

The information in this Transition Guide applies to all individuals who are making contributions to the California State University (CSU) Tax Sheltered Annuity Program (TSA)



**California
State University
Tax Sheltered
Annuity Program**



Putting your
FUTURE
to work for
YOU

Get ready for the changes ahead



Starting April 1, 2016, Fidelity Investments® will be the sole service provider for new contributions to the California State University (CSU) Tax Sheltered Annuity (TSA) Program.

Beginning April 1, 2016:

- New contributions will be directed to Fidelity Investments.
- You will have the opportunity to choose investments for these contributions during the “Early Choice” window that will be open from March 7 through March 28. Please see page 6 for more details.
- Account balances held at Fidelity, MetLife, TIAA-CREF, VALIC or Voya will remain in your existing TSA account and investments unless you request the funds to be transferred.

Need Help? Call Fidelity at 800-343-0860 or go to www.netbenefits.com/calstate for more information.

Please review the information in this transition guide for key dates, the investment line-up, and any actions you might need to take.

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CSU TSA PROGRAM OVERVIEW

What's changing?

Going forward, TSA enrollments and deferral changes designated by the employee will be processed by Fidelity Investments as of March 7, 2016. The VALIC Retirement Manager online application will no longer be used to process TSA transactions including **loans, hardships or withdrawal certificates** as of March 31, 2016.

All contribution changes (stop, start, increase and/or decrease) will be managed by the employee through Fidelity NetBenefits® at www.netbenefits.com/calstate.



Need Help?

Call Fidelity at **800-343-0860** or go to www.netbenefits.com/calstate for a schedule of when representatives will be visiting your campus.

WHAT'S CHANGING WITH CSU TSA PROGRAM?



- 1. CSU TSA Contributions will be Directed to Fidelity Investments:**
 - a. Effective April 1, 2016, all new contributions to your CSU TSA Program account will be directed to Fidelity Investments.
- 2. Account Balances will Remain at Your Current Vendor:**
 - a. If you have balances in MetLife, TIAA-CREF, VALIC or Voya, your balances will remain there unless you decide to move them to Fidelity.
 - b. If you already have a balance with Fidelity Investments, your balance will remain in the funds you have chosen unless you decide to convert them to the new fund line-up available on April 1, 2016.
 - c. Future contributions will go to the new Fidelity fund line-up.
- 3. New Tiered Investment Line-up:**
 - a. Effective on April 1, 2016, CSU will move to an explicit, fixed dollar administrative fee of \$46 per actively contributing participant, per year (\$11.50 per quarter) and add lower-cost institutional share classes of mutual funds to the TSA investment fund line-up.
 - b. From March 7, 2016 through March 28, 2016, the "Early Choice" window opens for investment selections for your new contributions. You can call the Fidelity Retirement Service Center at **800-343-0860** or use NetBenefits at www.netbenefits.com/calstate.
 - c. The selections you make during the "Early Choice" window will apply to your future contributions to the TSA.
 - d. If you do not elect your investment options during this time, your investment elections for future contributions will be directed to the default investment option, Vanguard Target Date Retirement Funds (determined by your year of birth).
 - e. The TSA will offer Fidelity BrokerageLink® which gives you access to additional investment choices for your retirement savings beyond those investment options available in the new investment line-up. It is your responsibility to ensure the investments you select are suitable for your situation including your goals, time horizon, and risk tolerance. Contact Fidelity for a fact sheet and commission schedule for applicable fees and risks.
- 4. Payroll Contributions for Current Participants:**
 - a. If you are currently contributing to the TSA Program, your same payroll contribution will continue if no changes are made.
 - b. Beginning on March 7, 2016, you can view, start, or change your payroll contribution amount for the April 2016 pay period, via Fidelity NetBenefits at www.netbenefits.com/calstate.
- 5. Blackout Period:**
 - a. To ensure that all information is captured accurately during the "Early Choice" window, and the new fund line-up becomes available, there will be a period of time when you will be unable to direct future contributions to your TSA Program account at Fidelity. Additional information can be located on page 11.
- 6. Last Day to Make Contribution Changes Using VALIC Retirement Manager:**
 - a. February 5, 2016 was the last day to make changes to your payroll contributions (including enrollment) to the TSA Program using VALIC Retirement Manager for the February and March pay periods. Please review the "Key Date" section of this guide located on pages 11-14 for additional information.
 - b. The February pay period contribution will be the last deduction to go to MetLife, TIAA-CREF, VALIC or Voya.
- 7. Loans and Hardships:**
 - a. Effective April 1, 2016, any new loan or hardship withdrawal will only be available through Fidelity, TIAA-CREF, Voya, VALIC, Lincoln, Transamerica, AXA Equitable, Ameriprise, National Life and Oppenheimer. All other vendors will NOT allow new loans or hardship withdrawals. If you have a balance through another vendor, you may transfer your frozen balance to Fidelity to make that balance eligible for a new loan or hardship. Surrender charges or other restrictions may exist at the frozen vendors. Be sure to consider all your available options and the applicable fees and features of each before moving your retirement assets.
 - b. Participants can have one outstanding loan at any time across all vendors.
- 8. Beneficiary Information:**

Starting March 7, 2016, you will be able to update your beneficiary information at Fidelity.

 - a. Beneficiary information currently on file with other vendors will not transfer to Fidelity. You will need to log on to Fidelity's NetBenefits at www.netbenefits.com/calstate to designate your beneficiaries for your new contributions or you can call Fidelity at **800-343-0860** for assistance.



WHAT'S NOT CHANGING?

1. Eligibility Rules:

- a. Most employees are eligible to participate in the CSU TSA program, including rehired annuitants (employees who retire and return to work for a limited duration).

2. Enrollment:

- a. The cut-off date for participants to make changes to their contributions is the 5th day of each calendar month (unless the 5th day is a Saturday or Sunday) for changes to be effective the next pay period.
- b. Lump sum (i.e., CTO, vacation pay, settlement pay, etc.) TSA deferrals will continue to be processed by the campus Benefits and/or Payroll office.

3. Account Balances Held outside Fidelity:

- a. Account balances held in accounts outside Fidelity will remain with the vendor and in the investments you have chosen, unless you choose to make a change.
- b. Should you choose to consolidate your balances with Fidelity, please contact the Fidelity Retirement Service Center at **800-343-0860** for assistance. Be sure to consider all your available options and the applicable fees and features of each before moving your retirement assets.

4. Vesting:

- a. Participants are always 100% vested in any contributions they make to the TSA program.

5. Withdrawals:

- a. Participants are generally permitted to take a withdrawal from their TSA account when they reach age 59½, terminate employment, retire, become permanently disabled, or have a financial hardship as defined by the Internal Revenue Service (IRS).

6. TSA Planning & Guidance Support:

- a. Fidelity Retirement Planners are knowledgeable professionals equipped with information regarding the CSU TSA Program and are able to assist participants in planning for retirement.
- b. Retirement Planners will continue to visit the campuses for one-on-one consultations. Go to www.NetBenefits.com/calstate or call **800-642-7131** to schedule an appointment.



KEY ACTIONS TSA PARTICIPANTS SHOULD TAKE



Listed below are four steps each Plan participant should take to prepare for the changes ahead.

1. Plan on Attending a Transition Workshop:

- a. CSU will host transition workshops at each CSU campus. Fidelity, Aon Hewitt and CSU HR Representatives will be available for all CSU campuses in February and March. The workshops will be available to both active and retiree populations. Attend a workshop to learn about these important changes to the TSA and get answers to your questions. To view a schedule of workshops available on campus, visit www.netbenefits.com/calstate and select the Schedule of Events tab. Campuses will also provide the date, time and location of their transition workshop.
- b. Reservations are not required to attend a group workshop.
- c. One-on-one individual consultations with Fidelity Retirement Planners will be available beginning in April.

2. Review the New Investment Option Line-up:

- a. Before you make your investment decisions you should become familiar with the various options. Additional information can be found in the "Investment Options Section" located on page 8.

3. Make an Investment Selection during the "Early Choice" Window:

- a. From March 7, 2016 through March 28, 2016, you will have the opportunity to select investment options from the new investment menu for your future contributions.
- b. Review the Investment Options on page 8 or the detailed information in the enclosed "Investment Options Guide" to learn more about the choices available to you for your new contributions beginning in April.
- c. Once you have determined your investments, you may log on to NetBenefits at www.netbenefits.com/calstate or call Fidelity at **800-343-0860** to make your selections.
- d. If you do not select your investment options during this time, future contributions will automatically be directed to the default investment option, Vanguard Target Retirement Date Funds (determined by your year of birth).

4. Update your Beneficiaries:

- a. Starting March 7, 2016, you will be able to update your beneficiaries. Beneficiary information currently on file with other vendors will not transfer to Fidelity for your new contributions. You can designate your beneficiary on Fidelity's NetBenefits at www.netbenefits.com/calstate or call Fidelity at **800-343-0860** for help.





SNAP SHOT OF KEY DATES YOU NEED TO REMEMBER

✓ February 5, 2016:

- o If you are currently participating in the CSU TSA, February 5 was the last day you could make changes using VALIC's Retirement Manager application. Any changes made prior to this date are effective for your February or March pay period.
- o The capability to change your deductions will resume on March 7, 2016 through Fidelity at www.netbenefits.com/calstate or by calling **800-343-0860**.

✓ March 1, 2016:

- o Last payroll contribution that will be directed to MetLife, TIAA-CREF, VALIC or Voya.

✓ March 7, 2016 through March 28, 2016:

- o "Early Choice" window opens for investment selections.
- o If you do not elect investment options during this time, your eligible account balances and investment elections for future contributions will be directed to the default option, Vanguard Target Date Retirement Funds (determined by your year of birth).

✓ March 7, 2016 through April 5, 2016:

- o You can view or change your payroll contributions amount via Fidelity NetBenefits for the April pay period.

✓ From 1 p.m. Pacific Standard Time on March 28, 2016 through March 31, 2016

- o You will be unable to choose investments for your future contributions during this time, also referred to as a blackout period.

✓ March 31, 2016

- o **This is the last day to submit a loan, hardship or withdrawal certificate through the VALIC Retirement Manager application.** After this date, loan and hardship requests may be requested directly through the following vendors: Fidelity, TIAA-CREF, Lincoln, VALIC, Transamerica, AXA Equitable, Voya, Ameriprise, National Life or Oppenheimer. Balances at any other vendor must be transferred to Fidelity to become available for a loan or hardship. Be sure to consider all your available options and the applicable fees and features of each before moving your retirement assets. Please contact the frozen vendor to learn about applicable fees.
- o The new fund line-up is live, and any new contributions will be directed to the new line-up. Existing balances as of 3/31 may still be exchanged among old funds at all vendors. You may also exchange/transfer to the new line-up, but once there, can never go back to old funds or vendors. Some old fund may be available through BrokerageLink. Transaction fees may apply. Please call **800-343-0860** with questions.

✓ April 1, 2016

- o Any contributions received on or after this date will be posted to the selections you make during the "Early Choice" window, or default to Vanguard Target Retirement Date funds (determined by your year of birth).
- o You will be able to choose investments.

✓ July 2016:

- o First post-transition quarterly statement is available from Fidelity.

NEW TSA PROGRAM INVESTMENT OPTIONS



New Investment Option Line-up

Before making your investment decisions, it is important that you become familiar with the various options in the TSA. Please consider all investment information before choosing your investments. For more detailed information regarding these investments, please refer to the Investment Options Guide included with this brochure.

	Investment Options	Ticker
Tier 1: Target Date Retirement Funds	Vanguard Target Retirement Income Fund Investor Shares	VTINX
	Vanguard Target Retirement 2010 Fund Investor Shares	VTENX
	Vanguard Target Retirement 2015 Fund Investor Shares	VTXVX
	Vanguard Target Retirement 2020 Fund Investor Shares	VTWNX
	Vanguard Target Retirement 2025 Fund Investor Shares	VTTVX
	Vanguard Target Retirement 2030 Fund Investor Shares	VTHRX
	Vanguard Target Retirement 2035 Fund Investor Shares	VTTHX
	Vanguard Target Retirement 2040 Fund Investor Shares	VFORX
	Vanguard Target Retirement 2045 Fund Investor Shares	VTIVX
	Vanguard Target Retirement 2050 Fund Investor Shares	VFIFX
	Vanguard Target Retirement 2055 Fund Investor Shares	VFFVX
	Vanguard Target Retirement 2060 Fund Investor Shares	VTTSX
Tier 2: Index and Actively Managed Funds	Vanguard 500 Index Fund Admiral Class	VFIAX
	Vanguard Extended Market Index Fund Admiral Shares	VEXAX
	Vanguard Total Bond Market Index Fund Admiral Shares	VBTLX
	Vanguard Total International Bond Index Fund Admiral™ Shares	VTABX
	Vanguard Total International Stock Index Fund Admiral Shares	VTIAX
	BlackRock Total Return Fund Class K	MPHQX
	Causeway International Value Fund Class Institutional	CIVIX
	Cohen & Steers Realty Shares Fund	CSRSX
	DFA Inflation-Protected Securities Portfolio Institutional Class	DIPSX
	DFA U.S. Targeted Value Portfolio Institutional Class	DFVFX
	Dodge & Cox Global Stock Fund	DODWX
	Harding Loevner International Equity Portfolio Institutional Class	HLMIX
	PRIMECAP Odyssey Growth Fund	POGRX
	Schroder Emerging Markets Equity Fund Class Investor	SEMNX
	T. Rowe Price Institutional Large Cap Value Fund	TILCX
	Touchstone International Small Cap Fund Institutional	TNSIX
	Vanguard Federal Money Market Fund Investor Class	VMFXX
	Voya Stabilizer	N/A
	William Blair Small-Mid Cap Growth Fund Class I	WSMDX
Tier 3: Self-Directed Option	Fidelity BrokerageLink®	BLNK



NEW TSA PROGRAM INVESTMENT OPTIONS

Default Investment Option

If you do not select specific investment options in the TSA for future contributions, your contributions will automatically be invested in the default investment option, Vanguard Target Date Retirement Funds (determined by your year of birth).

The target date funds are designed for investors expecting to retire around the year indicated in each fund's name, as listed below. The funds are managed to gradually become more conservative over time as they approach the target date. The investment risk of each target date fund changes over time as its asset allocation changes. The funds are subject to the volatility of the financial markets, including that of equity and fixed income investments in the U.S. and abroad, and may be subject to risks associated with investing in high-yield, small-cap, and foreign securities. Principal invested is not guaranteed at any time, including at or after the target dates.

Your default investment option will be determined by your year of birth. Please use the guidelines in the table below to determine which target date fund your eligible account balances and future contributions will be invested.

If your year of birth is:	Then your assumed target retirement year is:	Then your default fund will be:
1942 and before	Before 2008	Vanguard Target Retirement Income Investor Shares
1943–1947	2008–2012	Vanguard Target Retirement 2010 Fund Investor Shares
1948–1952	2013–2017	Vanguard Target Retirement 2015 Fund Investor Shares
1953–1957	2018–2022	Vanguard Target Retirement 2020 Fund Investor Shares
1958–1962	2023–2027	Vanguard Target Retirement 2025 Fund Investor Shares
1963–1967	2028–2032	Vanguard Target Retirement 2030 Fund Investor Shares
1968–1972	2033–2037	Vanguard Target Retirement 2035 Fund Investor Shares
1973–1977	2038–2042	Vanguard Target Retirement 2040 Fund Investor Shares
1978–1982	2043–2047	Vanguard Target Retirement 2045 Fund Investor Shares
1983–1987	2048–2052	Vanguard Target Retirement 2050 Fund Investor Shares
1988–1992	2053–2057	Vanguard Target Retirement 2055 Fund Investor Shares
1993 or later	2058 or later	Vanguard Target Retirement 2060 Fund Investor Shares

Fidelity Self-Directed Brokerage Option

- Fidelity will offer a BrokerageLink option which will give participants access to additional mutual funds for retirement savings beyond those investment options available in the new investment line-up.
- It will be the responsibility of participants to ensure the investments they select are suitable for their situation including their goals, time horizon, and risk tolerance.
- Fidelity can provide a fact sheet and commission schedule for applicable fees and risks.

The plan sponsor neither evaluates nor monitors the investments available through BrokerageLink.

FEES AND EXPENSES



One of the goals of the transition is to ensure that participants pay competitive fees for the investment options in the TSA and the recordkeeping services provided.

Previously, the average participant fee across all five active vendors was 0.81% as detailed in the table below.

Prior Fees (as of September 30, 2015):

Plan Balance	Investment Option Fee*	Amount Attributable to the Administrative Fee*	Total Fee
\$50,000	\$259 (0.52%)	\$145 (0.29%)	\$404 (0.81%)
\$100,000	\$517 (0.52%)	\$290 (0.29%)	\$807 (0.81%)

New fees (as of April 1, 2016):

Plan Balance	Investment Option Fee*	Amount Attributable to the Administrative Fee	Total Fee
\$50,000	\$200 (0.40%)	\$46 (0.09%)	\$246 (0.49%)
\$100,000	\$400 (0.40%)	\$46 (0.05%)	\$446 (0.45%)

*The above calculations are based on the average investment expenses and are based on a hypothetical breakdown of a portion of the fee attributable to investment and administrative expenses. An individual's actual expenses will vary based on the investment options they have individually selected.

Fidelity Investments has not and cannot verify the calculations and is not responsible for the content in these charts.

Effective April 1, 2016, CSU will move to an explicit, fixed dollar administrative fee of \$46 per currently contributing participant, per year (\$11.50 per quarter) and add lower-cost institutional share classes of mutual funds to the TSA investment fund line-up. CSU believes that this change has merits beyond simple fee transparency and structuring the TSA so that each participant pays a fixed fee for administrative recordkeeping is intended to be more equitable.

- Investment Option Fees:
 - Investment option fees reflect an investment option's total annual operating expenses and include management and other fees.
 - All shareholders of the investment option pay the investment option fee, often referred to as an "expense ratio".
- Plan Administrative Fees and Expenses:
 - Plan administrative fees include recordkeeping, legal, accounting, trustee, and other administrative fees and expenses associated with maintaining the TSA.
 - There will be a flat quarterly administrative fee of \$11.50, or \$46 annually for any actively contributing participant, regardless of the size of your account balance at Fidelity. This charge will appear on your quarterly statement.
- Other fees:
 - Individual Fees and Expenses:
 - Individual fees and expenses include those associated with a service or transaction you may select. If you have an account in the TSA at Fidelity, and you select or execute the following service(s) or transaction(s), the fee(s) outlined below may be deducted from your account.
 - Loan Setup Fee: \$75 per loan;
 - Express (overnight) delivery – \$25 per transaction



TRANSITION RECAP & HIGHLIGHTS

Blackout Period

To ensure that all information is captured accurately during the “Early Choice” window, there will be a period of time when you will be unable to change how your future contributions and/or investments are allocated at Fidelity.

The blackout period for making changes to your future elections to the TSA is expected to begin on March 28, 2016, at 1 p.m. PST, and is expected to end on April 1, 2016. During this time, Fidelity and CSU will be thoroughly reviewing the TSA accounts to ensure your new contributions accurately reflect your “Early Choice” new investment line-up. Whether or not you are planning retirement in the near future, we encourage you to carefully consider how this Blackout period may affect your retirement planning, as well as your overall financial plan.

If you have any questions concerning this blackout, you should contact the Fidelity Retirement Service Center at **800-343-0860** or visit www.netbenefits.com/calstate. Once the blackout period has ended, all services will be available at Fidelity.

Key Date	Plan Activity
February 5, 2016, by 8 p.m. Pacific time	Was the last day to make changes using VALIC Retirement Manager Application Beginning March 7, 2016, changes to your payroll deductions going forward will be made by going to www.netbenefits.com/calstate or calling 800-343-0860 .
March 1, 2016	This is the last payroll contribution that will be directed to MetLife, TIAA-CREF, VALIC or Voya and current investments. Contributions to Fidelity will continue and will be invested in your current options until the new investment line-up is effective.



TRANSITION RECAP & HIGHLIGHTS (continued)



Key Date	Plan Activity
<p>March 7, 2016 through March 28, 2016</p>	<p>“Early Choice” window opens for investment selections The Fidelity Retirement Service Center at 800-343-0860 and NetBenefits Web site at www.netbenefits.com/calstate will open for certain Plan services.</p> <p>You can now do the following in Fidelity NetBenefits at www.netbenefits.com/calstate:</p> <p>1) Set up your NetBenefits account and email preferences</p> <ul style="list-style-type: none">• If you have a username and password for your current Fidelity account, you can use that information to access your retirement account.• If you do not have a Fidelity username and password, log on at netbenefits.com/calstate, click “Register” at the top of the page, and follow the step-by-step instructions to set up your account. <p>2) Make your investment selections From March 7, 2016, through March 28, 2016, you have the opportunity to choose your investment options in the new investment line-up at Fidelity. Review the “Investment Options” section located on page 8 for the new investment line-up.</p> <p>The selections you make during this window will apply to your future contributions to the TSA.</p> <p>Default Investment Option If you do not elect your investment options during this time, your payroll contributions beginning with the March pay period and investment elections for future contributions will be directed to the default investment option, Vanguard Target Date Retirement Fund (determined by your year of birth). Review the “Default Investment Option” section to learn more.</p> <p>3) Change payroll contributions or enroll in the TSA Beginning March 7, 2016, you can view or change your payroll contribution amount via Fidelity NetBenefits. You can even enroll in the TSA, if you are not currently participating. Changes made after March 7, 2016 in Fidelity NetBenefits will apply to the April 2016 pay period. Going forward payroll contribution changes, including enrollment, made through Fidelity NetBenefits by the 5th (unless the 5th day is a Saturday or Sunday) day of each month, will be effective on the next available pay period.</p> <p>4) Designate your beneficiaries You will be able to update your beneficiary elections. Beneficiary information currently on file with other vendors will not transfer to Fidelity. You will need to log on to Fidelity NetBenefits at netbenefits.com/calstate to designate your beneficiaries for your future contributions or you can call Fidelity at 800-343-0860 for assistance</p> <p>5) Review Plan updates and investment option information Review Plan updates and investment option information including investment risk, strategy and objective, or request a prospectus. For your long-term retirement security, you should give careful consideration to the importance of a well-balanced and diversified investment portfolio, taking into account all your assets, income, and investments.</p>



TRANSITION RECAP & HIGHLIGHTS (continued)

Key Date	Plan Activity
March 28, 2016, at 1 p.m. Pacific Standard Time	<p>The blackout period begins.</p> <p>This is the last date Fidelity will:</p> <ul style="list-style-type: none">• Allow changes to investment elections. <p>The “Early Choice” window to make investment selections is closed. After this date, you will be restricted from making investment selections at Fidelity until the end of the blackout period.</p>
March 31, 2016	<p>This is the last day to submit a loan, hardship or withdrawal certificate through the VALIC Retirement Manager application. After this date, loan and hardship requests may be requested directly through the following vendors: Fidelity, TIAA-CREF, Lincoln, VALIC, Transamerica, AXA Equitable, Voya, Ameriprise, National Life or Oppenheimer. Balances at any other vendor must be transferred to Fidelity to become available for a loan or hardship. Be sure to consider all your available options and the applicable fees and features of each before moving your retirement assets. Please contact the frozen vendor to learn about applicable fees.</p>
April 1, 2016	<p>The blackout period for investment selections ends.</p> <p>All new contributions are directed to Fidelity and invested according to your “Early Choice” investment selections or default if no election was made. All plan features are now available through Fidelity.</p> <p>To make changes, simply log on to NetBenefits at www.netbenefits.com/calstate or call the Fidelity Retirement Service Center at 800-343-0860. Review the “Investment Options” section to learn how future contributions may be invested as a result of the transition.</p>
July 2016	<p>Your first quarterly statement is available online from Fidelity.</p> <p>A paper statement will not be mailed to your home, unless you change your mail preferences and request that statements be mailed to your home address. Call Fidelity at 800-343-0860 or log on to NetBenefits at www.netbenefits.com/calstate to update your preferences. Simply click “Profile” from the NetBenefits home page, then “Mail Preferences”.</p>



TRANSITION HIGHLIGHTS



Here are some transition highlights.

Sole provider of recordkeeping Services	Fidelity Investments® was selected as the sole provider of recordkeeping and administrative services, effective April 1, 2016.
Frozen Vendors	MetLife, TIAA-CREF, VALIC and Voya will no longer be active vendors for the TSA. Contributions will no longer be sent to these vendors.
New Investment Option Line-up	<p>New investment options will be available so you can easily create an investment allocation to help you meet your specific savings goals and investing needs. Your investment options will include:</p> <p>Tier 1: Vanguard Target Date Retirement Funds with an all-in-one approach to simple investing. These funds are designed for investors expecting to retire around the year indicated in each fund's name. The funds are managed to gradually become more conservative over time as you get closer to retirement. The funds are subject to the volatility of the financial markets, including the volatility of equity and fixed income investments in the United States and abroad, and may be subject to risks associated with investing in high-yield, small-cap, commodity-related, and foreign securities. Principal invested is not guaranteed at any time, including at or after the funds' target dates.</p> <p>Tier 2: The Index and Actively Managed Fund Tier provides a range of mutual funds across several asset classes, such as fixed, short-term, domestic and international equity investments.</p> <p>Tier 3: With Fidelity BrokerageLink® you will have the additional flexibility of an individual brokerage account and expanded mutual fund investment choices. The CSU neither evaluates nor monitors the investments available through BrokerageLink®.</p>
Payroll Contributions	<p>Your pretax contributions deducted from your pay, including catch-up contributions, if applicable, in effect on February 5, 2016, will transfer from VALIC Retirement Manager to Fidelity NetBenefits®. The contribution amount will apply to both February and March pay periods.</p> <p>March 1, 2016, is the last payroll contribution that will be sent to your current vendor and current options.</p> <p>Beginning with the March pay period, all contributions will be directed to Fidelity and invested according to the new investment options you've selected. If you do not make any investment selections your contributions will be defaulted to a Vanguard Target Date Retirement Fund. Review the "Investment Options" section to learn how future contributions may be invested as a result of the transition.</p>
Account Balances	<p>Balances outside Fidelity will remain at your chosen vendor unless you choose to move them. Balances already at Fidelity will continue to remain invested in the same funds as they are now.</p> <p>Only new contributions being directed to Fidelity beginning in April will transfer to the new investment line-up at Fidelity. Review the "Investment Options" section to learn how your contributions may change as a result of the transition.</p>
Loans	Going forward, participants can have only one outstanding loan at any time.
NetBenefits® Web Site www.netbenefits.com/calstate	<p>A dedicated Web site for CSU is available to provide you easy access to enroll, access your TSA account, and view plan details. When you log on to NetBenefits, you will have access to manage your account, make decisions on your investment choices, and find interactive tools and calculators to help you better prepare to meet your retirement savings goals.</p> <p>NetBenefits will be available beginning March 7, 2016 through March 28, 2016 to make investment selections in the new investment line-up.</p>



TRANSITION HIGHLIGHTS

Enroll online or by phone	Beginning on March 7, 2016, if you are not yet enrolled in the TSA and would like to participate, or if you want to restart your contributions, you can enroll or provide your contribution amount online through Fidelity NetBenefits at www.netbenefits.com/calstate or by calling Fidelity at 800-343-0860 . You can contribute on a pretax basis a minimum of \$15 up to the maximum IRS limit of \$18,000 in 2016 to the TSA. Enrolling in the TSA is a convenient and tax-deferred way to start saving for your retirement.
Fidelity BrokerageLink®	The TSA will offer Fidelity BrokerageLink which gives you access to additional investment choices for your retirement savings beyond those investment options available in the new investment line-up. It is your responsibility to ensure the investments you select are suitable for your situation including your goals, time horizon, and risk tolerance. Contact Fidelity for a fact sheet and commission schedule for applicable fees and risks.
Fees and Expenses	<p>With the single recordkeeping platform and new investment line-up, the expenses and fees associated with investing in the TSA are intended to be considerably lower for participants.</p> <p>If you have an account in the TSA, it may be subject to the following types of fees and expenses:</p> <ul style="list-style-type: none">• Investment option fees• Plan administrative fees and expenses• Individual fees and expenses <p>Investment Option Fees Investment option fees reflect an investment option's total annual operating expenses and include management and other fees. They are often the largest component of retirement plan costs and are paid by all shareholders of the investment option. Typically, investment option fees are reflected as a percentage of assets invested in the option and often are referred to as an "expense ratio." You may multiply the expense ratio by your balance in the investment option to estimate the annual expenses associated with your holdings.</p> <p>Investment option fees are deducted from an investment option's assets, thereby reducing its investment return. Fee levels can vary widely among investment options, depending in part on the type of investment option, its management (including whether it is active or passive), and the risks and complexities of the option's strategy.</p> <p>Plan Administrative Fees and Expenses Plan administrative fees may include recordkeeping, legal, accounting, trustee, and other administrative fees and expenses associated with maintaining the TSA. There will be a flat quarterly administrative fee of \$11.50 or \$46 annually for any actively contributing participant, regardless of the size of your account balance at Fidelity. This charge will appear on your quarterly statement.</p> <p>Individual Fees and Expenses Individual fees and expenses include those associated with a service or transaction you may select. If you have an account in the TSA at Fidelity, and you select or execute the following service(s) or transaction(s), the fee(s) outlined below may be deducted from your account.</p> <p>Loan Setup Fee- \$75 per loan</p> <p>Express (overnight) delivery- \$25 per transaction</p>
Vesting	You are always 100% vested in any contributions you make to the TSA.
Online Beneficiary Designations	Starting March 7, 2016 you will be able to update your beneficiaries. Beneficiary information currently on file with other vendors will not transfer to Fidelity. You can designate your beneficiaries on Fidelity NetBenefits at www.netbenefits.com/calstate or call Fidelity at 800-343-0860 for help or to request a beneficiary form. With Fidelity's Online Beneficiaries Service, you can designate your beneficiaries, receive instant online confirmation, and check your beneficiary information virtually any time.

TRANSITION HIGHLIGHTS (continued)



Withdrawals	You are generally permitted to take a withdrawal from your TSA account when you reach age 59½, terminate your employment, retire, become permanently disabled or have a severe financial hardship, as defined by the IRS.
Portability	You will be able to transfer individual account balances from legacy vendors or from the frozen vendors to your TSA account at Fidelity. You will not be able to transfer balances to or among any of the frozen vendors (MetLife, TIAA-CREF, VALIC or Voya). Contact Fidelity to initiate a transfer.
Rebalance Notification	<p>This service provides you notification via email any time your account's investment mix strays from your original strategy. If you are currently using this service you may need to re-enroll after your account is allocated to the new investment line-up.</p> <p>Beginning April 1, 2016, the automatic rebalance feature will no longer be offered by Fidelity. This means if you are currently using this service, your investments will not be automatically rebalanced for you.</p>
Workplace Planning and Guidance Support	Fidelity Retirement Planners are knowledgeable professionals equipped with detailed information about the TSA and the financial know-how to help get you on your way. Please go to www.netbenefits.com/calstate to see a schedule of upcoming events, or call make an appointment to meet with a representative after April 1, 2016, please call 800-642-7131 .
Investor Centers	Fidelity has more than 180 Investor Centers across the country. The professionals in the Investor Centers are highly trained to provide you with the latest retirement planning insights and investment help. Investor Center products and services are offered beyond your employer-sponsored retirement plan, at no additional cost. You can find an Investor Center near you online at fidelity.com/branchlocator .





ATTEND A TRANSITION WORKSHOP

CSU will host transition workshops at each CSU campus. Fidelity, Aon Hewitt and CSU HR Representatives will be available for all CSU campuses in February and March. The workshops will be available to both active and retiree populations. Attend a workshop to learn about these important changes to the TSA and get answers to your questions. To view a schedule of workshops available on campus, visit www.netbenefits.com/calstate and select the Schedule of Events tab. Campuses will also provide the date, time and location of their transition workshop.

Reservations are not required to attend a group workshop. One-on-one individual consultations will be available with Fidelity Retirement Planners. To schedule an appointment, please go online to netbenefits/calstate or call **800-642-7131**.



ACTION STEPS

It all starts when you log on to Fidelity NetBenefits® at www.netbenefits.com/calstate

Fidelity's NetBenefits Web site is designed so you can quickly and easily set up, monitor, and manage your retirement savings account. Beginning March 7, 2016 through March 28, 2016, during the "Early Choice" window:

Log on to Fidelity NetBenefits

- If you have a username and password for other accounts at Fidelity, you can use that information to access your retirement account.
- If you do not have a Fidelity username and password, log on to Fidelity NetBenefits at www.netbenefits.com/calstate click "Register" and follow the step-by-step instructions to set up your account.

When you log on to Fidelity NetBenefits you can do the following:

- Add your preferred email address and select eDelivery.
- Enroll in the TSA, or change your contribution amount.
- Enter or update your beneficiary information.
- Access information about each investment option available in the TSA, including investment risk, strategy, and objective. Review the fact sheet or prospectus, if available.

Decide how you want to invest and provide investment selections:

- The investment choices you make will be effective for payroll contributions effective on your April pay period and future investment elections. To make your investment selections, call the Fidelity Retirement Service Center at **800-343-0860** or log on to Fidelity NetBenefits at netbenefits.com/calstate.
- If you do not select your investment options during this time, your future contributions will be directed to the TSA default investment option, Vanguard Target Date Retirement Fund (based on your year of birth). Review the "Default Investment Option" section located on page 9 to learn more.
- For descriptions of each investment option available in the Plan, refer to the enclosed Investment Options Guide. Please consider all investment information before choosing your investments.

Before the blackout period begins on March 28, 2016:

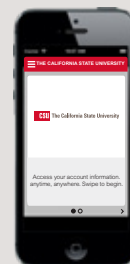
- Review the new investment option line-up on page 8 and make choices during the "Early Choice" window for your new contributions. See the enclosed Investment Options Guide for more details.

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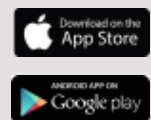
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Keep in mind that investing involves risk. The value of your investment will fluctuate over time, and you may gain or lose money.

This document provides only a summary of the main features of the California State University Tax Sheltered Annuity, and the TSA Plan document will govern in the event of any discrepancies.

Fidelity Brokerage Services LLC, Member NYSE, SIPC
900 Salem Street, Smithfield, RI 02917

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