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Overall CU retirement plan fees lowered by almost 50% [1]

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A new recordkeeping and administrative fee structure for the University of Colorado 401(a) Mandatory Retirement Plan, CU 403(b) Voluntary Retirement Plan and Student Employee Retirement Plan (SERP) will debut on Oct. 1.

This change reduces overall fees paid by CU faculty and staff by nearly 50%. The fixed-dollar, per-participant fee structure ensures each plan participant pays a fair, reasonable cost for the plan services provided.

Each participant will pay a single flat fee, based on their total account balance in all their CU retirement plan accounts. Fees will range from $0 to $186 annually.

The new, tiered fee structure:

Plan account balances as of the last day of the previous quarter	Quarterly fee	Annual fee
$0 to $5,000	$0	$0
$5,000.01 to $20,000	$7.75	$31
$20,000.01 to $50,000	$15.50	$62
$50,000.01 to $200,000	$23.25	$93
$200,000.01 to $500,000	$31.00	$124
$500,000.01 to $1,000,000	$38.75	$155
Greater than $1,000,000	$46.50	$186

Previously, each participant paid a percentage their total balance.

Under the new agreement, the average investment, recordkeeping and administrative fees for CU 401(a) plan participants are estimated to be 0.21%. A benchmark comparison can be made to other similarly sized plans, whose overall fees average 0.58%. CU 403(b) plan participants' average fees are estimated to be 0.25%, with a benchmark comparison of 0.79% for other similarly sized plans.

“This new fee structure is designed to encourage our employees to save money and grow these accounts. We don’t want their savings eaten up by fees, but rather we want to encourage them to build their savings and be prepared for retirement, whenever that may be,” said Michelle Martinez, director of strategic benefits initiatives at the University of Colorado Employee Services.

The University of Colorado routinely reviews its retirement program to ensure it provides competitive retirement benefits. Employee Services developed a request for information (RFI) to review retirement plan vendors, in partnership with Innovest consultants, and sent it to multiple vendors, including TIAA.

Over the past few years, CU and TIAA streamlined the CU plans, contacted hundreds of former student employees to cash out or rollover small SERP account balances, and simplified the SERP fund line up. This freed time for TIAA consultants to focus on more CU active employee accounts. This also contributed to the lower administrative fees.

The plan servicing fee covers additional services such as recordkeeping, legal, accounting, investment advisory, and other plan and participant services. To learn more about what makes up CU’s retirement plan fees, watch this short video [3].

The annual plan servicing fee will be assessed quarterly. The first fee will be applied on the fourth quarterly statement of the year (Dec. 31, 2021). Employee Services recommends employees review their quarterly statement and notify the department of any discrepancies.

Register for TIAA webinar

TIAA will host a webinar from **noon to 1 p.m. Sept. 23** for plan participants to learn more about these changes. To register, go to TIAA.org/cu/webinars [4].

TIAA [5], retirement [6], 403(b) [7]
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