



The **Knox County Retirement and Pension Board** has approved changes to the Asset Accumulation, STAR, 457 and MERP Plans' investment line-ups to update the Fund options, reduce the fund expense ratios and restructure the cost of Plan administration. All changes will be effective **July 1, 2023**.

## **WHAT IS DIFFERENT?**

First, the plans will utilize institutional share classes for fund options, which have the lowest expense ratios among a mutual fund's share classes. The intended "expense ratio" of an institutional share class fund is to only support fund operations, such as portfolio research, securities purchases and required reporting. In this share class there is no provision for Plan administrative expenses or shareholder servicing.

Secondly, the cost for administrative services will become uniform across the individual fund options. As such, Participants will share equally in the cost of those services. The cost is 5 basis points (0.05%) on a quarterly basis. For example, if a Participant has an account balance of \$10,000 in individual fund options, the quarterly administrative cost will be \$5.00 and be reflected on quarterly account statements.

The risk-based portfolios (Ultra Aggressive, Aggressive, Moderate, Balanced, Conservative and Fixed Income) will remain as investment options with a 6.25 basis point (0.0625%) quarterly fee, given the increased management required to support these options. For example, if a participant has an account balance of \$10,000 in risk-based portfolios, the quarterly administrative cost of \$6.25 will be shown on the quarterly account statements.

Although Plan and investment fees may impact a participant's investment decisions, they are only one part of a much bigger picture. A comprehensive retirement investment Plan strategy is comprised of much more than the numbers seen on a statement or chart. A Participant should evaluate each fund's investment strategy, along with their personal risk tolerance, and personal goals for retirement when making fund elections. There is an annual \$200 fee cap per Plan.

Third, effective July 1, the risk-based portfolios will no longer be the default option (for those Participants who do not make an investment election). The new default investment option will be the T. Rowe Price Target Date Series whereby the Target Date vintage will be matched to the age of the Participant at point of entry into a Plan. Target date funds are designed to manage the investor's return by a specific age range or date.

Finally, the administration cost for distributions, including Form 1099R preparation, is currently being absorbed in the shareholder expense of the fund expense ratio. Going forward, Participants who terminate employment and withdraw all or a portion of their account balance from each Plan in the form of a lump sum, will incur a deduction of \$60 from the lump sum to cover the cost for distribution processing and Form 1099R preparation.

## WHERE DO I LOCATE THE CHANGES?

You will be able to view the fees associated with your fund elections once you log into your online account at <https://www.usicg.com/retirement-account/> or on your quarterly statements.

## WHEN WILL CHANGES OCCUR?

**The blackout period will only affect those participants with an account balance in one or more of the funds or portfolios with funds being replaced and will begin at 4:00 pm ET on Friday, June 23, 2023.** The fund changes will take place during the week of June 26, 2023 and we expect that you will have full access to the new funds on Friday, June 30, 2023.

## WHO CAN ANSWER MY QUESTIONS?

You may contact USI Consulting Group's toll-free customer service line at (866) 305-8846, plan code 524, available Monday through Friday from 8:00 a.m. to 5:00 p.m. or you may email the Knox County Retirement & Pension Board at [retirement@knoxcounty.org](mailto:retirement@knoxcounty.org) to schedule a call or consultation between Monday through Friday from 8:00 a.m. to 4:30 p.m.