

## Update on Change from TIAA/CREF to Fidelity for Purdue Retirement Plan

At yesterday's University Senate meeting, we received an update on the upcoming change from TIAA/CREF to Fidelity for the administration of the "fixed contribution" retirement plan. A few highlights:

- 1) Purdue plans to mail a statement next week to all eligible participants – this statement should provide the overall outline of the plan, with effective dates, etc. So please watch your snail mail, or have your significant other watch your mail (staff covered under PERF are not included in this change).
- 2) Purdue contributions to your retirement will be made to the Fidelity account effective Jan. 1, 2011. You will be able to select from a number of investment options (action will be required on your part, unless you want the "default".) Note: those of you who already have an online Fidelity account may have noticed new accounts on your account summary. Since Jan. 1 is also the start date for the new 10/4 (PU/employee) retirement structure, you will likely have separate accounts for the two contributions.
- 3) The funds in your existing Purdue retirement account (TIAA/CREF) will remain in TIAA/CREF unless you specifically request a transfer to the Fidelity account. Note that funds in the TIAA traditional annuity fund may have a significant time delay (~ 10 years) before they can be transferred.
- 4) There will be investment options for 4 tiers of investors, depending on how active/expert you feel yourself to be. The default for the first tier will be a target-year investment fund (for example, a 2025 fund for those who expect to retire in approx. 2025). At the highest tier, you can self-manage your account, and invest in sector funds, etc. Overall, this will provide a significantly wider range of investment options.
- 5) In order to avoid conflicts of interest, there will be no Fidelity funds in the lowest tiers – this is to enable a situation in which Fidelity can provide advice on the best investment options without pushing their own product.
- 6) Fidelity has an office on campus, and should be able to provide investment advice (either in person at this office, or through online resources). This office is currently in temporary quarters, but is expected to be located in PMU in the near future.
- 7) Purdue has negotiated a deal in which:
  - a) the fees on various funds are significantly lower than we could get as individual investors (basically, the overall total of Purdue employees' investment in a given fund is counted toward getting an "institutional rate")
  - b) The Fidelity administrative fee is a flat \$87 per year per social security number. This is significantly lower than the fees we were paying previously, and should also cover your other Fidelity accounts (e.g. Roths or 403b's).
- 8) Again, watch your mail next week for a summary/overview of the changes and relevant dates. Feel free to forward this email to your significant other...

David Janes  
ECE Senator (not an investment counselor)