

In 2011, the JMU Faculty Senate passed a resolution that petitioned VRS to add Vanguard to the list of ORP/403(b) service providers. The rationale was that Vanguard featured investments with lower management fees than those charged by TIAA-CREF and Fidelity. Instead of adding Vanguard, VRS added ICMA-RC whose fees are far below those charged by Vanguard. The first table below shows the expense ratio (fees as a percentage of funds managed) and 5- and 10-year average investment returns for the most comparable investments available from TIAA-CREF, Fidelity, and ICMA-RC. The second table shows how much a faculty member would pay in investment fees if a \$300,000 investment were spread evenly among the listed investments for each firm in 2017.

		Expense	5 Years	10 Years
Stock	CREF Equity Index	0.26	14.30%	6.71%
	CREF Stock Account	0.38	11.55%	5.03%
	*FID 500 Index Fund	0.045	14.62%	6.92%
	FID Ex MKT Indx Small Mid Cap	0.07	13.38%	7.93%
	DCP Stock Fund (500 Index)	0.01	16.41%	7.29%
	DCP Small Mid Cap	0.04	16.19%	8.18%
Global	CREF Global Equities	0.37	10.47%	3.70%
	CREF DFA Internation Small Cap	0.54	9.72%	3.46%
Stock	FID Worldwide	0.91	9.77%	5.01%
	*FID International Index	0.08	6.10%	1.05%
	DCP International Index	0.09	7.70%	1.93%
Real	TIAA-CREF Real Estate	0.89	9.03%	3.38%
Estate	FID Real Estate	0.78	10.47%	3.98%
	DCP Real Estate	0.11	14.39%	5.14%
Target	FID Target 2025	0.61	8.00%	10.07%
	FID Target 2030	0.65	8.55%	10.59%
Date	DCP Target 2025	0.08	8.46%	NA
	DCP Target 2030	0.08	9.16%	4.95%
Bonds	CREF Bond Market	0.35	2.51%	4.02%
	CREF Inflation Bond	0.28	0.50%	3.91%
	FID US Bond Index	0.05	2.01%	4.04%
	FID Infation Bond	0.45	0.18%	3.73%
	DCP Bond Market	0.04	3.16%	4.88%
	DCP Inflation Bond	0.04	1.97%	4.53%
	TIAA-CREF Annual Fee	\$ 66.00		
	Fidelity Annual Fee	\$ 60.00		
	DCP ICMA-RC Annual fee	\$ 30.50		

Annual Investment Cost	TIAA	Fidelity	ICMA-RC
\$300,000 investment in Stock	\$960	\$233	\$106
\$300,000 investment in Global Stock	\$1,431	\$1,545	\$301
\$300,000 investment in Real Estate	\$2,736	\$2,400	\$361
\$300,000 investment in Target Date 2025		\$1,890	\$271
\$300,000 investment in Bonds	\$1,011	\$810	\$151

\*FID items are available as 403(b) investments but not as ORP investments. Were ORP money invested in the only global stock ORP option at Fidelity, the management fee would be \$2,790.

The new option, ICMA-RC can help faculty avoid the mistake of paying excessively high investment fees. The highest management fee for any ICMA-RC investment option is .39% (for high yield bonds). The highest fee at TIAA-CREF is .89%. There are many investment options at Fidelity with fees of 1.00% or more. Compounded savings on investment fees can mount to tens of thousands of dollars in extra retirement savings for JMU faculty.

ICMA-RC offers BlackRock investments. BlackRock is the world's largest money manager with more than 2.5 times as many assets under management as Fidelity and more than 5 times as many assets under management as TIAA-CREF.