Today’s Agenda

• Introductions
• What’s Changing & What Do You Need to Know?
• Why Fees are Important
• Investment Menus
• Timetable
• Next Steps
• Questions
WHAT RETIREMENT SAVINGS PLANS ARE WE ADDRESSING?

Alternative Retirement Plan (ARP)
- Alternative to STRS or OPERS for qualified employees
- Five (5) current approved providers

Traditional (pre-tax) 403(b) and/or Roth (post-tax) 403(b) Plan
- Voluntary, pre or post-tax contributions
- Twelve (12) current approved providers
  - Five are also ARP providers

457(b) Plan
- Two (2) current providers

We are NOT addressing nor do any of the changes affect OPERS, STRS or Ohio Deferred Compensation.
CURRENT STATE

• Most of the investments currently being offered are fixed and variable annuity contracts
  • Variable annuities contain “mortality and expense” charges that average 1% or more. Mutual funds are used in most cases as the underlying variable annuity sub-account

Sub-account
  • Net Expense ratios range from .015%- 4.04%.
  • Annuity contracts contain surrender charges, deferred sales charges and other fees which make the cost of investing much high when compared to using mutual funds on an “open architecture investment platform.”
  • Annuities can be an expensive option for plan participants.

FEES – Fees paid by participants (KSU, like other employers who sponsor plans, does not pay any fees – all fees are paid by participants).
WHY FEES ARE IMPORTANT

• Fee Study

<table>
<thead>
<tr>
<th>Total fees paid over lifetime by typical worker</th>
<th>Fee Percentage</th>
<th>Total Fees</th>
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</thead>
<tbody>
<tr>
<td>Salary when worker starts saving at age 25 and retires at age 67: $30,502</td>
<td>0.25%</td>
<td>$42,309</td>
</tr>
<tr>
<td></td>
<td>1.00%</td>
<td>$138,336</td>
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<tr>
<td></td>
<td>1.30%</td>
<td>$166,420</td>
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<table>
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<th>Total fees paid over lifetime by high-income worker</th>
<th>Fee Percentage</th>
<th>Total Fees</th>
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<td>Salary when worker starts saving at age 25 and retires at age 67: $75,000</td>
<td>0.25%</td>
<td>$104,033</td>
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<tr>
<td></td>
<td>1.00%</td>
<td>$340,147</td>
</tr>
<tr>
<td></td>
<td>1.30%</td>
<td>409,202</td>
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Source (“Fixing the Drain on Retirement Savings, How Retirement Fees Are Straining the Middle Class and What We Can Do about Them,” Jennifer Erickson and David Madland, Center for American Progress, April 11, 2014)
A NEW CHAPTER FOR THE KSU ARP, 403(b) & 457(b) PLANS

What’s Changing & What do You Need to Know?

New Investment Options

• Carefully selected by KSU to give you the ability to create a diversified retirement portfolio.
• Lower Fees for the majority of plan participants
• KSU & CAPTRUST have selected investment options with a lower overall cost.

Increased fee transparency

• A new fee structure will make it easier to see the cost of each investment option, as well as fees paid for plan administration.
• A new online portal – Retirement@Work - will be available in June to enroll in the 403(b) and 457(b) plan and select your vendor(s). You will also be able to change ARP vendors through this portal.
A NEW CHAPTER FOR THE KSU ARP, 403(b) & 457(b) PLANS (Continued)

What’s Changing & What Do You Need to Know?

Effective May 4, 2022, AIG (VALIC), Equitable (AXA), TIAA and Voya will be the retirement plan administrators going forward for the ARP, 403(b) and 457(b) retirement plans.

The benefits to KSU employees and plan participants:

• Transitioning from an annuity platform to open architecture mutual fund platform
• Create greater scale and related lower cost structure
• Independent third-party investment platform control
• Lower cost investment options for majority of participants
• Enhanced employee communication & education program
PROVIDER INFORMATION

SELECTED PROVIDERS
- AIG (VALIC)
- Equitable (AXA)
- TIAA
- Voya

DESELECTED PROVIDERS
- ARP
  - Lincoln Financial
- 403(b) Traditional & Roth
  - Aspire
  - Orion Portfolio Solutions (D & E Financial Services aka FTJ)
  - Lincoln Financial
  - New York Life
  - GWN Financial/Fidelity/Hudson Retirement Group
  - Pacific Life
  - American United Life (AUL)
  - Great American

Fewer providers increases efficiency while increasing savings
NEW INVESTMENT MENU

Tier I
• Target Date Funds

Tier II
• Core Investments line up with both passive and actively managed mutual funds across all major asset categories

Tier III
• Self-Directed Brokerage Window
The TIAA CREF Lifecycle portfolios are constructed to achieve favorable retirement outcomes over time frames and circumstances that broadly represent the investors of the funds. Reflecting this goal, TIAA models their portfolios to consider a large range of assumptions and Focus not just on average or expected investment returns, but on the distribution of anticipated results at different points in time over the course of one’s investment time horizon. This is why the Lifecycle Fund’s glidepath is constructed with the objective of maximizing risk-adjusted outcomes at and in retirement for investors, based on their target retirement date.

The equity exposure within TIAA CREF Lifecycle target date funds is well diversified between domestic and international equities. TIAA maintains a 70/30 split between domestic and international, with the 30% in international also encompassing an exposure to emerging market equities. As a participant gets closer to retirement, the mix of fixed income securities gradually transitions from more aggressive funds to a more conservative mix.

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Material Changes to the Series

2012:
- Introduced the tactical management program
  Rationale:
  - Provide alpha by taking measured tactical allocation bets based on Capital Markets Assumptions

2013:
- Increased allocation to international equity from 25% to 30%
  Rationale:
  - Added diversification to move more in line with the Global Market Cap

2015:
- Added emerging markets debt
  Rationale:
  - Increased diversification within the fixed-income bucket

2016:
- Added short-term fixed income
  Rationale:
  - Increased diversification and lessen potential losses during periods of short-term market volatility

2019:
- Increased equity from 90% to 95% in longer dated vintage years
  Rationale:
  - Improves retirement savings as well as the probability of sustaining income throughout retirement

2019:
- End of glidepath extended to 30 years with an allocation of 80% fixed income, 20% equity
  Rationale:
  - Glidepath updates were driven by enhanced participant data and updated capital market assumptions

2015:
- Moved the U.S./non-U.S. equity split within the series from 70% U.S./30% non-U.S. to 65% U.S./35% non-U.S.
  Rationale:
  - The firm’s most recent long-term capital market assumptions lowered expected returns for U.S. equities while international equity expected returns were more stable, making them more attractive

*All information provided by the asset manager, as of 12/31/20. Asset allocations shown are static in nature and do not incorporate any tactical views implemented by the manager.

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# INVESTMENT MENU - TIAA

## TIER 1 – TARGET DATE
- TIAA Lifecycle Index Target Date

## TIER 2 – CORE INVESTMENTS

### CAPITAL PRESERVATION
- **FIXED/STABLE**
  - TIAA Traditional
  - TIAA Stable Value

#### MONEY MARKET
- Vanguard Federal Money Market

### CORE AND DIVERSIFYING FIXED INCOME

#### INTERMEDIATE
- Vanguard Total Bond Market Index
- Western Asset Core Plus Bond

#### HIGH YIELD
- PGIM High Yield

### DOMESTIC EQUITY

#### LARGE VALUE
- Columbia Dividend Income
- Vanguard Value Index

#### MID VALUE
- Allspring Special Mid Cap Value
- Vanguard Mid Cap Value Index

#### SMALL VALUE
- AM Cent Sm Cap Value, Van Sm Cap Val IDX
- Vanguard Small Cap Index

### INTERNATIONAL/GLOBAL EQUITY

#### FOREIGN LARGE CAP
- ClearBridge International Growth
- MFS International Diversification

#### EMERGING MARKETS STOCK EQUITY
- American Funds New World

#### DIVERSIFIED GLOBAL
- CREF Stock

### INFLATION HEDGE

#### REAL ESTATE/REIT
- TIAA Real Estate Account
- Vanguard Real Estate Index

### TIER 3 - Brokerage Window
**INVESTMENT MENU- Equitable (AIG), AXA (VALIC), Voya**

<table>
<thead>
<tr>
<th>TIER 1 – TARGET DATE</th>
<th>TIER 2 – CORE INVESTMENTS</th>
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<tr>
<td><strong>FIXED/STABLE</strong></td>
<td><strong>CORE AND DIVERSIFYING FIXED INCOME</strong></td>
</tr>
<tr>
<td>AIG Fixed, AXA Fixed,</td>
<td>Fidelity Total Bond Market Index</td>
</tr>
<tr>
<td>Voya Fixed</td>
<td>Western Asset Core Plus Bond</td>
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<tr>
<td>Western Asset Core Plus Bond</td>
<td>Fidelity Large Cap Value Index</td>
</tr>
<tr>
<td><strong>MID VALUE</strong></td>
<td>Allspring Special Mid Cap Value</td>
</tr>
<tr>
<td>Fidelity Mid Cap Value Index</td>
<td>Fidelity Mid Cap Value Index</td>
</tr>
<tr>
<td><strong>SMALL VALUE</strong></td>
<td>AM Cent Sm Cap Value, Fid Sm Cap Val IDX</td>
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| **LARGE BLEND**                       | **LARGE BLEND**     |
| Fidelity 500 Index                   | Fidelity Mid Cap Value Index |
| **MID BLEND**                         | **SMALL BLEND**     |
| Fidelity Mid Cap Index               | Fidelity Small Cap Value Index |

| **LARGE GROWTH**                      | **HYBRID**          |
| MFS Growth Fund                       | 1919 Socially Responsive Balanced |
| Fidelity Large Cap Growth Index       | MFS Mid Cap Fund, Fidelity Mid Cap Growth Index |
| **SMALL GROWTH**                      | Mass Mutual Small Cap Growth, Fidelity Sm Cap Gr Index |

| **INTERNATIONAL/GLOBAL EQUITY**      | **FOREIGN LARGE CAP** |
| **REAL ESTATE/REIT**                  | ClearBridge International Growth |
| Cohen & Steers Real Estate Securities | MFS International Diversification |
| **INFLATION HEDGE**                   | **EMERGING MARKETS STOCK** |
| Vanguard Inflation-Protected Secs     | American Funds New World |

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<th><strong>TIER 3- Brokerage Window</strong></th>
<th><strong>INFLATION PROTECTED BOND</strong></th>
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WHAT IS A SELF-DIRECTED BROKERAGE ACCOUNT?

• Includes investments beyond those in the plan’s lineup.

• The Plan fiduciary neither evaluates or monitors the investments available.

• It is your responsibility to ensure that the investments you select are suitable for your situation, including your goals, time horizon and risk tolerance.

• Contact your chosen provider for more information including how to set up an account, investment options available and fees associated with various transactions.
A NEW CHAPTER FOR THE KSU ARP, 403(b) & 457(b) PLANS

What is Not Changing?

The general plan design of the ARP, 403(b) & 457(b) Retirement Plans will not change

- Employee Contribution rates
- Eligibility requirements (Immediate for eligible employees)
- Employer contributions (ARP)

Employees enrolled in OPERS/STRS may not change to the ARP as a result of these changes (nor can employees in the ARP switch to OPERS/STRS).
EMPLOYEE ACTIONS

New plan enrollment process & participant actions:

Employees MAY need to re-enroll as noted below:

**Employees Using a DESELECTED PROVIDER/VENDOR**

- Re-enrollment with a new vendor/provider and investment election is required.
- If no election is made by established deadline, employee will be DEFAULTED into TIAA and an age-appropriate Target Date Fund.

**Employees Using s CONTINUING PROVIDER**

- Existing AIG (VALIC), Equitable (AXA), TIAA, and Voya plan participants MAY BE required to establish new accounts online.
- Affirm OR add beneficiary elections
- Current investment options will “map” over to a “like” investment.
WHAT HAPPENS TO MY April 30, 2022 BALANCES?

Balances in your vendor accounts as of April 30, 2022 will be handled in two ways, “mapped” or “frozen.”

**Mapped Assets**
- ARP assets with Equitable (AXA) will be mapped to a like fund on the new Equitable mutual fund platform.
- *Current investments without “like funds” will be mapped to an age-appropriate Target Date Fund.*

**Frozen Assets**
- Existing balances with other vendors are not affected. However, employees can meet with their vendor and discern if mapping funds to the new investment platform is a good decision for them. In some cases, fees could apply to transfer assets to a new vendor. Fixed account crediting rates need to be reviewed as well.
NEXT STEPS

• Check KSU’s Benefits website for updates at https://www.kent.edu/hr/benefits/Retirement-Plan-Transition2022

• If your current provider/vendor has been ‘deselected’ begin to consider which of the new providers you’d like to learn more about.
  - Schedule 1:1 session (begins week of April 4th). Virtual group sessions with continuing providers will also be held week of April 4. Register for a session at https://www.kent.edu/hr/benefits/virtual-townhall-presentation-schedule
  - Carefully review the announcements you receive from HR Employee Benefits as well as correspondence sent to your residence from your vendors

• If your current provider is Equitable (AXA), AIG (VALIC), TIAA or Voya, carefully review the transition brochure you will receive this month (home mailing)

• Be aware of time sensitive dates!

  Resource page with FAQ’s and vendor contact information is available at https://www.kent.edu/hr/benefits/Retirement-Plan-Transition2022
TIMETABLE

March 21st

Vendor enrollment window opens
  • Week of HR/CAPTRUST presentations

April 4th

Group and individual meetings with selected vendors begin
  • Enrollment platform available

April 19th

Vendor enrollment window closes April 19
  • Time frame for choosing investments April 6 through May 13 (salaried employees) and May 20 (hourly employees)

May

First semi-monthly payroll with contributions going to the new mutual fund investment platforms for salaried employees (May 13); hourly (May 20)
Questions