



A New Approach to Investing in Your Retirement Plan

Dear Faculty and Professional Staff:

In order to comply with new federal regulations governing retirement savings plans for non-profits, including higher education institutions, Drexel University and Drexel University College of Medicine will be making changes to our Retirement Savings Plans (the "Plans") on May 2, 2011. This also created an opportunity to update and enhance our programs to meet the needs of faculty and professional staff in the future. The changes focus mainly on the Plans' investment choices and *do not* change the amount of Drexel's contribution or the providers we use to administer our Plans.

A Retirement Plans Investment Committee was created in 2010 by resolution of the Board of Trustees, with faculty and professional staff representatives, to oversee compliance with the new regulations and ongoing maintenance of the Plans. The Committee worked with Hewitt EnnisKnupp, a leading provider of institutional investment advisory services, to determine investment choices in the Plan that would:

- **Streamline the investment options.** Currently the Plans' numerous investment options vary significantly across our three providers (Fidelity, TIAA-CREF, and Vanguard). By streamlining these options, we will have a similar structure with each provider that will:
 - Simplify retirement investing for our faculty and professional staff;
 - Provide you with multiple ways to choose your investments, based on your investment experience; and
 - Create an environment where Drexel can more effectively monitor the investment options as required by law.
- **Offer funds that have lower costs.** Investment fees can eat away at your return. We have evaluated the investments offered to make sure that any fees charged are reasonable. That includes offering many low-cost index fund options. Index funds seek to mirror the returns of a market benchmark (e.g. the S&P 500®) resulting in lower fees because they avoid extra costs for investment research and selection.

As we move to the new structure, you should take time to review your current investments. We will have a special election period beginning **May 2, 2011**, where you can make new investment elections. If you do not make an election by **June 3, 2011**, there are some situations where your current investments or future contributions will be changed and invested in an age-appropriate Target Retirement Date Fund.

Later this month, you will receive more detailed information from Drexel Human Resources and your investment provider about the new and improved investment options, the decisions you will need to make, and what happens if you fail to make an election. Human Resources will also be offering on-site sessions where you will have a chance to talk to representatives from our three providers to help you understand your choices.

I trust you will find the improvements we have made to our retirement plans are in your best interest and that they will make saving for your future easier to understand.

Sincerely,

John A. Fry
President