Other Terms to Know

**Active fund**: A fund that will continue to be offered for future contributions, existing balances, and transfers in and out.

**Actively managed funds**: funds in which the portfolio manager tries to outperform the market, or segment of the market, in which the fund was designed to invest by selecting individual investments based on the objectives outlined in the fund’s prospectus. An active manager performs research using various quantitative and qualitative measurements, combines those with macro and other economic inputs, and adjusts the portfolio as needed. Active managers strive to outperform the fund's stated benchmark (such as the S&P 500® Index). Active funds tend to be more expensive than passively managed funds.

**Basic Retirement Plan**: RIT’s retirement plan that has employee and RIT contributions. This plan will merge with the Voluntary Retirement Plan effective January 1, 2012 to become the RIT Retirement Savings Plan.

**Default Fund**: The Vanguard Target Retirement Series is the legally-designated “qualified default investment alternative” (QDIA). If no election is made, contributions and balance transfers will go to the Default Fund.

**Eliminated Fund**: A fund that will not be available for future contributions or existing balances (unless accessed through the brokerage account).

**Existing balances**: the amount invested in the retirement plan at Fidelity and/or TIAA-CREF.

**Frozen**: A fund that will not be available for future contributions or transfers in, but existing balances may remain and be transferred out if you elect to do so.

**Future contributions**: this means the amount you contribute each pay period and the amount RIT contributes (matches), if you are eligible.

**Group Supplemental Retirement Annuity (GSRA)**: This is a type of TIAA-CREF contract for employee contributions.

**Passively managed funds** also known as index funds track a specific index. The benchmark for an index fund is usually a single market index, such as the S&P 500® Index, or a combination of several market indexes. With index funds, the fund manager generally invests in the same securities in approximately the proportion as the market indexes they track, and tries to achieve a rate of return that is comparable to the return of the benchmark the fund tracks. This passive approach to managing a fund requires little to no research or effort on the part of the manager, and as such, index funds are generally considerably less expensive than actively managed funds.

**Qualified Default Investment Alternative (QDIA)**: This is the “default fund.” The Vanguard Target Retirement Series is the legally-designated “qualified default investment alternative” (QDIA). If no election is made, contributions and balance transfers will go to the Default Fund.
**Retirement Annuity (RA):** This is a type of TIAA-CREF contract for employee and RIT matching contributions. If investing with TIAA-CREF, the RIT matching contributions must go to an RA contract.

**Retirement Savings Plan:** RIT’s retirement plan effective January 1, 2012 by the merger of the Basic Retirement Plan and Voluntary Retirement Plan. This is RIT’s only retirement income plan.

**Tier 1: Target retirement date funds** – This series of funds is designed for investors expecting to retire around the year indicated in the fund name. The funds are managed to become gradually more conservative over time as people move closer to retirement. The investment risk of each fund is expected to decrease over time as it moves to more conservative investment allocations.

**Tier 2: Core mutual funds** – These are mutual funds recommended by the professional investment advisors retained by the RIT Retirement Plan Investment Committee, representing highly-rated funds within each of the key asset classes. Refer to the Frequently Asked Questions (FAQs) section on the Retirement Plan Simplification website for an explanation about asset classes.

**Tier 3: Annuities** – Annuities are insurance contracts issued by an insurance company that let you accumulate money until retirement and then receive a regular payment (often monthly) for your lifetime. An annuity can be fixed or variable. A fixed annuity pays a fixed rate of interest on your investment dollars, which is adjusted periodically. A variable annuity pays an interest amount that will vary depending on the performance of the investment accounts you choose for the annuity.

**Tier 4: Self-directed brokerage account** – This account provides a way to invest some or all of your retirement savings in a wide range of mutual funds from many different fund families. The brokerage account is available for a participant who:
- has the knowledge and expertise to research and evaluate a large number of mutual funds;
- wants to take personal responsibility for monitoring the performance and the fees of each fund he/she elects; and
- wishes to have greater choice than is available under the other three tiers.

Important information regarding the brokerage account option:
- There may be additional fees for investing in the brokerage account.
- RIT’s Retirement Plan Investment Committee is not responsible for monitoring investment performance or fees of any of the mutual funds accessed through the brokerage account.
- Caution: only sophisticated investors should invest through a brokerage account.

**Transfer:** this means that the fund will be liquidated (sold) and a new fund will be purchased. All transfers will happen as of the stock market close, which is generally 4:00 p.m. Eastern time.

**Voluntary Retirement Plan:** RIT’s retirement plan that has employee contributions only (no RIT contributions). This plan will merge with the Basic Retirement Plan effective January 1, 2012 to become the RIT Retirement Savings Plan.