

# Reimagining the University's Employee Retirement Plans

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# Fundamentals, in Brief

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- CSU's 401(a) plan, also known as the Defined Contribution Plan (DCP) for faculty and non-classified staff.
- Employees (participants) are *required* to contribute 8% in lieu of Social Security
  - The university contributes 12% to those employees who are match eligible.
- The 403(b) plan is a *voluntary* savings plan sponsored by the university
  - The same funds & service providers are available for both DCP and 403(b).
- The Student Employee Retirement Plan (SERP) will also be part of this project review process.
  - Required of all employed, for example, work study students.

- An extensive review of the Plans has not been completed in over two decades
  - At the beginning a formal procurement process selected Fidelity Investments, TIAA and AIG (formerly known as VALIC).
- Nationally, the retirement financial landscape has changed significantly and substantially over this time
  - So have personal investment landscape options, strategies and fashions.
- The Plan characteristics have evolved over this time
  - The number of active funds has risen many-fold.
  - Administration costs have risen substantially.
- The project committee will fully review all aspects of plan administration to assure our colleagues of adequacy of plan choice, plan performance, service providers, education, competitive costs and required compliance.
  - With the assistance of consultants Innovest Portfolio Solutions, Inc.

# Guiding Light & Question

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- Our Committee's guiding question throughout this process has been:

What structures, processes and culture will provide the best framework for successful achievement of the mission of the University Retirement and match the reality of how modern organizations operate in this space?

For all employees and for the coming years.

# Aspirational Goals

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- A modern, best-in-class lineup of investment choices .
  - Best financial performance to participants (employees)
- Rationalized and simplified investment choices to:
  - Make it easy for early (career) starts to retirement investing.
  - Offer a rich pallet of investments to match personal choices.
  - Avail sophisticated investors of tools to fulfill their ambitions.
- Lower administration fees to maximize investment returns.
- Rationalize disparate employee category characteristics.
  - Staff, faculty and students
- Increased education resources and guidance to assist participants
  - While avoiding distortions from mixing advice and sales.
- Protect retired employee (participant) investments

## Current

AIG, Fidelity, and TIAA as multiple recordkeepers

- There is no master administrator
- The DCP investment menu offers 359 investment options across the three recordkeepers
- The 403(b) Plan investment menu offers 380 investment options across the three recordkeepers
- The investment are proprietary with AIG recordkeeping offering AIG/VALIC investments, Fidelity recordkeeping offering Fidelity investments and TIAA recordkeeping offering TIAA/TIAA-CREF investment options

Total Costs for recordkeeping:	\$2,979,935
– DCP:	\$2,050,055
– 403(b):	\$892,365
– SERP participant:	\$37,515

# Fund Participation by Vendor

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TIAA				
# Active or with Balance - DCP	6,306			
# Active or with Balance - 403(b)	1,001			
Total	7,307			
Total # of Investment Funds	34			
	\$934,388,000			
INVESTMENT FUND	# holding this fund	total value in this fund	% holding this fund	% total value in this fund
TIAA TRADITIONAL	2719	\$171,217,000	37%	18%
CREF STOCK R3	2166	\$157,070,000	30%	17%
TIAA REAL ESTATE	2149	\$43,146,000	29%	5%
CREF MONEY MARKET R3	1857	\$39,134,000	25%	4%
CREF GLOBAL EQUITIES R3	1692	\$67,774,000	23%	7%
CREF BOND MARKET R3	1182	\$31,597,000	16%	3%
CREF GROWTH R3	1166	\$64,903,000	16%	7%
TIAA-CREF QT SML CAP EQ PREM	1091	\$22,612,000	15%	2%
TIAA-CREF INTL EQ-PREM	1068	\$22,534,000	15%	2%
TIAA-CREF MID-CAP VAL-PREM	1014	\$16,050,000	14%	2%
CREF EQUITY INDEX R3	991	\$50,236,000	14%	5%
CREF INFLATION-LINKED BOND R3	980	\$17,969,000	13%	2%
TIAA-CREF EMRG MKT EQ IDX-PREM	909	\$13,780,000	12%	1%
TIAA-CREF LG-CAP VAL-PREM	905	\$18,753,000	12%	2%
CREF SOCIAL CHOICE R3	884	\$40,643,000	12%	4%
TIAA-CREF SOCIAL CH EQ-PREM	658	\$18,462,000	9%	2%
TIAA-CREF CORE IMPACT BD PREM	610	\$16,319,000	8%	2%
TIAA-CREF LIFECYCLE 2050-PREM	494	\$16,381,000	7%	2%
TIAA-CREF LIFECYCLE 2045-PREM	455	\$19,479,000	6%	2%
TIAA-CREF EMERGING MKT EQ-PREM	417	\$4,642,000	6%	0%
TIAA-CREF LIFECYCLE 2055-PREM	404	\$8,741,000	6%	1%
TIAA-CREF LIFECYCLE 2040-PREM	344	\$18,735,000	5%	2%
TIAA-CREF MID-CAP GR-PREM	326	\$6,189,000	4%	1%
TIAA-CREF LIFECYCLE 2035-PREM	244	\$16,778,000	3%	2%
TIAA-CREF LIFECYCLE 2030-PREM	164	\$8,145,000	2%	1%
TIAA-CREF LIFECYCLE 2060-PREM	155	\$1,867,000	2%	0%
TIAA-CREF LIFECYCLE 2025-PREM	149	\$8,585,000	2%	1%
TIAA-CREF LIFECYCLE 2020-PREM	107	\$6,240,000	1%	1%
TIAA-CREF LIFECYCLE 2015-PREM	63	\$2,766,000	1%	0%
TIAA-CREF LIFECYCLE 2010-PREM	45	\$782,000	1%	0%
TIAA-CREF LFCYLE RTMT INC-PREM	34	\$1,095,000	0%	0%
LOAN FUND	32	\$725,000	0%	0%
PLAN LOAN DEFAULT FUND	30	\$796,000	0%	0%
SELF DIRECTED ACCOUNT	3	\$243,000	0%	0%

Fidelity				
# Active or with Balance - DCP	5,316			
# Active or with Balance - 403(b)	763			
Total	6,079			
Total # of Investment Funds	194			
	\$662,358,000			
INVESTMENT FUND	# holding this fund	total value in this fund	% holding this fund	% total value in this fund
0458-FID GOVT MMKT	1482	\$20,954,000	24%	3%
2090-FID GROWTH CO K	998	\$53,839,000	16%	8%
2099-FID OVERSEAS K	704	\$11,570,000	12%	2%
3029-FID FREEDOM 2050 K	697	\$20,711,000	11%	3%
2328-FID 500 INDEX	628	\$32,393,000	10%	5%
3028-FID FREEDOM 2045 K	608	\$26,164,000	10%	4%
3030-FID FREEDOM 2055 K	586	\$12,738,000	10%	2%
2080-FID CONTRAFUND K	543	\$47,486,000	9%	7%
0335-FID INTL CAP APPREC	520	\$2,937,000	9%	0%
0331-FID NEW MARKETS INC	518	\$1,286,000	9%	0%
2098-FID OTC K	509	\$12,531,000	8%	2%
0455-FID HIGH INCOME	505	\$2,803,000	8%	0%
0015-FID GNMA	494	\$4,639,000	8%	1%
2089-FID GROWTH & INC K	488	\$9,274,000	8%	1%
2084-FID EMERGING MKTS K	486	\$3,585,000	8%	1%
2097-FID MID CAP STOCK K	485	\$3,379,000	8%	1%
0361-FID MEGA CAP STOCK	484	\$4,725,000	8%	1%
2208-FID CORPORATE BOND	481	\$2,384,000	8%	0%
2369-FID TOTAL EMERG MKTS	479	\$1,645,000	8%	0%
2355-FID REAL ESTATE IDX	472	\$1,161,000	8%	0%
2086-FID EQ DIV INCOME K	471	\$2,567,000	8%	0%
0833-FID REAL ESTATE INC	463	\$542,000	8%	0%
2941-FID US SUSTN IDX	429	\$3,688,000	7%	1%
3027-FID FREEDOM 2040 K	419	\$21,326,000	7%	3%
2088-FID FUND K	403	\$1,685,000	7%	0%
2418-FID INFL PR BD IDX	394	\$2,772,000	6%	0%
2102-FID VALUE K	368	\$1,294,000	6%	0%
2085-FID EQUITY INCOME K	347	\$8,236,000	6%	1%
2988-FID INTL SUSTN IDX	333	\$849,000	5%	0%
2078-FID BLUE CHIP GR K	333	\$25,025,000	5%	4%
3026-FID FREEDOM 2035 K	318	\$14,618,000	5%	2%
GC10-METLIFE FIXED-OLD	309	\$7,906,000	5%	1%
1979-FID INTL GROWTH	295	\$1,864,000	5%	0%
0032-FID INTERMED BOND	277	\$3,311,000	5%	0%
3031-FID FREEDOM 2060 K	274	\$3,603,000	5%	1%
2077-FID BALANCED K	271	\$21,246,000	4%	3%
3025-FID FREEDOM 2030 K	263	\$18,092,000	4%	3%
2326-FID US BOND IDX	257	\$7,351,000	4%	1%
3024-FID FREEDOM 2025 K	229	\$14,003,000	4%	2%
0820-FID TOTAL BOND	209	\$10,605,000	3%	2%
2096-FID MAGELLAN K	209	\$15,177,000	3%	2%
0026-FID INVST GR BD	191	\$4,100,000	3%	1%
0384-FID SM CAP DISCOVERY	157	\$3,604,000	3%	1%
2361-FID TOTAL MKT IDX	155	\$11,728,000	3%	2%
0042-FID SEL BIOTECH	153	\$3,538,000	3%	1%

AIG				
# Active or with Balance - DCP	1,648			
# Active or with Balance - 403(b)	1,166			
Total	2,814			
Total # of Investment Funds	138			
	\$303,184,000			
INVESTMENT FUND	# holding this fund	total value in this fund	% holding this fund	% total value in this fund
FIXED ACCOUNT PLUS	963	\$64,277,000	34%	21%
STOCK INDEX FUND	535	\$13,854,000	19%	5%
SHORT TERM FIXED ACCOUNT	527	\$13,428,000	19%	4%
MID CAP INDEX FUND	509	\$10,675,000	18%	4%
FIXED INTEREST OPTION	384	\$15,923,000	14%	5%
VANGUARD WINDSOR II	355	\$4,181,000	13%	1%
VANGUARD WELLINGTON	337	\$7,842,000	12%	3%
VC I MID CAP INDEX	336	\$6,590,000	12%	2%
VC I INTERNATIONAL EQUITIES	292	\$8,199,000	10%	3%
VC I SYSTEMATIC CORE	268	\$3,657,000	10%	1%
INTERNATL EQUITIES INDEX FUND	265	\$1,863,000	9%	1%
SMALL CAP INDEX FUND	254	\$3,180,000	9%	1%
MID CAP VALUE FUND	254	\$2,103,000	9%	1%
VC I GOVERNMENT MONEY MARKET I	253	\$4,545,000	9%	1%
VANGUARD WINDSOR II	251	\$3,891,000	9%	1%
INTL OPPORTUNITIES	251	\$1,502,000	9%	0%
VC I GLOBAL REAL ESTATE	244	\$1,456,000	9%	0%
SCIENCE & TECHNOLOGY FUND	240	\$5,781,000	9%	2%
VC I EMERGING ECONOMIES	230	\$2,322,000	8%	1%
EMERGING ECONOMIES	227	\$952,000	8%	0%
VC I INTL GROWTH	222	\$2,033,000	8%	1%
VC I CORE BOND	215	\$8,370,000	8%	3%
US SOCIALLY RESPONSIBLE FUND	207	\$2,039,000	7%	1%
SMALL CAP VALUE FUND	205	\$842,000	7%	0%
INTERNATIONAL VALUE FUND	193	\$1,300,000	7%	0%
VC I STOCK INDEX	192	\$5,625,000	7%	2%
DIVIDEND VALUE	190	\$1,030,000	7%	0%
STRATEGIC BOND FUND	175	\$2,623,000	6%	1%
VC II HIGH YIELD BOND	175	\$1,851,000	6%	1%
VC II SMALL CAP GROWTH	173	\$1,711,000	6%	1%
HIGH YIELD BOND FUND	171	\$1,051,000	6%	0%
VC I CAPITAL CONSERVATION	170	\$10,561,000	6%	3%
BLUE CHIP GROWTH FUND	166	\$3,798,000	6%	1%
CORE BOND FUND	161	\$2,896,000	6%	1%
INFLATION PROTECTED FUND	161	\$1,254,000	6%	0%
GLOBAL REAL ESTATE FUND	161	\$279,000	6%	0%
GROWTH FUND	156	\$3,108,000	6%	1%
INVESCO BAL RISK COMMODO STR R5	156	\$343,000	6%	0%
VANGUARD WELLINGTON FUND INC	151	\$5,653,000	5%	2%
ARIEL APPRECIATION	143	\$829,000	5%	0%
LOAN COLLATERAL FUND	131	\$1,682,000	5%	1%
LOAN ESCROW FUND	131	\$36,000	5%	0%
HEALTH SCIENCES FUND	130	\$3,105,000	5%	1%
INTERNATIONAL GROWTH FUND	127	\$2,411,000	5%	1%
VC II MID CAP VALUE	123	\$731,000	4%	0%

# Employee Feedback is Significant

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## CSU Survey - What We Learned

Survey performed on 1-23 oct 2020

### Summary

Employees expressed that they feel that they would benefit from better education around the options available to them for retirement plan savings, including CSU plans, PERA, and Social Security. They value low-cost investments and operational efficiency, but also believe that the greatest need and feature for improving their retirement readiness is (personal) expert guidance. Fidelity is used and referenced by the largest number of participants, while AIG is a distant third.

- Total Responses = 1,361
- Participating in DCP = 994 (73%)
- Employment Status:
  - Admin. Professional or Post-Doctoral Fellow = 56%;
  - State Classified = 18%;
  - Tenured/Tenure Track Faculty = 15%;
  - Non-Tenure Track Faculty = 7%



# Employee Survey

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## Comment Analysis

### Question 4: If you selected AIG, Fidelity or TIAA in question #3, please describe what makes them your preferred selection?

Category	Count	Percent	For Instance
No Clear Reason	207	23.10%	Random, Only Option, Don't Remember
Prior Experience with Provider	268	29.91%	Prior Employer Used Them, Convenient, Have Other Account There
Recommended by Others	65	7.25%	Advisor Recommended; Co-workers Recommended
Provider Name / Reputation	116	12.95%	History; Name Recognition; Reputation; Heard they were XYZ
Product/Service (i.e. Fund Selection, Fees, Meetings)	240	26.79%	Investment Options; Fees; Website; Service Personnel
<b>Total</b>	<b>896</b>	<b>100.00%</b>	

We received 851 answers to this question, some of which touch on multiple topics. Two main factors are previous personal/household experience with the vendor and specific, active assessment of the choices. Among the latter, common drivers were feeling of better investment options, lower fees, a better online experience, or better service/people.

### Question 6: If you currently do not contribute to the CSU 403(b) plan or Voluntary PERA Plans, why not?

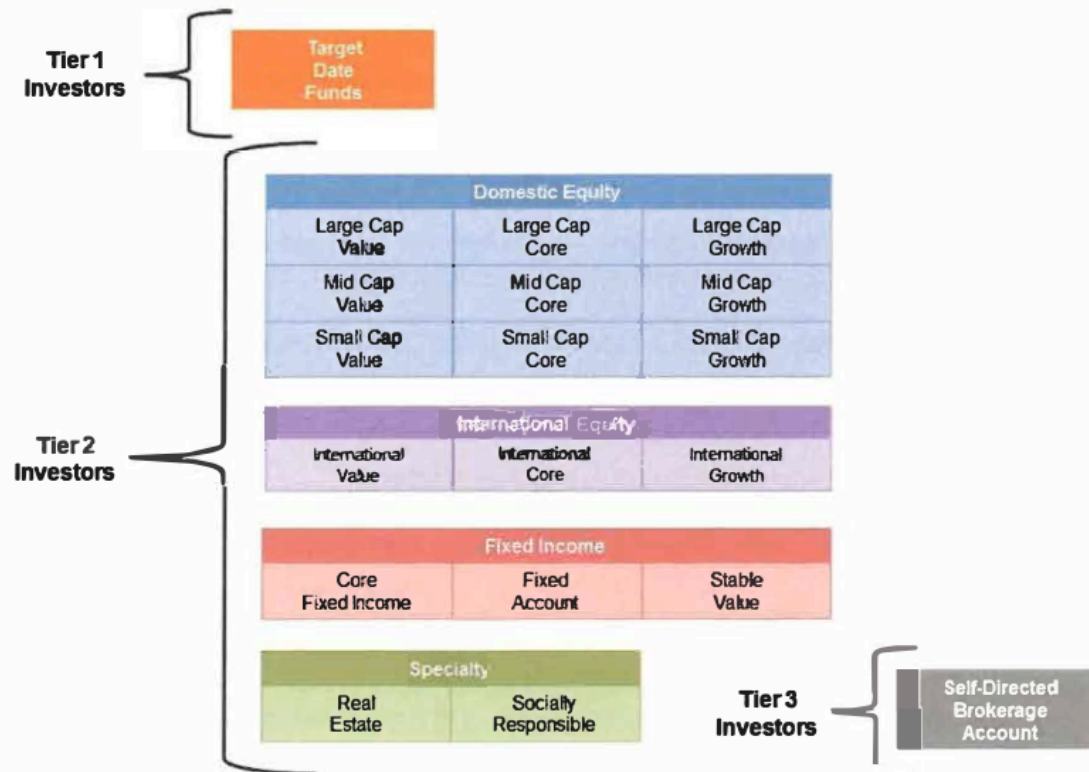
Category	Count	Percent	For Instance
No Clear Reason	10	8.26%	
Choose to Save in Other Ways Instead	63	52.07%	Contribute to IRA;
Lack of Time/Opportunity to Sign Up	4	3.31%	It takes too much time/effort to figure out;
Lack of Understanding About the Provider or Investment Options	5	4.13%	
Lack of Extra Money to Invest Supplemental Plan Currently	5	4.13%	
Lack of Awareness About the Plans or Eligibility	16	13.22%	Did not think I was eligible; Lack of advertising
Do Not Want To Contribute to Plan(s)	18	14.88%	Not interested; No match; It's on my To-Do List
<b>Total</b>	<b>121</b>	<b>100.00%</b>	

We received 121 comments from the 23.6% of responses that chose "Other". A little over half of the comments mention choosing to save for retirement in other ways or accounts. About 25% are additive to some of the other options provided, such as lack of awareness about options or eligibility or lack of time or money. About 15% stated they do not wish to contribute.

### Question 16: What would help you better plan and prepare for retirement?

Category	Count	Count	For Instance
All of the Above	3	3.09%	
Better Communication/Education/Service	25	25.77%	Help understanding options; More access to knowledgeable reps/advisers; Info in plain english
A -- Access to individual financial advice (11)			
B -- Access to presentations on preparing to retire (2)			
C -- Online retirement and financial planning tools and education (4)			
D -- Easy plan enrollment process (3)			
Better and/or More Investment Options	15	15.46%	Lower Expense Ratios; Target Date Funds; SRI
Better Plan Features or Access to Other Plans	12	12.37%	Alternatives to PERA; Access to PERA; Match; Soc. Sec./Fixed Benefit;
More Money and/or Time	18	18.56%	Higher pay/median income; Finding time to deal with it; Less debt; Lower health ins. costs
Nothing	24	24.74%	
<b>Total</b>	<b>97</b>	<b>100%</b>	

We received 97 comments from the 8% of responses that chose "Other". About 25% of those add to responses supporting better or additional communication, education, and service. Responses also touched on desired changes to investment options (selection/cost), access to other plans or features (PERA or Matching), or simply needing more time and/or money.



### Tier 1:

Target date funds are for participants who want a broadly diversified portfolio for their retirement savings but don't want to do the re-balancing themselves.

### Tier 2:

Participants can construct their own diversified portfolios by allocate their contributions across 17 asset classes. Options include both actively managed funds and passive (index) funds.

### Tier 3:

The brokerage window is for savvy investors who prefer to take an active responsibility in managing their investments.

- The Plan must be modernized to reduce the administrative costs.
  - These costs are borne exclusively by employees (participants)
  - They compete with financial performance of the investments.
- The Plan must be simplified to permit increased participant knowledge and foster increased active participation
  - “More Is Not Always Better: Intuitions About Effective Public Policy Can Lead to Unintended Consequences” – The Paradox of Choice
- The Plan must provide for an adequate level of participant choice.
  - Sales representatives of service providers have been variously effective in establishing customer loyalty.
- The Plan must protect current participant existing assets.
  - Including past employees

## Project Timeline

**Phase II (beginning May 22, 2020):** Retirement Vendor Search/Request for Qualifications (RFQ) Services (beginning May 2020)

Under Committee Review:

- Employee retirement survey feedback results (beginning December 2020)
- RFQ record-keeper responses (beginning January 2021)

**Phase III:** Conversion Coordination – Investment Selection – Recordkeeper(s) Selection

**Phase I (completed May 22, 2020):** Benchmarking & Strategic Planning

- The timeline has been stretched out because of factors created by the COVID pandemic.
- The current projection for *Committee Recommendation* submission is mid-fall 2021 semester.
  - It will be submitted to Administration for final decision.

# Committee Membership

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## Project Committee:

- **Chair: Joseph DiVerdi**, Non-Tenure Track Faculty Committee Member  
Associate Professor, Chemistry, College of Natural Sciences
- **Sue Doe**, Faculty Council Chair  
Professor, English, College of Liberal Arts
- **Catherine Douras**, Admin Pro Council Chair  
Senior Research Administrator, Office of Sponsored Programs
- **Bolivar Senior**, University Benefits Committee Chair, Associate Professor  
Construction Management, College of Health & Human Science
- **Lacey Snyder**, Higher Ed ORP Review Committee Member  
Administrative Professional, Associate University Controller

## Advisory Members:

### CSU Human Resources

- **Robyn Fergus**, Executive Director & CHRO
- **Bill Liley**, Special Assistant to CHRO & Retired HR Director
- **Teri Suhr**, Chief Total Rewards Officer

### Innovest Portfolio Solutions

- **Wendy Dominguez**, Principal, President, & Co-Founder
- **Gordon Tewell**, Principal
- **Troy Jensen**, Vice-President

Many thanks are due to our dedicated colleagues  
for their dedicated service on behalf of us all.

# Information on HR Web Site

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The screenshot shows a web browser window with the address bar displaying <https://hr.colostate.edu>. The page content is titled "News and Events" and features six articles arranged in a 2x3 grid. The top right of the browser window shows "(Expired 12/31/20)".

## News and Events

- [COVID-19 FAQs Regarding Faculty and Staff Guidance](#)**

CSU Human Resources FAQs answer common questions for faculty, staff and student employees about the impacts of COVID-19 on leave, work arrangements and other concerns.
- [New Colorado Leave Benefits](#)**

The State of Colorado implemented three new leave options for State employees effective January 1, 2021. This includes leave under the Healthy Families & Workplaces Act and Paid Family Medical Leave.
- [Fraudulent Unemployment Claims](#)**

Due to the rise in unemployment insurance claims related to COVID-19, there has been a rise in fraudulent unemployment claims and other instances of fraud. Resources are available for employees who have been a victim of such fraud.
- [Town Hall: Fall 2021 at Colorado State University](#)**

View a video of the Town Hall session that occurred on May 13, 2021.

  - [Video with English captions](#)
  - [Video with Spanish captions](#)
- [Voluntary Retirement Incentive Plans](#)**


Colorado State University is pleased to offer the second voluntary retirement incentive plans for eligible faculty, administrative professionals and classified staff. Eligible employees may apply for the Plan from **June 1, 2021** until **June 30, 2021, 5 p.m., MT**
- [Retirement Plans Comparative Review Process](#)**

CSU recently kicked-off the implementation of a research-based approach to improve retirement preparedness for university employees. Through this endeavor, a retirement plans comparative review process will be performed.

**COVID-19 INFORMATION** [Apply to CSU](#) [Contact CSU](#) [Disclaimer](#) [Equal Opportunity](#) [Privacy Statement](#)

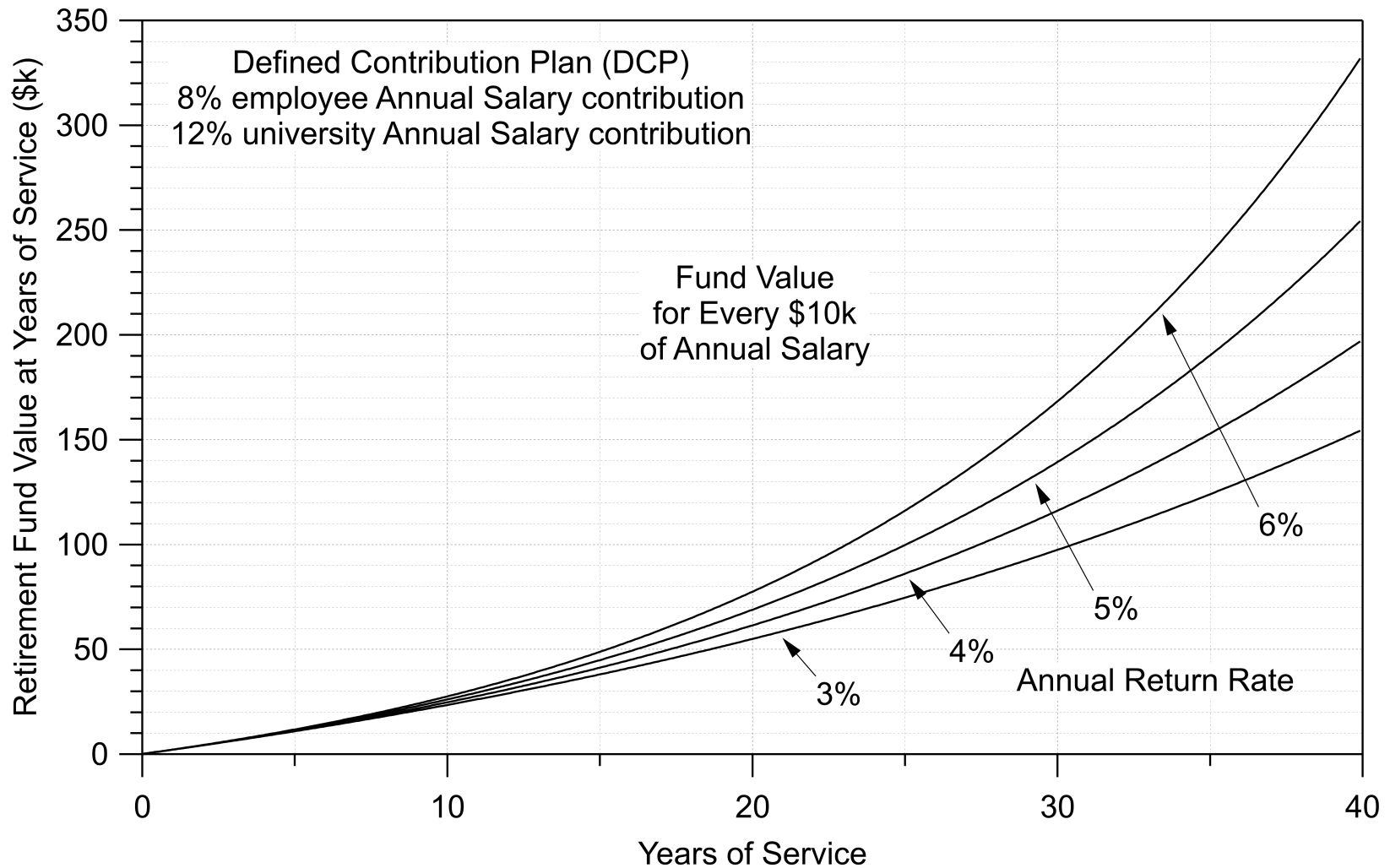
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# Employee Education is Important

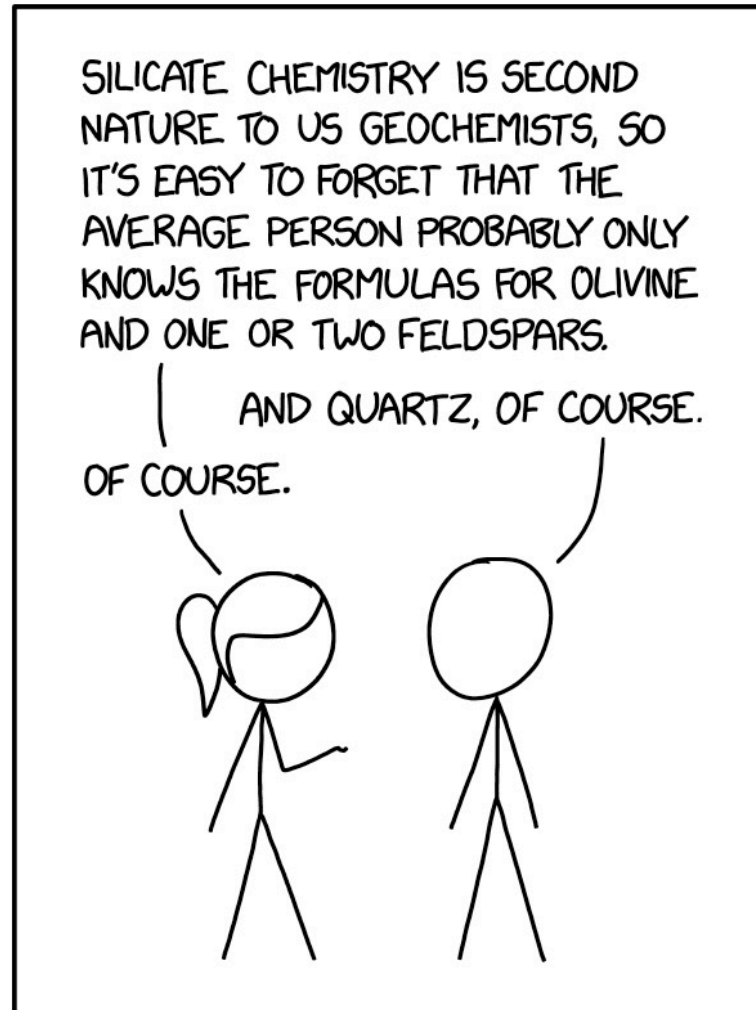
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For every employee (participant) to understand the ramifications and significance of this figure to their personal wealth is a goal.

# This has not been easy work

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EVEN WHEN THEY'RE TRYING TO COMPENSATE FOR IT, EXPERTS IN ANYTHING WILDLY OVERESTIMATE THE AVERAGE PERSON'S FAMILIARITY WITH THEIR FIELD.

Yet, it truly is worthwhile.