

### **Establishment of an Additional Optional Retirement Plan (AORP)**

The Colorado School of Mines Board of Trustees has approved the establishment of an Additional Optional Retirement Plan (AORP) generally for all new faculty with a targeted adoption date of January 1, 2017. The AORP will primarily affect all newly hired faculty after it is adopted. As a defined contribution plan and as compared to PERA, the AORP 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;
- AORP participants, if they choose, will direct their own investments; and
- The estimated savings for Mines for every new faculty member over time will become a significant financial impact.

The AORP for new faculty is in lieu of participating in Colorado PERA, a defined benefit plan. 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 AORP. Per Colorado state statute, however, classified employees must remain in PERA.

#### **AORP Project**

The establishment of the AORP is a multi-phase project. To assist with this project, Mines hired retirement plan consultant, Innovest Portfolio Solutions, LLC. The project's first phase was assessing the viability of offering a new plan by understanding the financial impact on Mines and on current and future faculty and staff, as well as completing a competitor analysis. The concept of the AORP was shared with Faculty Senate, Administrative Faculty Council, and faculty and staff through six Town Hall Meetings. Feedback from attendees was positive.

By offering the AORP, Mines will become more competitive in the marketplace, will have more budget certainty regarding funding of contributions, and participants will have the ability to direct their own investments with professional assistance. The result of Phase I was the approval by the Board of Trustees to move forward in establishing the AORP.

Phase II of the project is the development of the plan design and structure followed by the issuance of a Request for Proposal (RFP) for the recordkeeping and administration of the plan. A RFP Review Committee has been formed and includes the following individuals:

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

Initially, the Committee will be briefed on the retirement plan industry, current trends and industry best practices. Subsequently they will review the proposals and make a recommendation on the vendor selection for the recordkeeping and administration of the AORP.

We will provide the campus with periodic progress updates during the project. Be looking for more details over the coming weeks.