

**TDI Retirement Savings Plan Redesign
Fall 2007**

Frequently Asked Questions (FAQs)

Beginning in fall 2007, the Oregon University System will open new investment options and participant services for Tax-Deferred Investment 403(b) Plan participants. The changes reflect two years of review and planning by multi-campus workgroups of faculty and administrators, consultants, legal counsel, and Chancellor’s Office staff. The changes were initiated both to meet new federal requirements and to provide a new portfolio of options available to OUS faculty and staff.

This is an exciting change for OUS faculty and staff that will both save you money in investment fees, and provide you with a broader range of options and services than are available to you currently.

Q: How will the retirement plan investments and services change in fall 2007?

A: Beginning in fall 2007, the TDI plan will consist of three provider programs: OUS, TIAA-CREF, and AIG VALIC. All options include both investment and other related services.

OUS	TIAA-CREF	AIG VALIC
TDI:ous	TDI:tiaa-cref	TDI:aig valic
Investments: <ul style="list-style-type: none"> ▪ “Lifecycle” Funds ▪ Passively Managed Index Funds ▪ Actively Managed Funds Self-Directed Choices <ul style="list-style-type: none"> ▪ Fidelity Mutual Fund Brokerage Account ▪ Annuity Account Plan services and education by Fidelity Investments	Investments <ul style="list-style-type: none"> ▪ TIAA Traditional Annuity ▪ TIAA Real Estate Account ▪ CREF Variable Annuities ▪ 9 TIAA-CREF Mutual Funds Individual Advice and Planning Services by TIAA-CREF	Investments <ul style="list-style-type: none"> ▪ AIG VALIC Fixed Account ▪ Portfolio Director I and II variable annuities Plan services, and individual advising by AIG VALIC
Open Enrollment Oct 1- Nov 10, 2007. Effective date is November 1, 2007.	Mutual funds were added to the ORP in July 2007.	Open to new participants until October 10, 2007.

Q: Will TIAA-CREF and AIG VALIC change?

A: TIAA-CREF and AIG VALIC’s availability for current participants will not change as result of the plan redesign. Both fund sponsors will offer independent advice services beginning in fall 2007.

Q: What investments make up the redesigned TDI:ous program?

A: A key concept of the OUS investment menu is emphasis on providing enough options to permit participants to allocate their investments across a broad spectrum of investment types. The mutual funds selected for each asset class in the “OUS” program are monitored by an investment advisory firm and the plans’ Investment Committee to ensure performance and expenses of the funds are acceptable under investment policies of the plans. If funds fall outside acceptable limits they may be replaced from time to time by the plan, and participants’ account balances in an under-performing fund would be transferred to the successor fund in the same asset category. This preserves asset allocation decisions unique to each person’s retirement planning goals.

The TDI:ous program will be administered by Fidelity Investments. Participants' will have online and phone access to the Fidelity Retirement Services Center for transactions, retirement planning consultation, and education services.

The TDI:ous investment menu includes:

- A family of target retirement date "lifecycle" funds for participants who want a simple investment option with a professionally managed portfolio; these fund mixes automatically change as you near retirement age.
- Low cost, passively managed index funds
- A selection of actively managed mutual funds
- An optional mutual fund brokerage account
- A self-directed account offering fixed and variable annuities

Q: When do the new investment choices become available?

A: The new investment choices become available on November 1, 2007. To see the investments lineup for the TDI:ous program, go to <http://www.mysavingsatwork.com/ous>. The TIAA-CREF mutual funds are described for the TDI:tiaa-cref program at <http://www.tiaa-cref.org/ous/>.

Q: What are the ongoing annual expenses for the TDI?

A: TDI:ous does not charge a separate fee for OUS administration. Fidelity's recordkeeping, custodial account, and services payment is included in the total fund expense shown in each fund's prospectus.

- No annual account maintenance fee is charged for participants who elect to use the mutual fund brokerage "window" or the self-directed ING annuity products. Participants who use the brokerage option are responsible to understand and pay fees applicable to investments they select. Many of the mutual funds available through the brokerage account impose no fees, but others do.
- Investment management expenses of the mutual fund and annuity investments apply as shown on the individual fund fact sheets and in prospectuses.

TIAA-CREF and AIG VALIC expenses are described in each company's contracts, facts sheets and prospectuses.

Q: How will fees be disclosed?

Expenses charged by the specific funds offered under TDI:ous will be reported in the performance reports for each core investment option; funds purchased through the brokerage account must be researched by the participant. TIAA-CREF provides performance and fees for all of the investment options available to OUS participants through their website customized for the OUS plans and participants. AIG VALIC investment performance and costs are available by prospectus, or are available through an AIG financial advisor.

Q: What is the proposed time frame for these changes?

A: The changeover to the three programs – TDI:ous, TDI:tiaa-cref, and TDI:aig valic - will take effect in November 2007.

Q: When will the enrollment meetings be held?

A: OUS and leaders on your campus will hold introductory meetings in September 2007. Throughout October, Fidelity and TIAA-CREF will offer on-site group meetings and individual consultations. If additional meetings are needed, they will be added to continue through the first week of November 2007.

Q: Do I need to attend an enrollment meeting?

A: You are not required to attend, but we strongly encourage you to learn more about the new education and advising services, and how to access plan and account information. The on-campus enrollment meetings with Fidelity and TIAA-CREF representatives are a good opportunity to hear first hand from the fund sponsors.

Q: How do I find out about enrollment meetings at my location?

A: Your campus benefits office will announce meetings through campus communications channels and e-mail. You may schedule an appointment for an individual consultation or sign up to attend a group meeting on your campus by contacting Fidelity or TIAA-CREF. Please use their reservations web pages to schedule your appointment. Your reservation for a group meeting will help the companies estimate how many sessions need to be held at your campus, so we encourage you to sign up. The sign-in site for ORP:ous, the OUS/Fidelity

program, is <http://mysavingsatwork.com/ous> . To set up an appointment to learn about ORP:tiaa-cref, log in at <http://www.tiaa-cref.org/ous/> .

Q: What will happen to my current TDI account?

A: Your account balance – your “old money” salary deferral plus investment returns - will remain with the TDI provider(s) you previously chose. Your account balance will remain with your current mutual fund or insurance company.

If you wish to transfer your TDI account to the new TDI platform, it requires requesting an exchange before September 24, 2007. This short deadline is due to the new Treasury Regulations that were released on July 26, 2007. Due to this short timeline, TIAA-CREF and AIG VALIC are currently available for exchanges into the active TDI programs, and Fidelity’s continuation with the TDI program for administrative services should make future exchanges to the TDI:ous program simple. It is important to understand that you still have the ability to roll over your account as a distribution at age 59 ½ or when leaving OUS employment. OUS is not recommending that TDI participants request hurried exchanges, and TDI participants need to consider surrender fees and restrictions that may be applied by current TDI vendors if assets are moved to the new program.

Q: Will my current TDI salary deferral carry over to the new TDI:ous in November 2007?

A: Yes. Your salary deferral amount for “new money” will automatically carry over to an age-appropriate target retirement date “lifecycle” fund on the TDI:ous investment menu if your TDI provider is not TIAA-CREF or AIG VALIC.

OUS will continue your TDI salary deferral in the amount shown on the your most recent Salary Reduction Agreement (SRA). You may cancel or change your salary deferral anytime before November 10, 2007 by completing a new SRA.

Q: How long do I have to make a decision about directing my “new money” TDI contributions?

A: You may direct how you want your new TDI:ous salary deferrals contributions invested anytime, beginning October 1, 2007, through online enrollment. Your directions will be effective in November 2007.

If you do not provide specific investment directions, your salary deferral will be invested for you, into an age-appropriate lifecycle fund, until you provide new investment directions. Your lifecycle fund may be used indefinitely, or you may exchange it for other options on the TDI:ous menu.

Q: What happens if I don’t make a decision regarding investment of my future TDI:ous contributions?

A: Even if you don’t change your investment directions, **you will need to provide a new beneficiary designation for the TDI:ous by opening your account through Fidelity.**

Q: Do the changes mean I will lose my American Funds, Fidelity, or other funds? I’ve had them for many years, and with other institutions.

A: We know that many faculty and staff have concerns about continuing their relationships with their current investment companies. A number of familiar mutual funds and annuities will be available as investment choices in the program’s brokerage account and self-directed account for annuities. Before applying for a brokerage account, however, participants will be able review investment selections on the TDI:ous menu to evaluate if the new investment choices meet their needs.

TIAA-CREF will continue to be available to all participants, and AIG VALIC will be grandfathered for participants active on October 10, 2007.

You should also talk to your prior TDI company’s representative to discuss continuing your relationship for other services and management of your existing TDI account.

Q: Will all OUS employees be able to defer pre-tax income to the 403(b) program?

A: Except for student employees, all OUS employees and clinical fellow completing OSU internships are eligible to participate in the TDI program. A recent tax law change related to FICA disqualifies student employees, including graduate teaching and research assistants who would otherwise be considered students, from participating in the TDI program.

Q: Will the changes to the TDI 403(b) program affect my PERS or OSGP voluntary retirement account?

A: No. If you participate in the Oregon Savings Growth Program through PERS, or wish to begin to participate in that voluntary program, these changes will not affect your deferral amounts or eligibility.

Q: What were the objectives of restructuring the OUS retirement plans? Is this change necessary?

A: OUS' objectives of this redesign were to simplify the investment process and encourage participation in the voluntary retirement savings plan by offering a steam-lined investment menu and updated participant services. Financial education and retirement planning services for participants are a growing need that the redesigned programs will meet with new tools and vendor commitment. Finally, new 403(b) regulations of the IRS required changes to ensure compliance with rules for tax-deferral of contributions.

The TDI had been scheduled for review and re-contracting for a number in years. Reshaping the TDI plan provided an opportunity to simultaneously introduce new investment choices and services that have emerged since TDI was established years ago.

Q: Who made this decision?

A: The retirement plans redesign emerged from a series of decisions that led to developing the new plan structure. Over the past two years, campus leadership, faculty and administrators participated in and advised OUS staff and the Oregon State Board of Higher Education on several alternatives. The new structure incorporates ideas from many quarters throughout the university system, guided by faculty, expert advisors, and legal counsel, creating new ways for OUS employees to optimize their retirement savings plans.

Q: What authority does OUS have to change retirement plan offerings?

A: OUS is responsible for oversight of the plans, and is held to fiduciary standards under state law and federal regulations in its ongoing management of the plans. As a sponsor of the plan, OUS has the obligation, responsibility, and authority to make necessary enhancements and adjustments, including the selection of providers serving the plan. Participants are subject to all the terms and conditions of the plan, including OUS authority to make provider and investment changes. In redesigning and implementing the new plan design, OUS is meeting its responsibility as the plan's sponsor to offer the best combination of investments, participant services and education available.

Q: May I start contributing with TDI providers now, even though the choices will change in November 2007? What are my options?

A: Yes. OUS is providing this information about future changes to help you make decisions that will carry forward through the plan conversion in November 2007. If you select a TDI company other than TIAA-CREF or AIG VALIC, no new contributions will be sent to that account after the October 31, 2007 payroll. If you want to use one of the TDI vendors that will not be available after the plan conversion, you should carefully consider the long-term effect of fees on small account balances, and should seek advice from a financial advisor.

Q: I'm retiring before October 2007. Will the plan changes affect my account?

A: Although TDI participants' accounts stay with their current TDI vendors, it may be necessary for your TDI company to verify your retirement/separation from service with your last employing OUS campus when you wish to begin receiving payments from your TDI account if you leave OUS before you reach age 59 ½. Consult your TDI provider or tax consultant for advice on whether to withdraw your account when you retire.

