

## 403(b) Plan Investment Changes Frequently Asked Questions

### 1. Why is *(any specific fund)* being eliminated?

A: Periodically, Emory Investment Management reviews the investments offered through the 403(b) plans to ensure they meet the plans' goals and objectives. The plan is intended to provide a comprehensive set of well managed funds that allows an investor to have a diversified portfolio. It also must provide investors with investment choices that are manageable and understandable for the majority of plan participants.

If a given investment is deemed "inappropriate", "too narrowly focused" or "duplicative" it may be eliminated.

#### A. In respect to a fund identified for elimination, what is meant by the term "inappropriate"?

A fund is determined to be inappropriate if its performance over the past several years has been below benchmarks, or if it has overly frequent manager turnover, charges excessive fees or in general is not of the quality required by Emory's retirement plans.

#### B. In respect to a fund identified for elimination, what is meant by the term "too narrowly focused"?

A fund is determined to be too narrowly focused if its investments are concentrated in a single industry sector or a single geographic area other than the United States. The plan should not provide any sector, industry or geographic funds unless it provides all such funds from all three vendors. This would result in an overwhelming number of funds for most investors to choose from, and would not be a prudent decision. Investors who are looking for funds specializing in certain industry sectors or geographies can access them through the mutual fund brokerage window.

#### C. In respect to a fund identified for elimination, what is meant by the term "duplicative"?

A fund is determined to be duplicative if there are other funds with very similar objectives and investments that may have lower fees or better performance.

### 2. How can I find out if I have money invested in one of the eliminated funds?

A: You can review your quarterly statement from each vendor OR you can go online and look at a real time statement with each vendor OR you can call the vendor directly and inquire.

**3. Will I receive a letter indicating whether any of my retirement monies are in funds that are being eliminated?**

A: If your account is invested in any of the funds being eliminated, you will receive a letter from the vendor (Fidelity or Vanguard) before the existing assets are mapped.

- If you have investments in funds that are identified as “inappropriate”, you will receive a letter in November, 2008 (before the mapping occurs in January, 2009).
- If you have investments in funds that are “duplicative” or “too narrowly focused”, you will receive a letter in February, 2009 (before the mapping occurs in April, 2009).

The letters will inform you that you have investments in funds that are being mapped; however, the letters will not provide any details about your specific situation. To find out specifically where your funds are invested, you should refer to the newsletters or the benefits web site for a list of the funds that are being eliminated. Then, to identify the funds you are invested in, you can review your quarterly statement from each vendor OR you can go online and look at a real time statement with each vendor OR you can call the vendor directly and inquire.

**4. When will the new fund additions be available?**

A: The funds being added were available for balance transfers and future contributions effective July 1<sup>st</sup>.

**5. What is the difference between the mapping of some funds in January 2009 and others on April 2009?**

A: Based on a recommendation from Emory Investment Management, the smaller group of funds identified for elimination and mapping in January 2009 were deemed inappropriate for a employer sponsored plan and were to be removed as quickly as possible. The larger group of funds identified for elimination were not as critical from a timeline perspective and additional time (until April, 2009) is being provided to enable participants to evaluate remaining investment options available.

**6. What if I don't want my existing balances and/or allocations for future contributions automatically invested?**

A: You must make an alternate investment election prior to October 1<sup>st</sup> for future contributions. For remaining balances, you must make an alternative investment election prior to January, 2009 for funds that are “inappropriate”; and prior to April, 2009 for funds that are “duplicative” or “too highly focused.” You can make investment changes 24/7 online (website address) or by contacting the vendor where you are currently invested.

**7. What if I “do nothing”?**

A: On October 1<sup>st</sup>, any eliminated fund that has a current/future elected contribution will stop and be automatically redirected, as indicated in the 2<sup>nd</sup> and 3<sup>rd</sup> newsletters, to the designated “mapped” fund. In January 2009 or April 2009 (depending on which fund is being eliminated), any remaining balances in the eliminated funds will automatically be transferred to the designed mapped fund election. Please refer to the newsletters for the specific dates.

**8. What is a default fund?**

A: The default fund is a fund that is chosen by the plan to accept contributions (employee or employer) where the participant has not made an election regarding the investment options they have selected. 403(b) rules require that any monies accepted on behalf of a participant be invested within a certain timeframe. The default funds are currently the “lifecycle” funds at each retirement vendor. The lifecycle fund that is chosen for a given participant makes the assumption that retirement will occur at age 65.

**Can you explain what a “Lifecycle Investment” fund is?**

A: Lifecycle funds are available at each of the three vendors and are designed to take the guesswork out of selecting and investing in a variety of mutual funds to create an acceptable balance of investments. The Lifecycle funds are managed for you by the vendor based on a presumed retirement age of 65. With the lifecycle funds, you simply select the year closest to the year you plan on retiring and the fund will gradually become more conservative over time.

Example: Sally is 30 and plans to retire when she is 60 or the year 2038. She chooses the 2040 fund as it is closest to her year of retirement. Today, the fund may be largely invested in stock (90%) and minimally invested in bonds (10%) while as she approaches the age of 60, the percentage of stock and bonds levels out to approximately a 50/50 split reducing her risk levels to ensure monies are available to her in retirement.

**10. What other investment options are available?**

A: Our 403b plan currently offers FOUR WAYS TO INVEST. The first way to invest is in the LIFECYCLE funds, the second is in the CORE investments, the third is in the EXPANDED investments and the final way to invest is through the BROKERAGE WINDOW option.

**11. Will there be a list, at each of the vendors websites, of the funds available in each of the Four Ways to Invest?**

A: You can view the funds available in the FOUR WAYS TO INVEST on Emory’s website at (web address).

**12. Can I sit with someone face to face to discuss my investment options if I have funds that are being eliminated to choose new investments?**

A: Yes. You can schedule a one on one session with Fidelity by calling 1-800-642-7131; with Vanguard by calling 1-800-662-0106; or with TIAA-CREF by calling 1-800-842-2776.

**13. Can I still invest in a fund that is scheduled to be eliminated if I invest through the Mutual Fund Brokerage Window?**

A: Yes. If you would like to continue to invest your Emory retirement plan contributions with a fund scheduled to be eliminated, you can transfer monies to a brokerage account that you set up with any of the three vendors and purchase the eliminated mutual fund through the Mutual Fund Brokerage Window. Check directly with the vendor as there may be restrictions regarding minimum transaction amounts or fees that may apply.

**14. Is there a fee involved to invest in one of the eliminated funds through the Mutual Fund Brokerage Window?**

A: There may be a fee associated with the purchase of an eliminated fund through the Mutual Fund Brokerage Window. Contact the vendor of the given fund to determine what fees, if any, would result from the transaction.

Example: If you are invested in Vanguard's "Energy Fund", which is scheduled to be eliminated in October 2008, contact Vanguard directly about purchasing the "Energy Fund" through the Vanguard Brokerage Option (VBO). Staying within the Vanguard family of funds will minimize the likelihood that you would have a fee assessed to purchase through the Mutual Fund Brokerage Window. The same is true if you use the Fidelity Mutual Fund Brokerage Window.

**15. How can I find out what, if any, fees are being charged for funds I invest in through the Mutual Fund Brokerage Window?**

A: Because each vendor has operational differences related to the Mutual Fund Brokerage Window, it's best to contact the specific vendor and inquire about the fees associated with a selected mutual fund before you invest.

**16. If I invest some of my retirement plan monies through the Mutual Fund Brokerage Window, will I receive a consolidated statement showing all Emory retirement plan investments?**

A: No. The Mutual Fund Brokerage Window with each vendor requires a participant to establish a brokerage account. The brokerage account information is reported separately either by viewing it online or via a printed participant statement. Today, there is not a way to see this information in a consolidated format.

**17. Is there a way that I can set up a recurring investment into a mutual fund available in the Mutual Fund Brokerage Window, each pay period (ie. Bi weekly or monthly), similar to the investment direction I already make in the 403b plan?**

A: A recurring investment currently can only be set up and established with Fidelity. Vanguard and TIAA CREF do not possess the ability at this time to establish a recurring investment directive.

**18. Can I invest my after-tax ROTH contributions through the Mutual Fund Brokerage Window?**

A: After-tax ROTH contributions can be invested at TIAA CREF and Fidelity through the MUTUAL FUND BROKERAGE WINDOW. Vanguard does not possess the ability at this time to permit this type of transaction.

**19. Who determines which funds are appropriate for my 403(b) plan?**

A: Ultimately the Investment Committee of Emory's Board of Trustees is responsible for the investments offered through the retirement plans. The Investment Committee has delegated day to day authority for selecting and monitoring plan investment vehicles to Emory Investment Management. EIM is a group of financial professionals who have responsibility for the management of Emory's endowment and other financial assets.

In addition, Emory's Board of Trustees has delegated the management of Emory's retirement plans to the Pension Board. The Pension Board's members are senior finance, human resource, legal and operational executives from Emory Healthcare, Emory University and The Emory Clinic.

The Pension Board and EIM work together to define an appropriate and reasonably selected group of funds for Emory's retirement plans.

**20. Who monitors the investments available through the various Emory retirement plans?**

A: Emory Investment Management is responsible for monitoring the plans investment options based on legal requirements and the plans objectives. Emory investment management does not select or monitor funds offered through the Brokerage Window.

## **21. Where can I go to get more information?**

A: You can attend a general meeting (schedule) or attend a webcast presentation (7/29/08 at 12 pm EST). For instructions on joining the webcast, call 1-888-550-5602 on July 29 and enter code 3725 8273 or go online at <https://www.spiderphone.com/37258273>. You must have internet access AND a phone line to participate.

You can contact your Benefits department:

EHC: 404-686-6044

Emory University: 404-727-7613

Wesley Woods Senior Living: 404-712-4945

You can also contact your retirement vendor directly:

Fidelity	800-343-0860	<a href="http://www.fidelity.com/atwork">www.fidelity.com/atwork</a>
Vanguard	800-523-1188	<a href="http://www.vanguard.com">www.vanguard.com</a>
TIAA CREF	800-842-2888	<a href="http://www.tiaa-cref.org">www.tiaa-cref.org</a>