Establishment of an Additional Optional Retirement Plan
Mines Defined Contribution Plan

The Colorado School of Mines Board of Trustees approved the establishment of the Mines Defined Contribution Plan (MDCP) generally for all new faculty with a targeted adoption date of January 1, 2017. The MDCP will primarily affect all newly hired faculty after it is adopted. As a defined contribution plan and as compared to PERA, a defined benefit plan, the MDCP has the following benefits:

- Defined contribution plans are more prevalent in today’s for-profit and not-for-profit organizations, including higher education institutions;
- Employee and Mines’ contribution levels are set by the university;
- Unlike with PERA, all of Mines’ contributions are deposited into employees’ accounts for their benefit;
- MDCP participants, if they choose, will direct their own investments; and
- The estimated savings for Mines for every new faculty member over time will have a significant financial impact.

The MDCP for new faculty is in lieu of participating in Colorado PERA. New faculty with prior PERA service credit and existing Mines faculty will be given a one-time irrevocable choice in accordance with state statutes to switch from PERA to the MDCP. Per Colorado state statute, however, classified employees must remain in PERA.

MDCP Project – Work since June 2016

Working with our consultant, Innovest Portfolio Solutions, Mines issued an RFP in late June seeking to obtain plan record keeping services. Responses were received by the late July deadline and subsequently evaluated by the Mines RFP Committee with advice and guidance from Innovest. The decision on selecting the record keeper was made in late August and work was completed to issue the award to the Variable Annuity Life Insurance Company (VALIC).

During this same period, a list of fund choices that would be included in the new Mines Defined Contribution Plan was presented to the RFP Committee for its consideration. After a meeting of the committee where Innovest provided its professional assessment of the options contained in the list, the committee voted on the funds to be included in the initial plan.

The list of investment funds includes:

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<th>American Funds Europacific Growth R6</th>
<th>Vanguard 500 Index Admiral</th>
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<tbody>
<tr>
<td>DFA US Small Cap Value I</td>
<td>Vanguard Mid Cap Index Adm</td>
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<td>Dodge &amp; Cox Stock</td>
<td>Vanguard Selected Value Inv</td>
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<td>Janus Enterprise N</td>
<td>Vanguard Small Cap Index Adm</td>
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<td>Loomis Sayles Growth N</td>
<td>Vanguard Total Bond Market Index Adm</td>
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<td>Metropolitan West Total Return Bond Plan</td>
<td>Vanguard Total Intl Stock Index Admiral</td>
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<td>Oakmark International I</td>
<td>Morley Stable Value Fund CI 25-1</td>
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<tr>
<td>Vanguard 500 Index Admiral</td>
<td>Vanguard Target Retirement – five year date intervals from 2020 through 2060</td>
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1 Roger Cusworth – University Controller; Michael Heely – Associate Professor, Economics and Business, Faculty Senate Appointee; Becky Lafrancois – Teaching Associate Professor, Economics and Business; Mike Dougherty – Associate Vice President for Human Resources; Danielle LeClair – Budget & Financial Analyst, Student Life and Auxiliaries, Administrative Faculty Council Appointee.
Important major features of the MDCP include:

- Employee mandatory pre-tax contribution – 8% (same as for PERA).
- Mines contribution – 12% to the employee’s benefit upon vesting (PERA requires a total contribution from the employer of approximately 20% that goes to PERA’s general retirement funds).
- Three year vesting period – PERA’s vesting period is five years.
- Full portability for the employee and full ownership of the Mines contribution once the employee reaches the vesting threshold.

Next Steps:

A series of coordinated education sessions that include VALIC and PERA are being scheduled to begin in December and continue through February. The sessions will outline the upcoming options that existing PERA covered faculty will have with respect to deciding to remain in PERA or to switch to the new MDCP. An initial campus communication regarding the education sessions will be distributed in mid-November. This will be followed up with a series of reminder communications.

All faculty who can switch plans will have an opportunity to schedule one on one meetings with financial advisors. State law requires that all eligible faculty at the time of the adoption of the MDCP must be provided a one-time, irrevocable choice to remain in PERA or to begin coverage under the MDCP.