Retirement Plan Choice

- 60 Day Election Period
- January 1, 2017 through March 1, 2017
Colorado School of Mines Agenda

1. Overview of Retirement Plan Changes
2. PERA
3. Mines Defined Contribution Plan (MDCP)
4. Employee Options
Overview of Changes

- **Current Plan:**
  Colorado PERA
  *State Defined Benefit Plan*

- **Future Plan:**
  Mines Defined Contribution Plan
  *Most new Mines faculty starting January 2017*
  *New option for current employees*
60-Day Window

- Current Employees must choose between staying in PERA or enrolling in the new Mines Defined Contribution Plan
- 60-day window **Starts:** January 1, 2017  **Ends:** March 1, 2017
- May only change to new plan during this period
- Irrevocable election
- All faculty members must complete an election form
PERA AND THE OPTIONAL RETIREMENT PLAN (ORP)

COLORADO SCHOOL OF MINES
Two Choices

- Defined Benefit
- Defined Contribution
Who invests?

Defined Benefit

Defined Contribution

You
Who absorbs the risk?

- Defined Benefit
  - Liquidity Risk

- Defined Contribution
  - Longevity Risk

You
How long does it pay?

**Defined Benefit**
- Lifetime monthly income

**Defined Contribution**
- Until the account is depleted
How much do you get at retirement?

**Defined Benefit**
- Age
- Service credit
- Highest Average Salary

**Defined Contribution**
- Length of investment
- Amount of investment
- Investments chosen
- Market returns
Are there additional benefits?

Defined Benefit

- Survivor
- Disability
- Annual Increase eligibility
- PERACare
Are there fees?

- Defined Benefit: Already included in the Plan
- Defined Contribution: Additional fees apply
Is there access to voluntary plans?

- Defined Benefit
- Defined Contribution
Will I have a Social Security reduction?

Defined Benefit: Yes

Defined Contribution: Yes
Options

Choose to stay in PERA  OR  Choose to move to ORP while working at School of Mines

You have **60 days** from January 1, 2017, to make a one-time, irrevocable decision
Options if you choose PERA

If you move to a non-ORP-participating PERA employer

Continue in PERA

If you move to another ORP-participating institution

Continue in PERA
Options if you choose ORP

1. Freeze your PERA account until you retire or begin to build again later

2. Transfer PERA account to ORP
   * Only receive employee contributions and interest
Options if you choose ORP

If you move to another ORP-participating institution, continue in ORP.

If you move to a non-ORP-participating PERA employer, continue or start a PERA benefit.
If you begin working for an employer in a position covered by an ORP on or after January 1, 2011, you are required to choose PERA or the ORP as your retirement plan.

<table>
<thead>
<tr>
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<th>PERA</th>
<th>ORP</th>
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</thead>
<tbody>
<tr>
<td>Will you be subject to working retiree limits?</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Will your employer make contributions?</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Will you be making PERA’s working retiree contributions?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Are you allowed to suspend your retirement?</td>
<td>Yes</td>
<td>No</td>
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Next Steps

Get more information:
- Meet with an on-site PERA Benefits Counselor
- Visit www.copera.org
- Call PERA at 720-213-7981

Return your completed election form to Human Resources by March 1, 2017
What is the MDCP Plan?

- Defined Contribution Plan for Mines employees in which you and Mines contribute money into an account every paycheck. Your account would accumulate assets based on these contributions plus any investment earnings or less any investment losses.

- The account is available during retirement for the employee to withdrawal funds.
Mines Defined Contribution Plan

- Contributions
  - 8% employee pre-tax / 12% employer

- Funds are credited to individual employee accounts

- The employee is responsible for investing the account funds

- Mines is offering multiple low cost no-load mutual funds for employees to invest in
Vesting

- Once an employee is vested they are entitled to the Mines employer contributions
- Vesting period is 36 months
- Employees with 36 months of Mines service who chose the DC plan option will be considered vested
Considerations

Primary Advantages of a Defined Contribution Plan

- Liquidity and flexibility for employees
- Ease of portability if you change jobs

Primary Disadvantages of a Defined Contribution Plan

- No guaranteed retirement benefit
Defined Contribution Plan Fees

Types of fees

- Administrative fee - .26%
  - Plan maintenance and compliance
  - Employee Education
  - May reduced in the future based on plan breakpoints

- Fund management fees – vary by fund selected
  - Annual percentage that is calculated daily
  - Fund returns are net of fund fees

- No transactions or surrender fees upon retirement
## Mines Defined Contribution Plan

<table>
<thead>
<tr>
<th>Feature</th>
<th>Details</th>
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<tbody>
<tr>
<td>Defined Contribution</td>
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</tr>
<tr>
<td>20% Annual Contribution</td>
<td>8% EE, 12% ER</td>
</tr>
<tr>
<td>36 month vesting</td>
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<tr>
<td>More portability and liquidity</td>
<td></td>
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Employee Options

1. Remain in the PERA Defined Benefit Plan
2. Enroll in MDCP Plan
   1. Keep Funds in PERA
   2. Move PERA funds to MDCP
How to Enroll in MDCP Plan

1. Go to valic.com
2. At the bottom of the page click the ‘Not Enrolled? Get Started’ link
3. Click ‘Enroll Now’
4. Enter Enrollment Code: 42465002
5. Follow the step-by-step instructions
Enrolling in your workplace retirement plan

Future FIT®

Getting your financial future in shape

- Digital portal for retirement plan enrollment and planning
- Provides financial guidance, educational and financial tools
VALIC Services

- Easy to navigate website
- Set-up your account online and make investment selections and changes
- Free investment decision tools
  - FutureFit interactive online financial planning
- Fully-licensed, local advisor available to provide personal service and/or financial planning
- Financial 360 Report
Summary

- 60-day window is the only time you can elect participation in the new MDCP
- **Window Starts:** January 1, 2017 **Ends:** March 1, 2017
- Financial advisors available throughout the 60-day period
- PERA Representatives available for appointment
- Time to take advantage of one-on-one counseling available to help make an informed decision
What to do Next

Consider scheduling an appointment with an advisor

✓ An easy way to clearly understand your options
✓ Improve your knowledge of retirement benefits
✓ Consider having a financial analysis created
THANK YOU