

Case Study: A University's Holistic Approach to Maximizing Retirement Plan Benefits

Cammack Retirement Group

As part of a large-scale focus to provide better services, communications, and outcomes to nearly-25,000 participants, the University of Pittsburgh set out to maximize the benefit of its retirement program. While the University is a public, non-ERISA plan, it has a strong desire to maintain sound fiduciary processes and comply with the best practices of ERISA. In order to do so, the University established a Retirement Oversight Committee, which worked tirelessly to negotiate the plan's recordkeeping fees and services, streamline the investment array, rebrand the retirement plan story, and provide substantial education and communication opportunities to its employees; thus creating a best-in-class retirement program.

IDENTIFYING OPPORTUNITIES

To initiate the process, the newly established Retirement Oversight Committee engaged an investment advisory and consulting firm to provide a comprehensive review of the program to identify any inefficiencies and make recommendations on best practices and solutions. The review identified that the program, though in relatively good form, had over 110 investment options from only two fund families, with some overlap. It was noted that the plan would benefit from the simplification of the investment menu and the introduction

of investments from many of the leading asset managers. This would result in both new investment opportunities for participants, as well as potential cost savings from consolidation that, in turn, could improve participant retirement outcomes. Most of the existing funds had less than 1% of assets and contributions, thus spreading the plan's investable dollars in an inefficient manner. The review also showed that although the recordkeeping and investment fees were competitive and within industry standards, there was room for additional cost reductions through recordkeeper negotiation and increased administrative efficiencies.

IMPLEMENTING THE CHANGES

The University worked diligently to implement the recommendations. Through negotiations with the recordkeeper, fees were reduced by 60% in the first year, with subsequent reductions of approximately 10% and 25% in each of the following years. These changes resulted in a three-year savings in recordkeeping fees in excess of \$4 million.

The investment array was reduced from 110 investment options with only two fund families, to 50 investment options with approximately 10 fund families. To ensure optimal participant

investment opportunities, the University simultaneously opened a self-directed brokerage account to allow sophisticated investors access to several thousands of investment options outside of the core array. The result of the streamlining process was a reduction in the weighted average expense ratio of the plan's investments of over 10%, as well as the utilization of lower-cost share classes.

The University also reviewed the overall structure of the retirement program and implemented a 457(b) plan to allow participants to further save for retirement. Within a short period of time, more than 60 participants opened self-directed brokerage accounts and approximately 352 participants added 457(b) contributions to their retirement savings strategy, with more than \$23 million directed into these new accounts.

“WRITE YOUR OWN FINANCIAL STORY”

Looking to communicate the recent plan changes and encourage employees to take control of their retirement savings and overall financial wellness, the University teamed up with its recordkeeper to create the [“Write Your Own Financial Story”](#) campaign. The campaign focused on a personal approach to planning for retirement by encouraging employees to consider their future goals and factor that into what they should be saving today. Within the first six months, over 2,000 participants increased their retirement plan contribution, with more than 750 employees attending one-on-one education sessions, a 54% increase compared to the same time frame in the previous year. Additionally, there

were 29 in-person group sessions, including meetings at the regional and union locations, as well as webinars. A newly-created retirement savings plan website featured plan information and testimonials. And extensive mailings were distributed, including a 32-page transition guide and personalized follow-up letters to those most affected by the investment changes. The University's Office of Human Resources was well prepared and worked diligently to keep participants informed through multiple channels of communication.

CONCLUSION

According to the University, the results of the retirement enhancement process exceeded their expectations, due in large part to their advance preparation and extensive communication. Their actions in implementing a strong, document process display the University and the Retirement Oversight Committee's commitment to fiduciary responsibility. However, they have also shown that they are not solely focused on fees and investments; as they have rewritten the plan's message, rebranded communication, and personally engaged participants. Working efficiently, the University has taken great strides in short order to optimize an already strong retirement savings plan. For their efforts, the University of Pittsburgh was selected as [PLANSPONSOR's 2019 Plan Sponsor of the Year](#) in the public defined contribution category and received a [Pension & Investment's Eddy Award](#) in public plan transitions.

Note: Awards do not imply any guarantee of a certain level of results, nor do they represent a current or past endorsement of Cammack Retirement Group by any of its clients.

The Plan Sponsor of the Year annual award program recognizes retirement plan sponsors that show a commitment to their participants' financial health and retirement success. To be considered, a sponsor must be recommended for the award by a third-party. All nominees are asked to complete details about the plan's administration, participant statistics and data.

The Pension & Investments Eddy awards is an annual program which recognizes plan sponsors and service providers that exhibit best practices in offering investment and financial education to defined contribution plan participants. The entries are judged on the effectiveness and completeness of their investment education messages.

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For more information on our services, please contact **Mike Volo**, Senior Partner, at **781.997.1426** or **mvolo@cammackretirement.com**.

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