



# Understanding your Plan Economics Reconciliation Report

2022

## Get the full story behind the numbers

We'll work with you to help you understand what drives plan expenses so you can select the fee structure and plan design that's best for your institution. Contact your TIAA representative, or call the Administrator Telephone Center at **888-842-7782**, weekdays, 8 a.m. to 5 p.m. (ET), to learn more.

Deciding how you will pay for your plan's recordkeeping and other plan services expenses is not a "set it and forget it" decision. Why? Market fluctuations and participant transactions can impact the revenue generated by your plan, and your ability to pay these expenses.

Your **Plan Economics Reconciliation Report (PERR)** can help you determine how these factors are affecting your plan. It compares your plan cost to the revenue generated by your plan to help you:

- Determine if there is a revenue excess or shortfall
- Evaluate your plan's investment revenue
- Identify opportunities to make your fee structure more efficient and equitable

On the following pages is a sample PERR, broken down item by item. You can use this breakdown as a guide to help you understand the information in your report. Be sure to focus on your reconciliation outcome and contact your relationship manager if action is needed to address a revenue excess or shortfall.

## Access your report

Current and past reports are located on PlanFocus®.

- Go to the Compliance menu and select *Plan Economics Reconciliation* under Plan-Specific Reports.

or

- Go to the Administration tab and click *Manage Revenue Credit Accounts* under Plan Accounts. From there, scroll to the bottom and click *Plan Economics Reconciliation Reports*.<sup>1</sup>

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# Understanding your Plan Economics Reconciliation Report

## Making the most of your report



## Plan Economics Reconciliation Report

ABC UNIVERSITY

The Plan Economics Reconciliation Report provides an accounting of the plan services cost compared to the revenue generated by the plan during the reporting period. Please refer to the Recordkeeping Services Agreement for reconciliation details including how excess revenue or shortfalls are managed.

**The reconciliation is based upon the following:**

Reconciliation Period Start Date: **1** 01/01/2020  
 Recordkeeping Services Agreement Expiration Date: **1** 12/31/2024  
 Plan Services Cost as a Percentage of Average Assets (Required Revenue): **2** 0.020000%  
 Reconciliation Frequency: **3** Quarterly

**4** **Reconciliation Outcome**    **5** **Threshold**    **6** **Outcome Solution**

Excess    \$ 625.00    Credit to Revenue Credit Account  
 Shortfall    \$ 625.00    To Be Invoiced

Reconciliation Period: 10/01/2021 to 12/31/2021 **7**

Summary of Plan Expenses to Offset Plan Services Cost										
Plan Name	Plan Number	Participant Count - All <sup>1</sup>	Participant Count - Prorated <sup>1</sup>	Average Assets	Plan Services Expense and Revenue Share from Investments	Direct Fees	Direct Credits	Plan Services Expense Paid	Plan Services Cost	Reconciliation Outcome Excess/ (Shortfall)
<b>8</b>	<b>9</b>	<b>10a</b>	<b>10b</b>	<b>11</b>	<b>12</b>	<b>13a</b>	<b>13b</b>	<b>14</b>	<b>15</b>	<b>16</b>
ABC 403(B) PLAN	101190	10,295	8,515.00	\$1,212,461,396.89	\$277,599.05	\$0.00	\$0.00	\$277,599.05	\$60,623.07	\$216,975.98
ABC UNIVERSITY SAV PROGRAM EMPLOYEE 403(B) SUPPLEMENT PLAN	101193	5,038	3,258.00	\$669,115,971.03	\$141,975.15	\$0.00	\$0.00	\$141,975.15	\$33,455.80	\$108,519.35
<b>Estimated Total/Average</b>		<b>15,333</b>	<b>11,773</b>	<b>\$1,881,577,367.92</b>	<b>\$419,574.20</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$419,574.20</b>	<b>\$94,078.87</b>	<b>\$325,495.33</b>

<sup>1</sup> Participant Count (Unique SSN with balance greater than \$0.00)

## Review the introduction

The introduction is an easy way to check that the calculation assumptions reflect the terms of your plan's Recordkeeping Services Agreement (RKSA), and includes:

- 1 Effective and expiration dates:** The time period covered by your Recordkeeping Services Agreement.
- 2 Plan services cost (required revenue):** TIAA's "price" to provide your plan's recordkeeping and other plan services; typically expressed as a percentage of plan assets or dollars per participant.
- 3 Reconciliation frequency:** How often the report will be generated. The timing of the report is based on the RKSA effective date (not calendar year). For example, if the effective date is January 1 and the frequency is quarterly, reports will be generated January 1 and April 1.
- 4 Reconciliation outcome:** The results of the revenue-cost comparison; an excess means there is more revenue than required and a shortfall means there is less revenue than required. See #16 of the report for the excess/shortfall amount.

## Understanding your Plan Economics Reconciliation Report


- 5 **Threshold:** The amount of the annual excess/shortfall that must be met before action is taken.
- 6 **Outcome solution:** How a revenue excess/shortfall will be addressed once the threshold is met. Generally, excess revenue is placed in a Revenue Credit Account while shortfalls are invoiced to the employer.

### Focus on the summary

The summary section compares the plan services expense paid and the plan services cost to determine if your plan has an excess or shortfall. The results of this comparison may help you decide if changes are needed to your plan or investment options to better align your plan cost (required revenue) to the revenue the plan is generating.

- 7 **Reconciliation period:** The time period covered by your report; it's based on the initial RKSA effective date and the reconciliation frequency.
- 8 **Plan name:** The plan for which the report is being generated; if you have multiple plans that are treated as one for reconciliation purposes, all of them will be included in the report.
- 9 **Plan number:** Identification number used in our recordkeeping systems.
- 10 a **Participant count—all:** The total number of participants recordkept by TIAA who have an account balance greater than the balance threshold for the plan. If there are multiple plans that are treated as one for reconciliation purposes, participants who are enrolled in more than one plan are counted once for each plan.
- b **Participant count—prorated<sup>2</sup>:** The distinct number of participants recordkept by TIAA who have an account balance greater than the balance threshold for the plan. If there are multiple plans that are treated as one for reconciliation purposes, participants who are enrolled in more than one plan are counted only once and are represented as a fractional amount. It's used to determine required revenue when the plan services cost is based on dollars per participant.
- 11 **Average assets:** The average of the daily balances within the reporting period; it's used to determine required revenue when the plan services cost is based on a percentage of plan assets.<sup>3</sup>
- 12 **Plan services expense and revenue share from investments<sup>4</sup>:** The amount of revenue from your plan investments that's used to offset your plan's administrative cost. See the Fee & Expense Disclosure section for details on each investment option.
- 13 a **Direct fees:** Any fees deducted from participant accounts and paid to TIAA to reduce plan costs during the reconciliation period.
- b **Direct credits<sup>2</sup>:** Any investment-level credits applied to participant accounts.
- 14 **Plan services expense paid:** The total revenue generated by the plan for the reconciliation period (items 12 + 13 = 14).
- 15 **Plan services cost:** The dollar amount of TIAA's required revenue.
- If your cost is based on a percentage of plan assets, the calculation is average assets x percentage/reconciliation frequency (items 11 x 2/3 = 15).
  - If your cost is based on dollars per participant, the calculation is participant count x dollars per participant/reconciliation frequency (items 10 x 2/3 = 15).
- 16 **Reconciliation outcome (excess/shortfall):** The result of comparing plan services cost to plan services expense paid (items 14 – 15 = 16). A positive number means there's a revenue excess and a negative number (denoted in parentheses) means there's a shortfall. The outcome will be listed in #4 of the report.

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 <b>Investment Fee &amp; Expense Disclosure</b>									
Activity for the Reporting Period: 01/01/20XX to 03/31/20XX									
1	2	3	4	5	6	7	8	9	10
FUND NAME	FUND ID	TICKER	ASSET CLASS	ASSETS AS OF 03/31/20XX	AVERAGE ASSETS FOR THE REPORTING PERIOD	NET EXPENSE RATIO <sup>1</sup> (%)	NET EXPENSE RATIO <sup>1</sup> (\$)	PLAN SERVICES EXPENSE <sup>1</sup> (%)	PLAN SERVICES EXPENSE <sup>1</sup> (\$)
CREF Stock R2	CO	QCSTPX	Equities	\$83,838,245.58	\$82,976,896.22	0.370%	\$76,753.63	0.200%	\$41,488.45
Vanguard Inst Idx Inst <sup>4</sup>	VZ	VINIX	Equities	\$50,537,143.64	\$48,065,805.27	0.035%	\$4,205.76	0.000%	\$0.00
Vanguard Extended Mkt Idx Inst <sup>4</sup>	PB	VIEIX	Equities	\$27,775,947.50	\$26,883,889.52	0.060%	\$4,032.58	0.000%	\$0.00
TIAA-CREF Intl Eq Idx-Inst <sup>4,5</sup>	JI	TCIEX	Equities	\$19,294,942.75	\$18,344,006.76	0.060%	\$2,751.60	0.000%	\$0.00
CREF Growth R2	CU	QCGRPX	Equities	\$15,138,297.45	\$14,493,290.85	0.320%	\$11,594.63	0.200%	\$7,246.65
CREF Global Equities R2	CT	QCGLPX	Equities	\$10,356,496.65	\$10,118,731.91	0.400%	\$10,118.73	0.200%	\$5,059.37
Vanguard Emr Mkts Stk Idx Inst <sup>4</sup>	ZQ	VEMIX	Equities	\$8,321,371.90	\$7,745,166.65	0.100%	\$1,936.29	0.000%	\$0.00

### Examine your investment fees and expenses

The Investment Fee & Expense Disclosure shows you the plan services expense for each investment option and how much revenue is being generated to offset your recordkeeping and other plan services costs.

- Fund name:** The name of the investment
- Fund ID:** Internal TIAA fund identification assigned to each investment
- Ticker:** Characters that uniquely identify the investment
- Asset class:** Characteristic of the investment, such as equity or fixed income
- Assets as of [date]:** Plan fund balances as of a reporting end date
- Average assets for the reporting period:** Calculated based on the average daily balances within the reporting period<sup>3</sup>
- Net expense ratio (%):** The net operating expenses of a fund as a percentage of assets, as provided in the prospectus
- Net expense ratio (\$):** The net expense ratio expressed in dollars based on average assets for the reporting period
- Plan services expense (%):** The portion of the fund's expense ratio allocated to plan services expense (revenue sharing)
- Plan services expense (\$):** The plan services expense expressed in dollars based on average assets for the reporting period

<sup>1</sup> This option is only available if your plan offers a Revenue Credit Account (RCA), and you're authorized to view the RCA information.

<sup>2</sup> This was added effective January 1 - March 29, 2022 reconciliation period.

<sup>3</sup> When plans are aggregated for the reconciliation process, there may be slight differences in the average assets listed on the report due to rounding.

<sup>4</sup> "Revenue sharing" describes the practice of an investment manager, distribution company or transfer agent paying a portion of a mutual fund's expense ratio from their revenues to a plan recordkeeper for keeping track of the ownership of the mutual fund's shares and other shareholder services. Any revenue shared by an investment provider is included as part of each investment's expense ratio (it is not in addition to the published expense ratios). Please note that TIAA Traditional, TIAA Real Estate Account and all CREF Annuity accounts do not have revenue sharing. Rather, TIAA may provide a "plan services expense offset" that may be applied to the plan's administrative and recordkeeping costs. A plan services expense offset is a reduction to the TIAA recordkeeping fee that TIAA and your plan sponsor agreed to for TIAA's recordkeeping services. The reduction may be available when TIAA and CREF products are offered through the plan.

**All images are from a sample plan and are for illustrative purposes only. They are not intended to predict or project performance of any account. Actual figures will vary.**

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