



February 2016

To: CSU Tax Sheltered Annuity (TSA) Program Plan Participant:

Good News!!

We heard your concerns and implemented a major change to the TSA Program effective April 1, 2016.

Background Information

The California State University (CSU) previously announced it is making important changes to the Tax Sheltered Annuity (TSA) Program effective April 1, 2016. These changes are designed to improve efficiencies and savings for participants.

The CSU recently submitted a request for proposal to consolidate the CSU TSA Plan from five vendors to one sole vendor. As a result, Fidelity Investments is now the sole record-keeper. Having a sole record-keeper will provide:

- Savings for participants (lower administration fees)
- Streamlining of the number of funds available to make investing easier
- A centralized enrollment (eliminating navigating through multiple microsites to complete simple tasks)
- Consistent messaging and communication

What we heard:

Current participants who have an existing balance(s) with one of the current five TSA plan sponsors (MetLife, Fidelity, VALIC, TIAA-CREF or VOYA) requested the opportunity to:

- Keep their current balance with their respective plan sponsor and **not** have their funds automatically transferred to Fidelity.
- The ability to transfer money to Fidelity if desired.

What change(s) is CSU making in response to Participant's concerns?

- Participants with an existing balance in any of the five TSA plan sponsors, MetLife, Fidelity, VALIC, TIAA-CREF or Voya will **not** have their existing funds automatically transferred to Fidelity.
- Participants may elect to transfer their existing balance(s) to Fidelity.

CSU Campuses
Bakersfield
Channel Islands
Chico
Dominguez Hills
East Bay

Fresno
Fullerton
Humboldt
Long Beach
Los Angeles
Maritime Academy

Monterey Bay
Northridge
Pomona
Sacramento
San Bernardino
San Diego

San Francisco
San José
San Luis Obispo
San Marcos
Sonoma
Stanislaus

When will these new changes take effect?

April 1, 2016

What should I be aware of?

Participants should be aware of the key dates below:

- **March 1, 2016:**
 - The last date current payroll contributions will be directed to MetLife, TIAA-CREF, VALIC or Fidelity or Voya in your current investment option lineup.
- **March 7, 2016:**
 - Participants may enroll or make changes to their contribution amount for the May 1st pay warrant through Fidelity NetBenefits at <http://netbenefits.com/calstate> or by calling Fidelity at 800-343-0860.
 - Early Choice Window Opens. Participants will have the opportunity to elect from the new investment line up. Review the new investments online at <http://netbenefits.com/calstate>.
 - Designate your beneficiaries
- **March 28, 2016:**
 - Early Choice Window Closes. If you didn't make an investment election, your contributions will default to one of the Vanguard Target Retirement Date funds (based on the year in which you turn age 65).
 - Individuals will not have access to the new fund line between March 28, 2016 and March 31, 2016. Access to the fund line up will resume on April 1, 2016.
- **April 1, 2016:**
 - Participants may begin to transfer account balances from their current vendor to Fidelity should they choose to. For more information contact Fidelity at 800-343-0860.

Will the administrative fees remain the same?

Due to the decrease in number of assets and participants in the plan, the participant yearly fee may change. Aon Hewitt, CSU's investment consultant, and Fidelity are working together to help find a solution that will minimize impact to the previously negotiated administrative fee.

Loan and Hardship withdrawals

- CSUs TSA Program with Fidelity provides the ability for active participants to borrow from their account. Participants may have one outstanding loan at any time. Hardship withdrawals will continue to be available as defined by the IRS.
- Loans and Hardships will be available through the following legacy vendors (prior fund sponsors): VALIC, TIAA-CREF, Fidelity and Voya. **MetLife does not provide loans or hardships to participants of former clients.**
- This transition does not impact your existing loan(s) with your current vendor.

What if I have already made a change to my investment options?

For those participants who took action due to previously being informed that account balances were automatically transferring and transferred all their funds into an annuity, they will be able to transfer their funds back to their original investment line-up. Please check with your fund sponsor as fees may apply.

Is there anything else I should be aware of with these new legacy vendors (MetLife, VALIC, Voya, and TIAA-CREF)?

Since plan assets with MetLife, TIAA-CREF, Voya, and VALIC are not transferring to Fidelity, CSU will not:

- Be able to negotiate lower administrative or investment fees.
- Be able to intercede on your behalf should you have any problems or issues with your account(s).

What funds are available to invest in?

Tier 1: Target Date Retirement Funds

Vanguard Target Retirement Income Fund Investor Shares
Vanguard Target Retirement 2010 Fund Investor Shares
Vanguard Target Retirement 2015 Fund Investor Shares
Vanguard Target Retirement 2020 Fund Investor Shares
Vanguard Target Retirement 2025 Fund Investor Shares
Vanguard Target Retirement 2030 Fund Investor Shares
Vanguard Target Retirement 2035 Fund Investor Shares
Vanguard Target Retirement 2040 Fund Investor Shares
Vanguard Target Retirement 2045 Fund Investor Shares
Vanguard Target Retirement 2050 Fund Investor Shares
Vanguard Target Retirement 2055 Fund Investor Shares
Vanguard Target Retirement 2060 Fund Investor Shares

Tier 2: Index Funds

Vanguard 500 Index Fund Admiral Class
Vanguard Extended Market Index Fund Admiral Shares
Vanguard Total Bond Market Index Fund Admiral Shares
Vanguard Total International Bond Index Fund Admiral Shares
Vanguard Total International Stock Index Fund Admiral Shares

Tier 3: Actively Managed Funds

BlackRock Total Return Fund Class K
Causeway International Value Fund Class Institutional
Cohen & Steers Realty Shares Fund
DFA Inflation-Protected Securities Portfolio Institutional Class

DFA U.S. Targeted Value Portfolio Institutional Class
Dodge & Cox Global Stock Fund
Harding Loevner International Equity Portfolio International Class
PRIMECAP Odyssey Growth Fund
Schroder Emerging Markets Equity Fund Class Investor
T. Rowe Price Institutional Large Cap Value Fund
Touchstone International Small Cap Fund Institutional
Vanguard Federal Money Market Fund Investor Class
VOYA Stabilizer
William Blair Small-Mid Cap Growth Fund Class I

Tier 4: Self-Directed Window

Fidelity Brokerage Link

Prospectuses will be available for viewing at Fidelity NetBenefits: <http://netbenefits.com/calstate> during the Early Choice window, March 7 through March 28.

The CSU Chancellor's Office will also host transition workshops at each CSU location which will include representatives from CSU Human Resources Management Benefits, Aon Hewitt and Fidelity. Participants should check with their campus location for the dates and times of these workshops.

We feel confident that you will be pleased with this change of direction. Should you have any questions, you may contact Human Resources Management at 562-951-4411.

Sincerely,

A handwritten signature in black ink that reads "Evelyn Nazario". The signature is written in a cursive style with a large, stylized initial "E".

Evelyn Nazario
Associate Vice Chancellor
Human Resources Management
CSU Office of the Chancellor