For investors who prefer funds/strategies not included in the investment menu)

A self-directed brokerage account provides you with an opportunity to invest in a broad range of investment options beyond those offered in the core lineup. The Plan fiduciary neither evaluates nor monitors the investments available through the self-directed brokerage option. It is your responsibility to ensure the investments you select are suitable for your situation, including your goals, time horizon, and risk tolerance. Contact your selected vendor(s) for a fact sheet and commission schedule for applicable fees and risks.

What is not changing?

- Fidelity, TIAA, VALIC, and Voya will continue as the investment vendors for the ORP and TSA.
- The ORP and TSA design and rules of the plans all remain unchanged.
- Vesting, contributions, eligibility, base and matching employer contributions, loan guidelines, and distributions all remain the same at this time, and will only change if the State of Texas or the IRS makes a change.
- Your current payroll contribution amount and vendor(s) will remain the same unless you choose to make adjustments to either your contribution or vendor.
- Balances in the TIAA legacy options will not change.
- Beneficiary information currently on file will remain. However, you can designate a beneficiary by contacting your selected vendor(s).
- Outstanding loans will not be affected, and payments should continue to be made as scheduled. Outstanding loan repayments will be directed according to your investment elections in the new investment options. No changes will be made to the payment amount, payment date, or other terms of your loan.

How and by whom were these changes decided?

The Board of Regents adopted new rules governing the ORP and TSA plan administration. A Retirement Plan Advisory Committee consisting of members from the system administration and each campus worked with CAPTRUST Financial Advisors to evaluate the current investment options and identify new opportunities with lower cost. Ultimately, the committee approved the new core investment lineup for our employees and retirees.

Who do these changes affect?

All current and former employees in the ORP and/or TSA will be affected by the changes to the new investment option lineup. The upcoming changes do not affect employees enrolled in the Teacher Retirement System of Texas (TRS); however, you have the opportunity to enroll in and make additional voluntary pretax contributions to the TSA at any time.

When will the changes take effect and what will happen?

- September 2018: The new investment lineup and self-directed brokerage option will be available. The existing investment options will continue to be available until January 2019. Unless you elect otherwise, your contributions will continue to be directed to your selected provider and investment option(s) until January 2019.
- January 2019: The investment options no longer available in the new investment lineup will be reallocated and redirected to the new investment lineup at each current vendor. This means both future contributions and balances will be transferred (or “mapped”) to what CAPTRUST, the Plan’s investment

advisor, has determined to be comparable funds in the new investment lineup or the Target Date Fund, based on your age, if there is no comparable fund.

Additional information about these changes, key dates, and actions to consider will be provided in the coming weeks. You may continue to contact your current vendor to manage your ORP or TSA account.

Will there be any changes to the contributions I can make or contributions made by UNT?

No. You can still defer up to the maximum amount of contributions allowed by the Internal Revenue Code on a pretax basis to the TSA.

- The IRS maximum amount allowed for 2018 is \$18,500.
- Any employee age 50 or older is eligible for an additional catch-up contribution of \$6,000, which means your contribution can be up to \$24,500 per calendar year.
- If you have more than 15 years of service and have not maximized contributions in the past, you may also be able to contribute an additional \$3,000 per year using the “15 years catch-up” election.

What is Fidelity’s role as “lead recordkeeper?”

Effective February 2019, Fidelity Investments (“Fidelity”) will become the lead service provider for recordkeeping, enrollment and changes to your contribution amount. Retirement Manager will no longer be the lead service provider.

How can I learn more and what resources are available?

Employee information sessions will be available throughout the fall semester. For a schedule of the information sessions and additional information, please visit www.netbenefits.com/unt. We encourage you to pay special attention to the information provided in the coming months.

The following resources will be available to help you prepare and understand the ORP and TSA changes:

- Vendor representatives will be on campus to offer help and provide advice on investing. You can also get help and advice on investing over the phone by calling your vendor(s).
- Various emails and printed materials will be sent to provide additional details.



Call

Fidelity—800-343-0860, Monday through Friday, 7 a.m. to 11 p.m. (CT)
TIAA—800-842-2252, weekdays, 7 a.m. to 9 p.m. or Saturdays, 8 a.m. to 5 p.m. (CT)
VALIC—800-448-2542, Monday through Friday, between 7 a.m. and 8 p.m. (CT)
Voya—800-584-6001



Click

Fidelity—netbenefits.com/unt
TIAA—TIAA.org/unt
VALIC—VALIC.com
Voya—VoyaRetirementPlans.com



Meet – Schedule an appointment

Fidelity—800-642-7131 or visit netbenefits.com/unt and click the *Contact Us* tab, then *Meet*.
TIAA—800-732-8353 or visit TIAA.org/schedulenow.
VALIC—800-448-2542.
Voya—800-584-6001 or visit VoyaRetirementPlans.com

Investing involves risk, including risk of loss.

This document provides only a summary of the main features of the UNT System ORP and TSA, and the Plan Document will govern in the event of discrepancies.

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