



# 2011 FUND TRANSITION

Department of Retirement Systems

November 17, 2011





# BACKGROUND

- **Plan 3 (PERS/SERS/TRS) is a retirement plan**
- **DCP is an optional savings plan that can be used for retirement purposes**
- **Investment options are:**
  - Focused on long term financial security
  - Selected to provide the best results for the majority of participants
  - Designed to be as easy and straightforward as possible
- **The streamlined menu will:**
  - Encourage more people to participate
  - Eliminate duplication and thus, overhead
  - Lower fund management fees
  - Offer new access to emerging and global markets
  - Meet the needs of the majority of participants

# BACKGROUND – *What funds changed?*



	PLAN 3s (PREVIOUS)	NEW FUND LINEUP	DCP / JRA (PREVIOUS)
Aggressive	Retirement Strategy Funds	Retirement Strategy Funds	Retirement Strategy Funds
	WSIB Total Allocation Portfolio (TAP)	TAP (Plan 3s Only)	
		Equity Options	U.S. Stock Market Index Fund
	U.S. Large Stock Index Fund	U.S. Large Cap Equity Index Fund	Active U.S. Value Stock Fund
	U.S. Stock Market Index Fund	U.S. Small Cap Value Equity Index Fund	Active U.S. Core Stock Fund
	U.S. Small Stock Index Fund	Global Equity Index Fund	Fidelity Growth Company Fund
	Emerging Market Equity Index Fund	U.S. Small Stock Index Fund	
		International Stock Index Fund	
Moderate	Socially Responsible Balanced Fund	Socially Responsible Balanced Fund	Socially Responsible Balanced Fund
Conservative	Washington State Bond Fund	Bond Fund	Washington State Bond Fund
	Money Market Fund	Money Market (Plan 3s Only)	
		Savings Pool (DCP / JRA Only)	Savings Pool

# TIMELINE

- **9/23/11 COB (soft close)**
  - Existing funds closed to new investments and new funds became available
- **9/24/11 through 10/28/11**
  - Members and participants able to move out of closed funds
  - Payroll contributions continued to go into closed funds
- **10/28/11 COB (hard close)**
  - Eliminated funds closed to all activity
  - Dollars and future allocations defaulted into the appropriate Retirement Strategy Fund

# DEFAULTING STRATEGY

- The chart below illustrates the defaulting/mapping scenario based on employee's birth date. The chart assumes a retirement age of 65.

If the employee was born...	Default the employee's account balance to:
in 1988 or after	2055 Retirement Strategy Fund
Between 1983 and 1987	2050 Retirement Strategy Fund
Between 1978 and 1982	2045 Retirement Strategy Fund
Between 1973 and 1977	2040 Retirement Strategy Fund
between 1968 and 1972	2035 Retirement Strategy Fund
between 1963 and 1967	2030 Retirement Strategy Fund
between 1958 and 1962	2025 Retirement Strategy Fund
Between 1953 and 1957	2020 Retirement Strategy Fund
Between 1948 and 1952	2015 Retirement Strategy Fund
Between 1943 and 1947	2010 Retirement Strategy Fund
Between 1938 and 1942	2005 Retirement Strategy Fund
in 1937 or before	2000 Retirement Strategy Fund

# PARTNERS

- **Coordinated with SIB to manage customer communications and deliverables**
  - Began dialogue and training so DRS staff understood upcoming change in anticipation of responding to customer questions
  - Developed customer communication materials (Transition Guide, Fund Transition web site, FAQs, record keepers webinars, individual responses to customer questions)

# PARTNERS

- **Worked with Plan 3 and DCP record keepers**
  - Modified existing record keeping systems and communication avenues to implement a soft close – allowing members five weeks to make decisions about moving from closing funds
  - April through October, record keepers responded to 56,400 calls
    - 17,075 were calls received in October

# PARTNERS



- **Employers**
  - Updated employers about member communication activities
  - Requested employers send email reminders to employees regarding timelines and action needed
  - Provided active member address changes to employers for updates through transmittal system



# COMMUNICATIONS

- **April 2011**
  - Implemented DRS Fund Transition website
    - As of end of October, resulted in 55,600 views
- **April – July**
  - Provided articles in Plan 3 Report, DCP Update, Retirement Outlook Newsletter
- **April – July**
  - Updated 15 existing publications and forms, created 4 new stand-alone communications that were mailed directly to members

# COMMUNICATIONS

- **August- September – Transition Guides**
  - 212,540 mailed directly to member/participant address on record
- **October 8 – Post Card Reminders**
  - 60,450 mailed directly to member/participant address on record
  - Mailed to those in funds that were closing
- **November 8 – Default Confirmation Letters**
  - 49,440 mailed to members/participants who defaulted to a retirement strategy fund

# TRACKING FUNDS MOVEMENT

Month	Total members with account balance in closing funds	Total fund balance
April	62,700	\$2,572,025,600
May	62,600	\$2,524,931,200
June	62,300	\$2,461,817,900
July	61,800	\$2,367,007,400
August	60,676	\$2,156,932,000
September	57,267	\$1,807,915,000
<b>October</b> - members and dollars that defaulted to retirement strategy funds	<b>44,833</b>	<b>\$1,377,828,000</b>

# PROJECT WRAP-UP

- **Responding to customer question as a result of default confirmation mailing**
- **Conducting project lessons learned**
  - Feedback from employers
- **Final communication to members and participants will be in December 2011 quarterly statement**



# QUESTIONS

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