



The Boston University Retirement Plan  
and The Boston University Supplemental  
Retirement and Savings Plan



# Plan Changes Brochure

A guide to your new investment options

Bringing the Future to You

**Important! Please read this brochure and take action.**

The following pages describe some significant changes to Boston University's retirement plans—changes that will affect all plan participants. We urge you to read these materials carefully and to make use of the resources the University is providing to help you choose how to invest your retirement savings under the plan. Most importantly, make your election by Friday, December 6. The action you take—or don't take—now will affect your future retirement income.

## Checklist: What You Need to Do

- ☒ **Review this guide to your new investment options.** It explains the new and improved investment option structure, the opportunity you have to choose your investment options, and the resources available to help you make informed decisions.
- ☒ **Visit [www.bu.edu/hr/retirement-plan-change](http://www.bu.edu/hr/retirement-plan-change).** This is Boston University's hub for information about the retirement plans, investment options, and the choices at hand.
- ☒ **Watch an educational video.** Check out a video, available on the University's retirement plan change webpage, describing the new investment option structure.
- ☒ **Look for more information in the mail.** In early October, you will receive more information about the available investment options to assist you in preparing to make your choice.
- ☒ **Go to a meeting on campus.** Boston University will hold informational sessions and one-on-one consultation opportunities to help you work through your options. Representatives from Fidelity and TIAA-CREF will be available to answer your questions.
- ☒ **Make your election.** Choose your investment options online between **October 4 and December 6**.

*In the event of any discrepancy between the descriptions in this brochure and the controlling plan documents, the language in the controlling plan documents will govern. The information contained herein has been provided by Boston University and is solely the responsibility of Boston University.*



# Bringing the Future to You

Few people enjoy a comfortable retirement by accident. A secure financial future requires careful thought and planning, based on one's own situation.

To help make planning easier, Boston University is revising the Boston University Retirement and Supplemental Retirement and Savings Plans. Specifically, we're restructuring our investment options into categories that will be easier for you to understand.

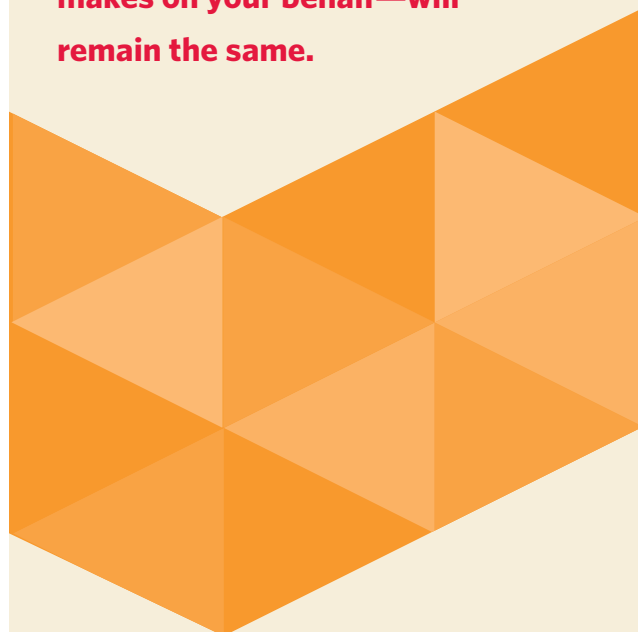
The new structure will streamline and simplify your investment options—with lower costs to participants and more fee transparency than in the past. It will also enable the University to comply with updated regulations for 403(b) plans.

With these changes, Boston University is *bringing the future to you*, so you can plan for your retirement years—no matter how near or far off they may be.

**Between October 4 and December 6**, you'll have the chance to choose how your current and future retirement savings will be invested starting January 1, 2014. Read on to learn more about your new investment options and the wealth of resources available to help you choose what's right for you.

## Same Great Plan—Just Better

Other than the investment option changes described in this brochure, Boston University's retirement plans will remain the same. **Your opportunity to contribute—and the contributions the University makes on your behalf—will remain the same.**



## In This Guide

- 4 A Closer Look at Your Investment Options
- 10 A Side-by-Side Comparison
- 12 Which Strategy Is Right for You?
- 14 Use Your Resources to Learn More
- 15 Make Your Election by December 6
- 16 Terms to Know





# A Closer Look at Your Investment Options

Under the new investment option structure, Boston University will offer three categories of **selected investments**. It will also give you access to **BrokerageLink®**, a self-directed brokerage account, in which you may pick and choose where to invest.

## Selected Investments

### Features

- A limited number of funds
- Selected after careful consideration by Boston University
- Monitored by Boston University to ensure the funds meet certain fiduciary standards
- Typically have lower fees

### Investment Options

- Vanguard Target Retirement Funds
- Core Mutual Funds
- Core Annuity Accounts

## BrokerageLink®

### Features

- Investments not selected or monitored by the University
- May have higher fees

### Investment Selections

- A World of Choices

Let's explore in more detail the different investment options offered under the plan.



## Selected Investments: Vanguard Target Retirement Funds (One-Stop Shopping)\*

The Vanguard Target Retirement Funds can offer one-stop shopping for those looking for a simple approach to investing for retirement. These funds:

- **Build in diversification.** By investing in major asset classes, such as bonds, U.S. stocks, international stocks, real estate, and commodities, they endeavor to manage risk and performance over time.
- **Are managed to become more conservative as the fund gets closer to your retirement date,** gradually shifting the fund's investments from higher-risk to lower-risk investments.
- **Are managed by professionals,** whose objectives are to manage your portfolio with the goal of creating a mix of risk and return appropriate to each stage of your life.
- **Are among the lowest-fee target-date funds currently available.**

### What do lower fees mean?

With a 7% annual rate of return, an account balance of \$25,000 will grow to \$227,000 in 35 years if its investment fees and expenses are 0.5% of the account's value.

If the expenses are 1.5%, however, the account balance will grow to only \$163,000—a difference of \$64,000.

Source: U.S. Department of Labor

A target-date fund can serve as your only investment option, or you may combine it with other options as you see fit. The target-date funds are offered in five-year increments. You invest in a fund according to your current age, as follows.

If you were born:	And your estimated retirement date, assuming you retire at age 65, is:	Then your target date fund is:
12/31/1942 or earlier	2007	Vanguard Target Retirement Income
1/1/1943 – 12/31/1947	2008 – 2012	Vanguard Target Retirement 2010
1/1/1948 – 12/31/1952	2013 – 2017	Vanguard Target Retirement 2015
1/1/1953 – 12/31/1957	2018 – 2022	Vanguard Target Retirement 2020
1/1/1958 – 12/31/1962	2023 – 2027	Vanguard Target Retirement 2025
1/1/1963 – 12/31/1967	2028 – 2032	Vanguard Target Retirement 2030
1/1/1968 – 12/31/1972	2033 – 2037	Vanguard Target Retirement 2035
1/1/1973 – 12/31/1977	2038 – 2042	Vanguard Target Retirement 2040
1/1/1978 – 12/31/1982	2043 – 2047	Vanguard Target Retirement 2045
1/1/1983 – 12/31/1987	2048 – 2052	Vanguard Target Retirement 2050
1/1/1988 – 12/31/1992	2053 – 2057	Vanguard Target Retirement 2055
1/1/1993 or later	2058 or later	Vanguard Target Retirement 2060

\* It is your responsibility to select and monitor your investments to make sure they continue to reflect your financial situation, risk tolerance, and time horizon. Most investment professionals suggest that you reexamine your investment approach at least annually or when your situation changes.



## Selected Investments: Core Mutual Funds (Create Your Own Mix)

Core Mutual Funds are an appropriate choice for those who want to take a more hands-on approach. You can create your own mix of investments from a selection of 15 mutual fund options, based on your long-term savings goals. The Core Mutual Funds include:

- **Four index funds**, which invest in a diversified portfolio of investments designed to mirror a market index, such as the S&P 500. These funds permit you to create a custom portfolio with low fees that reflects market performance.
- **Eleven managed funds** that are actively managed by a fund manager or team of managers. Those managers select the investments they think will deliver the best combination of risk and return. Boston University selected these managed funds based on performance and fees compared with other managed funds available in the market. However, they generally have higher fees than the core index funds.

### Lower fees, greater transparency

The overall expenses associated with the new investment structure will be lower than what the plan has today, and participants will have greater transparency. Currently, participants' account values are automatically reduced by their share of the overall fund(s) expense(s), which is calculated as a percent of the account value and reflected in the net asset value of the fund. Effective January 1, 2014, participants with Fidelity accounts will be assessed a fixed dollar annual fee of \$65, which will be reported on quarterly statements. The fees associated with TIAA-CREF accounts will continue to be charged as a percent of assets.

Your core fund options, consisting of money market, bond, stock, and international funds, are as follows:

Asset Class	Fund Name	Type
Short-Term	Vanguard Prime Money Market Fund Institutional Shares	Managed
Bond - Diversified	Vanguard Intermediate-Term Bond Index Fund Institutional Shares	Index
Bond - Diversified	PIMCO Total Return Fund Institutional Class	Managed
Bond - Inflation Protected	Vanguard Inflation-Protected Securities Fund Institutional Shares	Managed
Domestic Equities - Large Blend	Vanguard Institutional Index Fund Institutional Shares	Index
Domestic Equities - Large Growth	Fidelity® Contrafund® - Class K	Managed
Domestic Equities - Large Blend	Domini Social Investment Trust Social Equity Fund Institutional Class	Managed
Domestic Equities - Mid Blend	Vanguard Extended Market Index Fund Institutional Shares	Index
Domestic Equities - Mid Blend	Fidelity® Low-Priced Stock Fund - Class K	Managed
Domestic Equities - Small Blend	DFA U.S. Small Cap Portfolio Institutional Class	Managed
International/Global - Diversified	Vanguard Total International Stock Index Fund Institutional Shares	Index
International/Global - Diversified	Causeway International Value Fund Class Institutional	Managed
International/Global - Diversified	Harding Loevner Global Equity Portfolio Institutional Class	Managed
International/Global - Emerging Markets	DFA Emerging Markets Core Equity Portfolio Institutional Class	Managed
International/Global - Specialty	E.I.I. Global Property Fund Class Institutional	Managed



## Selected Investments: Core Annuities (Build Annuity Income into Your Mix)

Similar to our Core Mutual Funds, each of the Core Annuities offers you the ability to invest in a diverse portfolio. The difference is that, when you retire, you have the option of immediately converting your balance to an annuity that will provide a stream of income, guaranteed for life.

Why can this be an important consideration? Ensuring you have income to last your lifetime is a key reason you save for retirement. In fact, the goal of saving for retirement isn't to build wealth for its own sake; it's to replace the income you were earning when you were working. Boston University is offering four annuity accounts in our restructured retirement plan.

As the chart below indicates, you can choose from two types of annuities.

- **The TIAA\* Traditional Annuity** is a guaranteed annuity account backed by TIAA's claims-paying ability. It guarantees your principal and a contractually specified minimum interest rate, plus it offers the opportunity for additional amounts in excess of this guaranteed rate. These additional amounts are declared on a year-by-year basis by the TIAA Board of Trustees. Additional amounts are not guaranteed for future years.

\* Teacher's Insurance Annuity Association.

- **The CREF\*\* accounts** are variable annuities, which do not guarantee principal or interest. Your account balance can go up or down based on the underlying investments. But in exchange for taking on more risk, you have the potential to earn greater rewards.

\*\* College Retirement Equities Fund.

In addition to the Core Annuities, all other investment options under the plan may be converted into an income annuity when you retire, providing a stream of income you can't outlive. Keep in mind, the size of that income stream may be large or small depending on your account balance and your age at the time your account is converted.

### Want to learn more about income annuities?

Many people feel that including an annuity solution in their investment fund lineup is a sensible way to diversify. In the coming months, the University will be providing additional educational information about using income annuities as part of your retirement strategy—including how to roll over your current retirement savings to purchase an annuity at retirement.

Asset Class	Fund Name	Type
N/A	TIAA Traditional Annuity	Guaranteed
Short-Term	CREF Money Market	Variable
Bond - Inflation Protected	CREF Inflation-Linked Bond	Variable
Domestic - Large Blend	CREF Stock	Variable









## BrokerageLink®, a Self-Directed Brokerage Account (A World of Choices)

Brokerage accounts are designed for willing investors who prefer to exercise more control over their investments. Opening a brokerage account will allow you to continue to invest your retirement savings in mutual funds that are not included in Boston University's core investment lineup. You have a world of choices from which to choose.

While a brokerage account offers expanded flexibility, it also comes with additional personal responsibility and risk. The University does not select or screen these investments. That task falls to you.

You will need to establish a separate account with Fidelity and, in some cases, instruct them each time you want to make a new investment allocation or transfer of the University's retirement contributions. You may incur additional transaction fees for trades and ongoing fund management.

For some experienced investors, the additional risk and potential fees that come with a brokerage account may represent a reasonable cost relative to potential rewards.

### Don't put all your eggs in one basket!

Every investment involves some element of risk. At times, small company stocks will outperform large company and international stocks and other investments. At other times, stable value investments will outperform bonds. Having money in several types of investments provides the protection of diversification when one type performs poorly.



# A Side-by-Side Comparison of Your Investment Options

## Selected Investments

	Target-Date Funds	Core Mutual Funds
<b>Time and effort you should spend managing</b>	<ul style="list-style-type: none"> <li>Low</li> </ul>	<ul style="list-style-type: none"> <li>Moderate</li> </ul>
<b>Consider this option if...</b>	<ul style="list-style-type: none"> <li>"I don't have time to manage my account."</li> <li>"I want the easiest approach, so I can spend my time doing other things."</li> <li>"I want a portfolio that stays balanced and diversified, and that gets more conservative as I near retirement."</li> </ul>	<ul style="list-style-type: none"> <li>"I want some control, so I can build my own portfolio, but I don't want to be overwhelmed."</li> <li>"I have some investing experience, but I'm not an expert."</li> <li>"I can spend time monitoring asset allocation and performance."</li> </ul>
<b>Key features</b>	<ul style="list-style-type: none"> <li>Premixed portfolio.</li> <li>Professionally managed.</li> <li>"Built-in" diversification.</li> <li>Rebalances annually to maintain target risk level and asset allocation.</li> <li>Automatically invests in less risky investments as you get older.</li> </ul>	<ul style="list-style-type: none"> <li>Mix your own portfolio from preselected, professionally managed "core" mutual funds.</li> <li>You manage your portfolio, keeping it balanced in accordance with your objectives.</li> <li>It is up to you to adjust investments to keep appropriate risk level and asset allocation as you get older.</li> </ul>
<b>Investment fees are...</b>	<ul style="list-style-type: none"> <li>Typically lower</li> </ul>	<ul style="list-style-type: none"> <li>Typically lower</li> </ul>
<b>Boston University monitors fees and performance</b>	<ul style="list-style-type: none"> <li>Yes</li> </ul>	<ul style="list-style-type: none"> <li>Yes</li> </ul>
<b>Things to think about</b>	<ul style="list-style-type: none"> <li>Choose the target date closest to the year in which you plan to retire.</li> <li>You only need to check on your investments periodically.</li> <li>It can be your only investment (one-stop shopping) or combined with selected investment options.</li> </ul>	<ul style="list-style-type: none"> <li>You need to:             <ul style="list-style-type: none"> <li>Make sure your investments are appropriately balanced.</li> <li>Consider adjusting investments over time as you near retirement.</li> <li>Understand each fund's potential risk and return.</li> <li>Can be combined with other selected investment options.</li> </ul> </li> </ul>



## Core Annuity Accounts

- Moderate
- 
- "I want to know that, with TIAA Traditional, at least some of my investments have a guaranteed rate of return."
  - "I like the idea of a stream of income when I retire."
  - "I can spend time monitoring asset allocation and performance."

- 
- Professionally managed.
  - TIAA Traditional Annuity protects your principal and a contractually specified minimum interest rate (guarantees subject to TIAA's claims-paying ability; additional amounts are not guaranteed for future years).
  - CREF annuity accounts include investments in stocks, bonds, and cash.
  - Both options provide the opportunity to convert to lifetime income at retirement.

- 
- Typically lower

- 
- Yes

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- Choose either an investment option that's principal-protected or one that takes on risk for greater potential rewards.
  - Can be combined with other selected investment options.

## BrokerageLink®

### A World of Choices

- Typically high
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- "I want a wide range of fund choices."
  - "I want to research and monitor fund performance and cost."
  - "I have the time and expertise to actively manage my investments."

- 
- Mix your own portfolio from thousands of funds.
  - You manage your portfolio, keeping it diversified and balanced.
  - You must adjust investments to keep appropriate risk level and asset allocation as you get older.

- 
- Typically higher

- 
- No

- 
- You need to:
    - Make sure your investments are balanced to suit your needs.
    - Consider adjusting investments over time as you near retirement.
    - Understand each fund's potential risk and return.
  - You may have to pay additional transaction fees.



# Which Strategy Is Right for You?



## David: Keeping It Simple

### Target-Date Fund

When it comes to investing for retirement, David likes to keep things simple. He isn't an experienced investor and doesn't have the time to choose and manage a lot of funds.

David invests in a Vanguard Target Retirement Fund, because it's premixed, professionally managed, and automatically reallocated as he nears retirement.

In addition, Boston University monitors this fund, which gives David some peace of mind.



## Carla: Mixing It Up

### Core Mutual Funds

Carla wants to be more involved in her investment strategy. She chooses to invest in the Core Mutual Funds. With these funds, she can create her own mix of investments from 15 funds.

In addition to choosing some low-fee index funds, Carla also chooses some of the actively managed funds, taking on more risk for greater potential rewards. Since Carla has a while before she'll retire, she is comfortable with this trade-off.

Once Carla researches and selects her investments, she'll need to continue managing her choices. But knowing the University will be monitoring these funds, too, makes Carla's job a little easier.



Here's a look at how three different people might approach the new investment options.

**Please note:** Only you can decide which investments are best for your personal situation. The examples below should not be considered investment advice.



## Jake: Managing It All

### BrokerageLink®

Jake is an experienced investor. He wants lots of options—and he wants to be in charge. That's why he opens a brokerage account.

Jake notices most of his current funds will continue to be offered through the brokerage account. And he has access to many new funds as well.

Along with all this choice and flexibility come more time and responsibility. Boston University does not monitor these funds. Jake may also need to pay higher fees for his account and transactions. But this investor thinks the potential rewards are worth it.

## Something for Everyone:

### TIAA Traditional Annuity

David, Carla, and Jake know what options suit them best. But they also know that none of the options they have chosen can guarantee retirement income that will last for their lifetimes.

So, they each consider investing in a second option under the plan: the TIAA Traditional Annuity. This Core Annuity option is unique, because it preserves the money they invest and guarantees a minimum level of interest—no matter how the markets may turn. The TIAA Traditional is the only investment option under the plan that provides this kind of principal protection.

While the other annuities and investment options all may be converted into annuities at retirement, the TIAA Traditional is the only investment option that *must* be taken as an annuity—which is fine with David, Carla, and Jake. They like the idea of an income stream they can't outlive.





## Use Your Resources to Learn More

An important goal of the new investment option structure is to improve your ability to plan for retirement. Let's take a look at the resources Boston University is providing to help you use this chance to make the choices that will put you on track for a solid financial future.

### Boston University Retirement Plan Change Webpage—Available Now

Visit [www.bu.edu/hr/retirement-plan-change](http://www.bu.edu/hr/retirement-plan-change) for detailed information about the retirement plans, including your new investment options. While you are there, check out our new video to help you make your decisions. You'll also find a schedule of on-campus educational workshops.

### Transition Kit—October

This kit, which will be mailed to your home in early October, will provide you with everything you need to make your choice, including instructions for enrolling online between October 4 and December 6, together with legal notices.

### One-on-One Consultation—September to December

This fall, sit down with a representative from Fidelity or TIAA-CREF to discuss your personal situation and the investment options that may best meet your needs. To schedule an appointment with Fidelity, visit [getguidance.fidelity.com](http://getguidance.fidelity.com) or call **1-800-642-7131** (phone consultations are available as well). To schedule an appointment with TIAA-CREF, call **1-800-732-8353**.

### Educational Workshops—October to November

Take time to attend an on-campus workshop. These workshops will provide you with information on the new investment structure, as well as general education on investing your retirement savings. Those who can't attend in person may join a webinar online. The schedule for workshops and webinars is available at [www.bu.edu/hr/retirement-plan-change](http://www.bu.edu/hr/retirement-plan-change).



# Make Your Election by December 6

Between October 4 and December 6, you'll make your elections online. Your choices will take effect on January 1. The Transition Kit you receive in early October will include everything you need to enroll.

## If You Don't Make an Election by December 6

If you don't choose your own investment options by 4:00 p.m. Eastern Time on December 6, your current retirement plan account balances and future elections will default to a Vanguard Target Retirement Fund on January 1, 2014.

Take the time to get familiar with the new investment structure and choose the options that are right for you. The choices you make—or don't make—today *will* have a significant impact on your income in retirement.

## Blackout Periods

You may not have access to your account during late December and early January. Your Transition Kit will have more details.

If you're currently investing in a TIAA-CREF Annuity or the MetLife Fixed Income Fund, your **current funds** will remain in that annuity or income fund. However, if you do not make an investment election by December 6, your **future contributions** will default to a target-date retirement fund.

If you're currently investing in a TIAA-CREF mutual fund and you do not make an investment election by December 6, your **current funds and future contributions** will default to a target-date retirement fund.

## Questions?

Please contact Human Resources at [hrben@bu.edu](mailto:hrben@bu.edu) or call Majella Keane at **617-353-4709**, Edwin Ramones at **617-353-5459**, Kathryn Mohan at **617-353-4488**, or Tricia Lee at **617-358-0711** with any questions.

If you prefer, you may speak to a representative at Fidelity or TIAA-CREF who is knowledgeable about Boston University's plans.

- To reach a Fidelity representative, call **1-800-343-0860**, Monday through Friday, 8:30 a.m. to midnight, Eastern Time.
- To reach a TIAA-CREF representative, call **1-800-842-2252**, Monday through Friday, 8:00 a.m. to 10:00 p.m. or Saturday, 9:00 a.m. to 6:00 p.m., Eastern Time.





# Terms to Know

## Annuity

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An investment that allows you, at time of retirement, to receive regular payments for a time period that you select—a fixed number of years or for your entire lifetime. The option to select payments for some specified time period is available to you under all the new investment options offered. Annuities are a means by which you can secure a steady cash flow during your retirement years.

## Asset Allocation

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The process of dividing investments among different kinds of assets, such as stocks, bonds, and cash, to balance risk and reward.

## Asset Class

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A specific category of investments that generally exhibit similar risk and return characteristics, such as stable value, bonds, U.S. stocks, or international stocks.

## Diversification

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The process of spreading your savings across more than one asset or asset class to reduce risk and to minimize the volatility that can result from putting your entire savings in one type of investment (asset class).

## Index Funds

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Funds structured to mirror the performance of a particular investment index, such as the S&P 500®. They typically have lower fees than actively managed funds.

## Money Market

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A fund that invests in short-term fixed income securities, such as Treasury bills and commercial paper. Returns are generally in line with current short-term interest rates. Because there is little market risk and little volatility, returns tend to be low.

## Mutual Fund

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A financial vehicle that allows a group of investors to pool their money with a predetermined investment objective. The mutual fund will have a fund manager who is responsible for investing the pooled money into specific securities (usually stocks or bonds) in accordance with a stated guideline. When you invest in a mutual fund, you are buying shares of the mutual fund and you become a shareholder of the fund.

## Portfolio

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A holding of more than one stock, bond, cash equivalent, or other asset by an individual or institution. A portfolio may be designed to achieve the investor's goals—such as obtaining maximum returns or reducing risk through diversification.



## Return

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The amount an investment changes in value (gains or losses) over a period of time, expressed as a percentage of the initial investment.

## Rebalancing

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The process of adjusting your current asset allocation to bring it back in line with the asset allocation originally selected. Individual investments in a portfolio will generally perform according to their specifically targeted market. As time goes on, your portfolio may become more heavily weighted toward one asset allocation. If left unadjusted, the portfolio could become either too risky or too conservative.

## Risk

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The chance that the value of investments will go up or down over time.

## Risk Tolerance

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Your willingness to weather downturns in your investment in exchange for the possibility of higher returns. You may have a high or low risk tolerance, or something in between.

## Stable Value

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A stable value fund seeks to preserve your principal investment while earning a level of interest income that is consistent with principal preservation. The yield of the fund will fluctuate.

## Target-Date Funds

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A set of “premixed” funds that are diversified and inexpensive to own, and automatically adjust your asset allocation to become more conservative as you get older.

## Transaction Fees

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Fees charged to cover the brokerage firm’s expenses for trading the funds.







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