UNIVERSITY OF DELAWARE
HUMAN RESOURCES

# FREQUENTLY ASKED QUESTIONS ABOUT RETIREMENT CHOICE (RC) AND RETIREMENT CHOICE PLUS (RCP) CONTRACTS

**Q1. Why is the University changing annuity contracts with TIAA?**

**A1:** The University's Retirement Plan Investment Committee has decision-making authority with respect to the Plan's investment options. The University's Retirement Plan Administrative Committee has decision making authority over the day-to-day administration of the Plan. The Committees meet regularly to review investment performance and the cost of administering the Plan. AON Hewitt Investment Consulting, Inc., a third-party investment consultant, assists the Committees make informed decisions with respect to the Plan's investment options and expenses. After reviewing current best practices with respect to 403(b) plan investments, the Committees determined that moving from the Retirement Annuity (RA) and Group Supplemental Retirement Annuity (GSRA) contracts to the Retirement Choice (RC) and Retirement Choice Plus (RCP) contracts is in the best interests of Plan participants.

**Q2. What is the difference between a Retirement Choice (RC) and Retirement Choice Plus (RCP) contract?**

**A2.** The difference between the RC and RCP contract is the source of the contributions. University contributions will be maintained under the RC contract while your employee contributions will be maintained under the RCP contract. Currently, University contributions are maintained under the RA contract, and your employee contributions are maintained under the GSRA contract. The same investment options are available under both the RC and RCP contracts.

**Q3. What investment options being removed for future contributions?**

**A3.** After consultation with AON, and as permitted under the RC/RCP contracts, the Retirement Plan Investment Committee decided to close three funds to new contributions: CREF Money Market, CREF Stock and CREF Real Estate.

**Q4. How will the new RC/RCP contracts affect my Plan investments?**

**A4.** Remember, subject to any fund restrictions, you can elect to move your existing balance in any Plan investment vehicle and change how your future contributions are invested at any time. The immediate impact of implementing the TIAA RC/RCP contracts depends on where you currently have your Plan accounts invested. Here are some examples:

- If you have an existing balance in TIAA Traditional, those funds will stay in the RA/GSRA contracts and only your future contributions to TIAA Traditional will be invested under the RC/RCP contracts.
- If you are invested in mutual funds (including the Vanguard target date funds) under the RA/GSRA contracts, both your existing mutual fund balances and future contributions will be invested in the same mutual funds under the RC/RCP contracts.
- As noted above, you will not be able to make future contributions to CREF Money Market, CREF Stock, and CREF Real Estate. If you have invested in either any of these options, your existing account balances will remain in the CREF Money Market, CREF Stock and CREF Real Estate under the RA/GSRA contracts and your future contributions will be mapped to and invested in the appropriate Vanguard target date fund.

**Q5. Will my TIAA Traditional investment under the RC/RCP contracts still earn the 3% rate guarantee earned from my TIAA Traditional investment under the RA/GSRA contract?**

**A5.** The TIAA Traditional interest rate under the RC/RCP contracts is variable with a floor of 1%, but allows TIAA to be more responsive to the prevailing interest rate environment at any point in time. According to TIAA, since the RC contracts went into effect over a decade ago, the actual "new money" credited interest rates for TIAA Traditional under the RC/RCP contracts have, generally, been higher than the 3% guarantee for TIAA Traditional under the RA/GSRA contracts. Your current balances will remain in TIAA Traditional under the RA/GSRA contract with the minimum 3% rate guarantee, unless you choose to move your balances. Future contributions to TIAA Traditional will be directed to the RC/RCP contract.

**Q.6. Are there other differences between TIAA Traditional under the RC/RCP contracts and TIAA Traditional under the RA/GSRA contracts?**

**A.6.** TIAA Traditional under the RC/RCP contract provides participants with more favorable distribution options. TIAA Traditional under the RA/GSRA contracts requires distributions in annual installments over ten years, while the RC/RCP contracts permit installments from TIAA Traditional over 84 months (7 years). In addition, the RC/RCP contracts permits participants to take a lump-sum withdrawal from TIAA Traditional, if elected within 120 days after termination of employment. There is no lump sum distribution option from TIAA Traditional under the RA contract.