

Frequently Asked Questions on the New CCSD Retirement Savings Plan

1. **I have an account balance with one of our current retirement savings providers. Do I need to move those funds into the new retirement savings plan now?**

No. It may not be a good idea to move your money into the new plan.

If you have been saving in the current options (such as VALIC, Lincoln, ValuTeachers, etc.) those funds will stay where they are until you decide to move them. In fact, you may decide NOT to transfer your funds. Some of these options have “surrender charges” (a cost you would pay for moving your money) that **you will want to avoid**. For example, most ValuTeachers contracts have a surrender charge as high as 14%. Some older contracts, (such as from VALIC) guarantee you 3% or more on your money that **you may not want to give up**, and most of them have no surrender charge. Ask the sales person on your product for these details so that you can make an informed decision.

2. **I’m already saving for retirement in one of our current options. Am I able to continue saving in that option?**

No. When the new plan becomes available (effective 8/1) any and all contributions will automatically flow into the new plan. You are NOT compelled to continue contributions to the new plan, but it would be in your interest to do so. The new plan has been designed specifically to give you the most efficient and cost-effective way to save for retirement.

3. **I’ve been told that my current investment is free or that it has no cost. I’ve learned that the new plan has a cost of about 1%. Why is the new plan more?**

It isn’t.

None of the current options is free and only one current option (Vanguard) has a cost that *could* be lower than the new plan. Most, if not all, of the other current products include costs that range from 50% higher to as much as 3x higher. The annuity options in the plan are the highest cost options – yet we often hear them being described as having no fees or being “free”. Ask the sales person on these products to detail ALL the costs for you, including the cost, if any, for you to move your funds (surrender charges). **If you’re told there is no cost, please email Mr. La’Tura Hunter, CCSD’s Benefits Manager (hunterl@clarke.k12.ga.us) with the source of that information immediately.**

4. What will happen to my current contributions?

Your current contributions will continue into the new plan no matter which company or investment option you have now. Initially, your contributions will go to a “default” fund in the new plan but you should take immediate action to select the investment “bucket” that fits you best. It’s easy to do. Start with your plan booklet and do your “risk tolerance” questionnaire. Are you conservative, moderate or aggressive? What’s your intended retirement date? When you know these two things, you’ll know which “investment bucket” fits you best – and you can make your election online.

5. I’ve been told that my ongoing contributions are required and must go to VALIC. Is this correct?

No. First, no one is required to contribute to our new plan. You may also stop your contributions at any time. However we strongly encourage all employees to save in the new plan. It is a huge improvement for nearly all

current participants.

Second, understand that the new plan is not a product offered by an outside company. It’s a new plan that **we have designed** to give you **the best and lowest cost way** to save for your retirement. We chose AIG (formerly VALIC) to **administer** the new plan after a competitive bid process to 7 companies including Lincoln and ValuTeachers. The new plan eliminates products and product selling. It does away with high costs and contract provisions that are detrimental to our employees.

6. I have an investment now that guarantees I can’t lose money. Can I have that same guarantee in the new plan?

The new plan offers a choice with a floor guarantee of 1% that has no surrender charges. This option is recommended for those with a large account balances or those approaching retirement. Other employees are encouraged to determine their “risk tolerance” and select one of the new investment “buckets” in the new plan.

7. I’ve been told that I’m required to contribute 3% of my pay to the new plan. Is this correct?

No. Current employees, whether they are saving today or not, are not required to participate at any level.

The new plan will “auto-enroll” **new hires** (those hired after 7/1) in the new plan at 3% of their pay. It is hoped that this provision will encourage all employees to save more for their retirement – particularly those in the PSERS retirement plan. While we discourage it, employees have the flexibility to opt out within 90 days, so even they are not required to participate.

8. I'm already in TRS and I contribute to Social Security too. It seems like that should be enough. How do I figure out whether I need to save more?

Review the **Savings Guide Booklet for TRS participants**. Teachers Retirement System provides great benefits for long service participants that are guaranteed by the State of Georgia. Social Security is not nearly as certain. Review the Guide so that you can make the best decision for you and your family. You might also talk with one of our dedicated advisors.

9. I'm already in PSERS and I contribute to Social Security too. Isn't that enough?

Maybe, but you need to find out for sure. Review the **Savings Guide Booklet for PSERS participants**. PSERS provides a great benefit for what you put into it and it's guaranteed by the State of Georgia. Social Security benefits are great too, but they are not as certain as PSERS. Most participants in PSERS will find they need to save more to attain a comfortable retirement. This is the perfect time to figure that out.

10. Where can I find more information about the new plan so I can make my decisions?

Go to the Benefits Section of our Website. From the homepage, click on Departments, Human Resources and Benefits to find a wealth of resources. The link to retirement information is <http://www.clarke.k12.ga.us/page/857>

11. This stuff may be simple for some but it's difficult for me. How do I make the best decision for me?

You're not alone! You should do 5 things:

1. Watch the video we produced on the plan
2. Review the Savings Guide that applies to you: TRS or PSERS and the Plan Booklet
3. Complete the "Can I Afford to Retire" worksheet
4. Attend one of the virtual information meetings online
5. Call or email one of our on-site plan advisors for assistance:
 - Tommy Heidt tommy.heidt@AIG.com 678-879-2634
 - Keith Eason keith.eason@AIG.com 706-424-4320