

**MARYLAND STATE RETIREMENT AND PENSION
SYSTEM**

IMPORTANT NOTICE

OPTIONAL RETIREMENT PROGRAM



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As part of its ongoing monitoring of the Optional Retirement Program (ORP), and to ensure competitive market pricing and plan terms for participants, the Board of Trustees of the Maryland State Retirement and Pension System recently conducted a search process for recordkeeping service providers. The two current vendors, Fidelity and TIAA, both participated in this process and were retained by the Board. The Board approved several enhancements to the program as a result of the search process. These enhancements are summarized below, and will take effect in January 2018. Additional details relating to these changes will be distributed by Fidelity and TIAA in the coming weeks.

- The annual fee for record-keeping and administrative services will be a fixed fee of \$45 per participant for both Fidelity and TIAA. This amount represents a significant overall reduction in total fees relative to the current fee structures, which are based on percentage of assets. This fee will apply to all participants with a balance in the ORP, and will be deducted from participant balances on a quarterly basis (\$11.25 per quarter). This method is the most transparent, straightforward and equitable way to allocate record-keeping fees.
- Any revenue generated by the investment options through revenue sharing arrangements will be returned as a credit, on a pro-rata basis, to the investors in those funds. These amounts will be calculated and credited to participant balances on a quarterly basis.
- To expand the selection of investment options, a Self-Directed Brokerage Window will be available for both Fidelity and TIAA. Because the ORP is a 403(b) plan, only mutual funds will be available to participants through the brokerage service. Please note that the Board will not monitor investments in the Self-Directed Brokerage Window.
- For TIAA only, the current Retirement Annuity (RA) annuity contract will be replaced by the Retirement Choice (RC) contract. This will provide the Board with more flexibility over investment options and the ability to transfer assets to other funds in the future based on fund performance and/or cost. This change will have no impact on your current allocation or fund selections, and no action is required from you at this time. Your current allocation for contributions in the RA contract will be transferred to the same funds under the new RC contract. In addition, any mutual fund assets in the current RA contract will be transferred to the same funds in the new RC contract. Participants can also voluntarily choose to transfer TIAA and CREF annuity assets to the new RC contract. Please consult with a TIAA financial advisor before transferring any balances in the TIAA Traditional annuity.

For more information relating to these enhancements, please contact Fidelity at **1-800-343-0860** or TIAA at **1-800-842-2252**.