

We are beginning to look at how best to configure our 401a defined contribution retirement plan and 403b optional retirement plan. We currently have four vendor options (*TIAA, Fidelity, Valic and MetLife*) with almost 200 investment options. Best practices suggest that simplicity is the key to investing. A recent higher ed retirement trend survey of 250 higher ed institutions, indicated that 27% offer fewer than 10 investment options, 31% offer 11 to 15 options and just 12% of the plans offer between 16 and 20 options. The report notes that between 16 and 20 is “generally considered to be the ideal number for accommodating—but not overwhelming—participants with choice.”

Given this, CMU clearly needs to simplify investment options. In this process, we believe we will be able to reduce fees paid by employees, provide better investment advising to employees and simultaneously provide better performance monitoring and fiduciary oversight.

In order to accomplish these goals we have engaged legal counsel and an investment advisor to work with a new CMU committee over the summer and into the fall/winter of 2018. That committee, which will include faculty and staff representation, will make recommendations to the campus and the Board of Trustees. We anticipate the committee will recommend one or more of the current firms to serve our plan and you will continue to see some of the same or similar investment options in the line-up.

Further, in the fall/winter of 2018 we will hold campus forums to discuss this more, both before and after the Board of Trustees make the final selections in about October. Our new local investment advisor, Insight Financial Solutions, will be available on campus for individual meetings with employees to discuss options. We currently anticipate the full transition to be completed sometime early in CY2019, but that is subject to change as we move through this process together. Thank you.

*This will NOT impact employees in the PERA defined benefit plan or in the PERA 401k or 457 plans.*

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