April 22, 2014

To: The University of Arizona Community

From: Allison M. Vaillancourt
Vice President, Human Resources & Institutional Effectiveness

Subject: Changes to Voluntary 403(b) Plan Investment Options

In the next few days you will receive a letter at your home address that announces a new retirement savings option and changes to the Arizona University System Voluntary 403(b) Plan that is offered to those employed by the three Arizona universities and the Arizona Board of Regents. We are writing today to give you some background about these changes and to help you determine if they will affect you personally when they are implemented on July 1, 2014.

While all benefits-eligible University of Arizona employees participate in the Arizona State Retirement System or the Optional Retirement Plan, about 1500 University of Arizona employees also choose to participate in the Arizona University System Voluntary 403(b) Plan in order to set aside additional dollars for retirement. If you are a current 403(b) plan participant, we ask that you pay special attention to the information you receive.

The changes described in the letter you will receive emerged from a six-month review process conducted in partnership with Mercer Consulting and faculty and senior benefits staff at the Arizona Board of Regents, Arizona State University, Northern Arizona University, and the University of Arizona. If you follow investment or financial planning news, you know that annuity and mutual fund fees are receiving increased scrutiny because they can significantly affect overall investment returns for individuals saving for retirement. Higher education institutions and other employers are taking a close look at the retirement savings programs they provide and making adjustments to ensure that their employees have access to investment options with the lowest fees, best returns, and highest quality customer service.

As a result of our recent review process, VALIC will be removed as an investment option and there will be changes to some of the fund options currently provided through Fidelity and TIAA-CREF. In some cases, funds will be closed to future contributions; in others, balances will be transferred to funds with lower fees and higher performance. In addition, we are introducing an after-tax Roth 403(b) plan, a savings vehicle that many of you asked us to offer.

If you have an existing 403(b) plan with Fidelity or TIAA-CREF, no action is required on your part, but you may wish to make some new decisions regarding where you direct your current balances and future contributions. If you are a VALIC participant, we will be contacting you to
offer special assistance. Further, we are in the process of creating additional information resources and planning group meetings, webinars, and individual advising sessions to make this transition as simple as possible.

Please visit the Division of Human Resources website for more information on our retirement plan options and for resources and updates on the coming Arizona University System Voluntary 403(b) Plan changes. If you have further questions, please contact Benefits at benefits@email.arizona.edu or 520-621-3662, option 3.