

**University of California Retirement Savings Program**  
**Update on Fees**  
**FAQs**

**WHAT'S HAPPENING?**

University of California is changing how costs related to the Retirement Savings Program are charged to participant accounts. Historically, the expenses for the administration of the program and the fees for investment management services have been charged to the UC investment options as a percentage of the assets and deducted from the funds' returns.

To provide more transparency to participants, **effective June 1, 2017**, administrative and investment management fees will be charged as follows:

- **Administrative Fee:** \$8.75 will be deducted from your Fidelity account balance at the end of each quarter. You will only be charged a single fee each quarter for administrative services, regardless of how many plans you hold with UC.
- **Investment Management Fees:** An investment management fee will continue to be charged to each investment option and will no longer include an administrative fee.

The notice below is being mailed to participants on May 2 and emailed from May 2-5.

**NOTICE REGARDING UC RETIREMENT SAVINGS PROGRAM EXPENSES**

Historically, fees for UC Retirement Savings Program administrative and investment management services have been combined and charged to you as a percentage of your assets (referred to as your investment fund's "expense ratio").

**Beginning June 1, 2017**, these fees will be charged separately as follows:

- **Administrative Services:** An \$8.75 quarterly fee will be deducted from your account balance for administrative services.
  - You will only be charged a single fee each quarter for administrative services, regardless of how many accounts you hold.
  - The first quarterly fee will be deducted in July 2017 and will reflect one month of fees (for June).
- **Investment Management Services:** The expense ratio for each fund's investment management expense is available on Netbenefits.com.

No action is required on your part.

Please contact Fidelity at 866-682-7787 with questions.

**WHY IS UC ADDING AN ADMINISTRATIVE SERVICES FEE?**

UC is not adding a "new" administrative services fee. UC is simply separating administrative services fees from investment management fees, making the cost of each type of service more clear and transparent to you.

In the past, fees for the administrative and investment management services for the UC Retirement Savings Program have been combined and charged to you as a percentage of your assets (referred to as your investment fund's "expense ratio"). This combined fee was disclosed in the fund descriptions on netbenefits.com.

With this change, the administrative services fee will now be shown as a fixed fee on your account statement (note: investment management fees will still be charged to you as a percentage of your assets).

#### **WHO MAKES THE DECISIONS ABOUT THE FEES CHARGED?**

The Plan Administrator of the UC Retirement Savings Program is responsible for the monitoring and oversight of the administrative services fees for the Program. The Office of the Chief Investment Officer (OCIO) selects and monitors the investment options available in the Program. As part of their review, the OCIO considers low-cost investment management fees as an important part in their evaluation of the funds.

#### **WHAT DOES THE ADMINISTRATIVE SERVICES FEE PAY FOR?**

The administrative services fee will cover expenses for recordkeeping services for your account(s), communications, financial education, internal UC staff support for the Plans, and other non-investment related services.

#### **HOW MUCH IS THE ADMINISTRATIVE SERVICES FEE? HOW DOES IT GET PAID?**

The \$8.75 is charged to your account on a quarterly basis. If you have account in all three of the plans (the 403(b), 457(b) and DC Plans) you'll only be charged one quarterly administrative services fee of \$8.75.

The administrative services fee will be deducted from your account and show on your quarterly account statement provided by Fidelity. The first fee will be deducted from your account in July 2017 and will only be \$2.92 which is a prorated quarterly fee for the month of June. The full quarterly fee of \$8.75 (for July, August and September of 2017) will be deducted from your account in October 2017.

#### **WHICH PLAN WILL THE FEE BE DEDUCTED FROM?**

If you have a balance in all three plans, the fee will be deducted from the DC Plan. If you do not have an account balance in the DC Plan, then the fee will be deducted from your 403(b) account balance. If you do not have a balance in the DC Plan or the 403(b) Plan, then the fee will be deducted from your account balance in the 457(b) Plan.

Fees are deducted proportionately across all of the investments held in the specific plan(s) from which fees are being paid.

#### **ARE THERE OTHER EXISTING ADMINISTRATIVE OR TRANSACTIONAL FEES?**

The UC Retirement Savings Program charges participant transaction fees for the initiation and maintenance of a 403(b) loan and for the request of a hardship/emergency distribution. If you have a participant loan or request a distribution the transaction fees are deducted from your plan account and appear on your account statement.

- **If you take a loan from the UC 403(b):** You are charged a one-time loan initiation fee of \$35 and an annual loan servicing fee of \$15, while the loan is outstanding.

- **If you take a hardship distribution from the UC 403(b) or 457(b) Plan:** You pay a nonrefundable fee of \$25 per distribution. The fee is deducted from your plan account at the end of the quarter in which the hardship distribution is processed.
- **If you need to have a document overnighted to you:** You pay an overnight mail fee of \$25 per mailing.

Finally, if you have a Fidelity BrokerageLink® account, you pay all the trading and investment management fees for your investments. For more information on BrokerageLink fees, please refer to the Commission Schedule at *BrokerageLink Central* on NetBenefits.

**HOW ARE INVESTMENT MANAGEMENT FEES PAID?**

Every investment option offered by the plan has investment management fees. Generally, these investment management fees are expressed as an “expense ratio,” which represents the funds’ expenses as an annual percentage of a fund’s total net assets (e.g., 0.12%).

Investment management fees are paid indirectly because they are deducted from the fund’s assets before the fund performance is calculated.

**WHERE CAN I GET MORE INFORMATION ON THE SPECIFIC INVESTMENT MANAGEMENT FEES?**

You can find this information in the *Performance and Research* page (under *Investments* tab) on NetBenefits. The expense ratios effective June 1, 2017 are shown below and will be posted to Netbenefits on June 1.

FUND	EXPENSE RATIO as of June 1, 2017
UC Savings Fund	.03%
UC Bond Fund	.03%
UC Short-Term TIPS Fund	.03%
UC TIPS Fund	.03%
UC Balanced Growth Fund	.11%
UC Domestic Equity Index Fund	.005%
UC International Equity Index Fund	.01%
UC Global Equity Fund	.04%
Vanguard REIT Index Fund - Institutional Shares	.10%
DFA Emerging Markets Portfolio - Institutional Class	.58%
Vanguard FTSE Social Index Fund - Institutional Shares	.12%
Vanguard Small-Cap Index Fund - Institutional Plus Shares	.05%
Fidelity Growth Company Fund - Class K	.66%
Fidelity Diversified International Fund - Class K	.92%
UC Pathway Funds (Income – 2060)	.06 - .11%

**WHAT IF I DON’T WANT TO PAY THIS ADMINISTRATIVE SERVICES FEE? WHAT ARE MY OPTIONS?**

The administrative services fee applies to all UC Retirement Savings Program participants, regardless of their status as employees of UC. Participants who are no longer employed by UC are generally able to rollover or withdraw their assets. However, for a distribution, taxes and penalties may apply – please refer to the [Summary Plan Descriptions](#) for more information on withdrawals. Additionally, UC believes

the expenses charged by the UC Retirement Savings Program are extremely competitive and you should check the comparable fees – both for investment management and for other fees charged by your account provider - before carefully considering other options.

You will be charged a quarterly administrative services fee if you have a balance on the last day of the quarter.

**I STILL DON'T COMPLETELY UNDERSTAND THIS CHANGE. WHO CAN I CALL WITH QUESTIONS?**

Please contact the Fidelity customer service team at 866-682-7787 with any questions you have regarding the fee update.

**Before investing in any mutual fund, consider the investment objectives, risks, charges, and expenses. Contact Fidelity for a prospectus or, if available, a summary prospectus containing this information. Read it carefully.**

A mutual fund expense ratio is the total annual fund or class operating expenses (before waivers or reimbursements) paid by the fund and stated as a percentage of the fund's total net assets. For other types of investments, the figure in the expense ratio field reflects similar information, but may have been calculated differently than for mutual funds. Mutual fund data comes from the fund's prospectus. For non-mutual fund investment options, the information has been provided by the plan sponsor, the investment option's manager, or the trustee. When no ratio is shown for these options, it is because none was available. There may be fees and expenses associated with the investment option. Expense information changes periodically. Please consult NetBenefits.com for updates.