# Tax-Sheltered Annuity Review Committee

## Minutes

## October 24, 2003

**Members Present:** Kevin Bahr, Robert Carney, Ron Crabb, Howard Erlanger, Carol Fischer, Kathleen Kelley (Chair), Lucretia Mattson, Lori Worm

**Members Absent:** Richard Marcus, Randall Ryder (Ex-officio)

**Staff**: Mary Anglim, Chris Ashley (Office of General Counsel), Sue Chamberlain, Rose Stephenson

**TSA Vendors:** John Lynch, Jaye Margeson, Jeff Janechek, American Express/IDS; Duane Hettlinger, Cynthia Heinbaugh-Pursifull, AUL; Ed Quinn, Fidelity; Betty Custer, Lincoln; Jon Maertz, Strong Investments; Mike Mitchell, Dorothy Chin, TIAA-CREF.

**Guests:** Mitch Bergquist, UW Processing Center; Dar Hansen, WEA Trust; Peter Montmeyer, UW Faculty - retired.

Kate Kelley called the meeting to order at 9:35.

1. **Introductions:** The TSA Review Committee, UW System staff, and guests introduced themselves. Kate Kelley, committee members, and staff welcomed Carol Fischer to the committee.

2. **Approval of Minutes:** Lucretia Matson moved approval of the minutes of the April 25, 2003 TSARC meeting as submitted. Lori Worm seconded. Motion passed.

3. **Update on UW System Administration payroll and benefits reorganization:** Sue Chamberlain presented the new organizational structure for human resources. Two years ago the UW System began a major review of the human resource/business functions, including overhaul and replacement of some antiquated computer systems. The project became known as APBS: Appointment, Payroll and Benefits System. The UW purchased web-based payroll and human resources software from Lawson, a company based in the Twin Cities. All employees will begin to be paid using the new software in January 2005.

   Policy-related responsibilities in payroll and benefits that have been within System Administration will be combined with day to day operational responsibilities that were formerly at the UW Processing Center. The new Human Resources Information Services (HRIS) department under Sue's leadership will manage human resources, payroll, and benefits for the entire UW System. No positions will be lost in the reorganization. The new department will be composed of staff from UW System, the UW Processing Center, and APBS project staff and will be located together in a new location, yet to be determined, although TSA Review Committee meetings may continue to be at the Regent Street building. Mary Anglim and Rose Stephenson will continue to serve the TSARC.

9. **TSA Program Budget:** Mary Anglim presented the TSA Program budget report, Item 9 in the packets. The Program is supported by a $9.00 annual fee paid by participants every February. The major portion of the budget is spent on salary and benefits. Printing and mailing the TSA newsletter is the second largest expense. Mary had reduced her hours in 2003 but will be back at full time in 2004. The TSA database is finished but does take modest upgrades every year. Last year the Program took in approximately $104,000 and spent about $111,000 for a deficit of about $7,000. Next year if the membership base can be maintained or even expanded, Mary projected that the Program will take in $105,000 and spend $112,000. There is a fairly large reserve, the amount of money left on February 1, before the year's fees are received. Mary stressed that staff does need to continue to recruit participants to replace those who retire.

4. **Report from Strong Investments:** The former legal counsel for the TSA Program, Pat Brady, has been appointed as General Counsel to the UW System. Mary introduced Chris Ashley, who has been appointed to replace Pat in serving the committee. Mary also introduced Jon Maertz, the TSA Program's senior client representative from Strong Investments. Although TSA Program staff had requested that a Strong

representative authorized to speak for the company be present at this meeting, Jon informed the committee that no legal staff was available because of the issues they were dealing with at the company.

Jon first presented a prepared statement regarding New York Attorney General Spitzer's accusations that Strong Capital Management, along with three other companies, gave special privileges to Canary Capital Partners in return for Canary's investments in the companies' funds. Jon stated that Strong and certain of their funds are referenced, although not named as parties, in the complaint with respect to market timing allegations. Jon stressed that the New York Attorney General's complaint does not allege that Strong was involved in late-trading arrangements. Strong has initiated and is still involved in conducting a thorough internal review with the assistance of outside professionals. Strong does not believe that the transactions in question were disruptive nor were they ever identified by the portfolio managers of the funds in question as being disruptive.

Jon stated that on September 26 Strong announced its commitment to make appropriate reimbursement if it is determined in any way that the transactions set forth in the complaint adversely affected investors in the Strong funds referenced in the complaint. The complaint raises concerns about market timing, which Strong believes is a complex issue that requires the consideration of multiple factors in its evaluation. Strong is working diligently and has dedicated tremendous resources to the evaluation of the situation. Jon assured the committee that the actions taken in response to the complaint would be consistent with Strong's fiduciary responsibility and in the best interest of its clients.

The following is a summary of committee responses and questions regarding Jon's statement.

Howard Erlanger commented that from Jon's statement, the current position of Strong is that it has not done anything wrong: it is not named in the complaint and if there is any problem Strong will make good. Howard noted that when Strong's position mentions that market timing is "complex," it sounds like a rationalization about why this activity wasn't really so bad. Howard emphasized that it would be nice if there weren't really a loss, but that it is none-the-less a breach of trust. There is an assumption that behaviors will be taken that are always consistent with the best interests of the shareholders. It is hard to imagine how this activity could have been conceived of as something in shareholders' best interests.

Kevin Bahr added that it seemed to be totally inconsistent with Strong's fiduciary responsibility to the rest of the shareholders when some are given preferential treatment. Lucretia Mattson asked if there was any case when such action could benefit the shareholders. She could see where it would be a detriment, but she couldn't see in any case where it would benefit the shareholders, and if not, why would Strong engage in it except for Strong's own benefit? Bob Carney stressed that fiduciary responsibility says, "If there is any doubt, I'm not going to engage in it."

Jon responded that this is why Strong was conducting its own review and investigation. It wanted to make sure that it has a thorough understanding of how the relationship developed, what actually took place during that six and one half month period, and what effects it had. Until Strong goes through that process, it won't have answers.

Bob responded that the Attorney General, in his investigation, was also asking who in the organization knew what. If the leadership of the company didn't know what was going on, this would be different from a situation where it was the policy of the company to allow these things.

Howard noted the lack of a statement of outrage and a declaration of principles from the leadership at Strong and commented that, from a PR point of view, Strong's position was very bad.
Kate Kelley inquired if the internal investigation was just focusing on the Canary trading issue or if it was wider – looking at other funds as well. Jon responded that it was wider-spread and inclusive. Kevin asked whether there was a deadline for these reports and observed that one could determine rather quickly what happened. Jon responded that the company leadership wanted to be sure they knew all the facts before they made a statement. Strong has started an independent investigation by outside professionals, Deloitte and Touche – not their regular auditors.

Lori Worm mentioned that she has been contacted by a number of concerned employees. Kevin Bahr emphasized that there was a complete lack of trust, intensified by the EdVest situation and by the Morningstar recommendation that shareholders sell Strong funds. Jon stressed that Strong will continue to communicate with its clients. Strong has sent out two shareholder letters and a supplement to the prospectus, which the committee has copies of. Jon stated that Strong is not aware of any other arrangements besides the one with Canary.

Bob inquired whether any of the four funds invested in international stocks. Jon answered that the four funds in question were all primarily domestic stock funds; however, they are allowed to have up to 5% invested in international stocks.

Ron Crabb inquired if anyone had been fired yet because of this. Jon replied that he was not aware of anyone and felt sure he would have heard if anyone had been. Bob responded that as he was looking at the issue, all of the people fired so far have been late traders, as opposed to market timers.

Howard asked, when all the other named investment companies immediately said they would reimburse investors, why Strong waited to make that promise. Jon pointed to Strong's cautious nature – waiting till they had all the facts before making a statement. Howard stressed that it did require a meeting or more information to figure out what the principles of the company were.

Mary commented that she was struck by the statement in the October 1 letter, "It was not believed that the transactions would be disruptive." Mary said she understood disruptive to mean that the manager was not obliged to sell off any assets to meet the obligations of the trade that he wouldn't have sold anyway. Ron clarified that it was to buy or sell. Mary questioned, "Is there ever a case where it's not disruptive, but still other shareholders are injured?" Jon replied that he thought disruptive, in the context of that letter, meant not only disruptive to the operations of the fund, but also adversely affecting the fund from a performance standpoint.

Mary questioned then why Canary would participate in this if they were not making something from it. Ron reinforced that this was a zero sum game – there has to be a debit for a credit. A profit for Canary must come from somewhere. Ron stressed that one could argue that it isn't disruptive because it is limited to less than 1% of the fund; but Canary is making money, the investors are losing, and Ron reiterated that it didn't take months to figure that out. Ron asked if they knew yet what Canary made. Jon replied they didn't. Howard asked, "If it is not a zero sum game, then why not let everyone do it?" It did not seem complex to him: "If we're not going to do it for everybody, then we shut it down." Ron added that in situations like this the fund manager must go to the trading agent to allow it, and there should have been a red flag going up at that point.

Mary next asked about early disclosure of the portfolio holdings. "Is it fair to share the portfolio holdings early with some investors and not others?" Jon responded that that was one of the concerns that Strong has internally, and everyone else has as well. Bob pointed out that if he knows the holdings of the fund and knows they have a program that as excess cash comes in they automatically buy proportionally, then he knows what they're going to be buying, and he could make some money; this is a serious issue.

Mary questioned how many of our participants have pulled money out of Strong. The Annual Report shows that in 2002 Strong had 670-80 active participants in our Program. Jon replied that he didn't know, but that he could look at this, as well as specific information such as how many participants there were in a specific fund as of a specific date and how many there are now.

Mary asked how many dollars have moved out of Strong overall since the middle of September. Jon replied that, in general, he has not seen any type of mass exodus. When Jon looked last week, the assets in the four funds had actually gone up slightly. This could be due to market appreciation. The net flows coming in and out show what is really happening, but Jon does not think there has been any significant movement of money out of the company.

Howard moved that the committee send a message through Jon back to Strong that the committee was offended by the fact that Strong did not send a senior representative to meet with them. Howard emphasized that the committee had great respect for Jon, and that Jon had borne the burden very competently, but Milwaukee was not that far away. When no senior person from Strong could drive an hour to meet with the committee, it indicated stonewalling and was extraordinarily bad public relations. Ron stressed that the fact that the lawyer didn't come, meant the lawyer didn't want to talk to the committee. It appeared that Strong was using Jon as a foil, and this was another betrayal of trust. Ron stressed that these actions indicated that the committee was being stonewalled, and that stonewalling comes from the top and is not an issue of just having a rogue trader.

Howard restated his motion: "The TSA Review Committee is extraordinarily disappointed that Strong management did not respond to its request by sending a representative from senior management who would be available to answer our questions." Lucretia seconded. Howard added an amendment "While we appreciate Jon's participation and attempts to deal with concerns," to preface the statement. In response to the suggestion that this take the form of a letter to Strong, Howard amended the motion to indicate that Mary Anglim send a letter expressing the committee's displeasure. The consensus was that the letter go directly to Dick Strong. Sue clarified that the letter should come from the committee, but that Mary would draft it. Lucretia agreed to the amendment. The motion passed.

Mary mentioned that other measures may be taken if the committee wished. Lucretia remarked that she had been asked by those on campus what she recommended doing and she responded "go with your instincts." Lori added that she has received questions from current investors, who may want to know what the committee is doing. Carol Fischer also felt that many employees are not aware of what is going on. Jon responded that a letter from Strong had been sent to all of their existing clients, either in hard-copy or electronically or possibly in both formats. Bob observed that from the information Mary sent the committee, the committee does not have an ERISA responsibility, but information about the trading practices should be available upon request.

Kate asked if the committee should send participants a copy of the letter being sent to Strong and announced that the Wisconsin State Journal would be calling back about what action the committee takes today. Bob believed that a separate letter should be sent, so that the letter to Strong could express the committee's displeasure with a certain intensity. Lucretia mentioned that there was a letter sent out by EdVest and wondered if the committee should send a similar type of letter. A statement like, "We are monitoring the situation very closely and will take action as appropriate" would let people know that the committee is looking at the situation and dealing with it, and, if nothing else, it might calm some fears.

Jon asked that participants or those wishing to participate who have questions and who have not talked to Strong be directed to call Strong. Strong would appreciate having the opportunity to talk to participants so that they can make an informed decision. Committee members questioned what real information Strong could give employees.

Lucretia asked what Bob would tell his colleagues, so that when she is asked her answer would be similar. Bob responded that if he were asked he would tell people that the issue is not going to be a significant money issue, but rather a broader fiduciary issue. If there is a loss, it will be a small loss; but this is still a serious issue.

Carol noted from the information on ERISA fiduciary practice provided in the packets that we have a responsibility to answer questions and inquiries from our colleagues who are evaluating the effect on the plan and what action to take. She suggested sending out a letter and giving Jon's number to contact. Sue Chamberlain reminded members that Strong is the only option in the EdVest Program, whereas there are many other options in the TSA Program. Lucretia suggested sending a letter just to the Strong participants. Howard agreed that sending the letter that says "we are monitoring the situation and when we have more information we will take appropriate action" would do no harm and was not a bad idea. Sue reminded the committee that Chris Ashley should look at anything the committee intends to send. Dar Hansen mentioned the WEA Trust also sent a letter to their clients. The committee instructed Mary to send a letter; no motion necessary.

Howard inquired if the committee wanted to take further action, what it would be. Mary responded that there was a statement in the Criteria. It was noted that the Criteria does not give specific actions for specific situations. Bob inquired whether we should modify the Criteria so that we have some guidelines to establish fiduciary responsibilities and suggested that a group of committee members look at the Criteria and work on the wording.

Kate Kelley thanked Jon Maertz.

5. **Getting Started project:** Mary Anglim presented information she put together on the *Getting Started Project*, referring the committee to handout item 5. One page shows all the customer services our investment companies offer. Mary suggested that staff put out another one-page sheet which names a few funds for people who don't know what fund to invest in. Mary noted that she has supplied the committee with several articles on the nature of investment education versus investment advice. She commented that we already have fiduciary liabilities, for example, for the vendors that we have chosen. We are also liable, some might say, for having so many choices that employees don't know what to invest in. Our responsibilities may lie in the direction of making it easier for people to choose among the funds. We should at least think about a possibility of compiling a very short list.

   Howard suggested a change in wording in the draft list of funds: instead of "if you are willing to accept some investment losses," he'd prefer, "if you're willing to accept a greater risk of investment loss" and proposed adding "in return for the possibility of additional gain." Howard also suggested going to the investment companies for a list of funds to offer.

   Mary commented that she did invite the companies to name funds for this list. Fidelity named the Freedom Funds; T. Rowe Price named their retirement target-date funds. Scudder did not want to name any funds; they felt that it was over the line in terms of fiduciary responsibility. Strong was willing, however the funds they named did not meet the criteria – three stars from Morningstar or better and below average expense and risk ratios – but there may be other funds at Strong that would work. There was no response from Dreyfus. We could offer the list noting that these are the funds our vendors suggested, however, Mary noted that the plan sponsor is always ultimately liable for the investments a plan offers.

   Bob mentioned that one of the questions we might want to address at a future meeting is what other plans do. Research from several years ago indicated that some plans, such as Iowa, take the attitude that the plan is not responsible. Ron Crabb gave the opinion that naming funds to invest in is more than supplying information and reiterated that if a person is not a registered investment advisor in the state of Wisconsin, he or she cannot give advice.

   Bob thought this might be a topic for a future meeting, and we might ask counsel to give a presentation about fiduciary responsibility. Mary commented that the guidance on this has been moving a little bit in the last few years. Unfortunately, the ball always winds up in the court of the plan sponsor. Rose Stephenson called attention to the *Selected Investment Returns*, which now lists all the "all-purpose" funds on a separate page and lists funds by category in order of five-year performance giving participants better information than in the past.

   Mary accepted Chris's offer to put together a presentation for next spring, and noted that no action will be taken on this until the committee has had a chance to look at it further. Mary said she would put out the customer service information, however, which might be interesting for people.

The committee adjourned for lunch at 12:00 and reconvened at 12:40

6. **American Express Financial Education proposal:** Mary introduced Jaye Margeson from American Express Financial Advisors, Vice-President of Financial Education and Planning Services in Chicago. Jaye also introduced John Lynch from the Madison office and Jeff Janechek from Minneapolis. Jaye referred the committee to the materials provided. She first spoke about the need for financial education, then gave an overview of American Express and of the financial education program.

Jaye's comments include the following points:

- American Express offers a robust financial education curriculum with financial advisors who can help employees take actions based on that education. After attending a workshop, employees have the choice of working with one of American Express's financial advisors.
- At any given point, 15% of employees are going through a life event – marriage, divorce, a new child – that has financial ramifications. These are financial concerns that affect workers' productivity and quality of life. Financial education should help employees achieve financial wellness, which Jaye defined as the ability to sleep at night.
- American Express Financial Advisors has been providing workplace financial education since the mid-1980s. In 1994-5 corporate clients like IBM and Shell Oil requested that American Express put together a national program so that the financial education offerings would be consistent across the nation. Clients include the University of Iowa, who recently came on board. The U of I recognized that although they were providing some specific education like 403b education, employees needed more.
- American Express provides this program at no-cost. The American Express CEO realized that American Express financial education in the workplace made sense, because employees would recognize the name, use the American Express card more, and travel more.
- American Express has experience working with adult learners. It has many resources to explain why it is important to participate in our 403(b) Program: group seminars, online financial education tools, paper, telephone access, and one-on-one advisors. American Express can customize its program to help employees remember how to make certain benefit changes and help with systematic investing or with behavior changes. American Express is adept at helping employees do what they need to do to achieve financial wellness.
- Financial Education teams can help develop the kind of program we think would be best and put together a team of financial advisors to work with our employees. American Express has over 240 financial advisors in Wisconsin who could work with the University – several have already been brought together on a service team for the University. They will help employees achieve goals and also evaluate the success of the program. There is a financial education specialist and a marketing team to create any sort of communications plan we deem would work best for our group. American Express also has online training resources available, many paper resources and workbooks with exercises, and one-on-one counseling.

Next, John Lynch described American Express's financial planning resources and tools. The first consultation is no-fee; this meeting is to identify the goals and objectives and gather information. John noted that the majority of people cannot sit in a money market paying less than 2% or a Treasury bill paying less than 5% and actually achieve their goals and objectives, which is why he believes that financial planning and education are needed.

American Express provides a service agreement that is cancelable at any time within 30 days. It has a two-year life-span, to make sure it is current. There is a section that provides indemnification to the University. This provision has never been used. With the education component comes institutional pricing for financial planning. There is no cost to the Program for the financial education, because some employees may see the value of the financial planning aspect and choose to participate.

- Mary inquired how this arrangement is different from the arrangement we currently have with American Express. Jaye responded that right now American Express has informal relationships at various campuses. There is no consistency in the offerings, however. If the arrangement is signed there would be a specific team chosen and trained, and authorized through the TSARC; the financial planning services would be discounted. If the participant goes through the financial planning process, it does not mean that he or she has to contribute through American Express.
- Mary asked whether this program would crowd out our other vendors. John responded that it is not designed to replace other vendors. John noted that they are doing less than 50% of business with their company in terms of products sold and have a new compensation structure instituted three years ago which does not compensate agents more highly for selling American Express proprietary products.

- Kate inquired how the process would be set up. Jaye responded that the initial contact is through the seminar, and then if the employees desire financial planning they can go on from there. She stressed that there should be ongoing curriculum and there could be different curricula at different campuses.
- Lucretia inquired about the cost of the financial planning. John responded that the fees could be hourly, flat fee, or a combination. The hourly cost is from $125 to $250 per hour depending on the advisor. The flat fees range from $300 to $10,000, based on the situation. The first consultation is no cost; the vast majority of yearly fees average approximately $400 to $450. If an employee requests an initial consultation and, for some reason, he or she is not comfortable with the advisor, another advisor can be requested.
- Carol asked how long American Express had been with the University of Iowa and if they had seen an increase in the participation rate. Jaye responded that this is a very new contract and there are no trackable results at this point. John added that the participation at IBM increased by 11% in two years when they started that program.
- Lucretia was concerned that the financial plan offered was a cookie-cutter type plan. John responded that it was not a generic model portfolio, but a specific asset allocation with specific Monte Carlo simulation individually designed.
- Mary observed that the trouble with online services is that very few people use them. Most people need something much simpler.

Kate thanked John and Jaye for their presentation.

7. **Method for responding to contacts from prospective vendors:** To ensure that there was enough time for item 8, item 7 was postponed.

8. **Possible plan enhancements**

   a. **On-line enrollment, loans, discretionary management program (Fidelity):** Mary introduced Ed Quinn, our Relationship Manager with Fidelity Investments. Because of time constraints, Ed stated that he would first address the two administrative features and speak about the Discretionary Management program later if there was time. He directed the committee's attention to the materials provided.

   **Online enrollment:** Fidelity's online enrollment process is very similar to the online enrollment which TIAA-CREF described in the Spring Review Committee meeting and which is currently available on the TSA web site. Even though the Salary Reduction Agreement must be printed off and sent in, filling out the enrollment and submitting it online reduces the administrative burden in applying for an account at Fidelity and gives employees all the tools that are available online right when they open their accounts. Online enrollment does not replace other enrollment forms but is an addition. The paper and pdf enrollment forms will still be available.
   A service agreement must be signed by the University in order to get online enrollment going. Ed stated that it is an administrative agreement dealing with data transmission and similar things; he can send the agreement, so that the appropriate parties can review it.

   **Loans:** Ed described another administrative feature that could be added to the TSA Program – making loans available from Fidelity. An agreement must be signed with Fidelity to incorporate this as well. The loan features can be set to correspond to IRS guidelines as the Committee desires, for example, the loan rate can be set at prime plus one percent or whatever the committee wishes. The loan rate is locked in when the loan is taken. This money goes back into the participant's account when the loan is repaid. For the participant taking a loan, there is an administrative set-up charge of $35.00 to process the loan; this is disclosed at the time the loan is requested.

   Mary commented that she is interested in the loan feature, because she has seen a number of hardship withdrawals which are hard to police. She is not notified about these withdrawals and has only occasionally stumbled across them. Mary commented that if people are interested in getting their money out of their accounts, they may be much better served by taking a loan. Hardship withdrawals are often not appropriate.

Ed explained that a person applies for a loan on the phone. When the loan feature is pre-approved by the committee, the Program does not get involved in individual loans at all. The check goes directly to the participant. The loan is paid back through an ACH debit from the person's checking account. The loan must be paid back between one and five years. If the loan is not paid back, Fidelity would set the loan into default, and it would look like an early withdrawal with taxes and excise taxes due.

Ed noted that it would be possible to have an online loan process, but Fidelity has chosen not to enable this. They want to speak directly with the participants, explaining that the money will come from the participant's mutual funds and will not be invested during this time and so forth. Fidelity could notify us for approval when someone requests a loan, but we may not want this. Ed remarked that the vast majority on Non-ERISA higher education plans do not choose this option.

**Discretionary Management Program:** Ed next mentioned the *Retirement Plan Manager* – discretionary management of retirement accounts provided for a fee. Participants' funds would be chosen for them by a subsidiary of Fidelity that is a registered investment advisory firm. The consultation about goals, objectives, and financials is conducted over the phone.

Ed noted that to properly explain the program would take perhaps fifteen minutes or more. The committee did not want to rush the presentation and requested that it be given later at the spring meeting. Ed also mentioned that the contract language was much more demanding than the other agreements. It would make sense to review the contract language first to see if it is something the University felt comfortable signing, before going through an in-depth explanation of the program.

In closing, Ed mentioned that Fidelity will also be rolling out Freedom Funds for five-year periods as well as the present ten-year versions.

b. **Save More Tomorrow (TIAA-CREF):** Mike Mitchell, TIAA-CREF's client relationship manager, directed the committee's attention to the overview in the hand-outs, and briefly described the *Save More Tomorrow* program. In this program , when a participant signs up for the TSA Program, there would be additional boxes on the Salary Reduction Agreement allowing the participant to increase the percent of salary being contributed as of a pre-determined anniversary date. For example, the participant could decide to increase his or her contributions each year by 2% of salary. The first year the participant might contribute 5% of salary, the next 7%, the next 9%, and so on until the contributions reach the IRS maximums or a pre-determined cap. Usually, this would be on a set date for everyone, for example July 1. This program uses inertia to the participant's advantage.

   Mike explained that two noted economists came up with this idea after researching the habits of workers. They found that many people sign a Salary Reduction Agreement but don't increase it for many years, if ever. The program could be easily implemented with the new payroll system, although UW administrators requested a year after the new payroll system is implemented in 2005 before starting this (2006). The payroll system would keep track of the IRS limits.

   It was debated whether the participant should be notified about the increase. Mike said he could check whether institutions in the program decided to notify participants or not. This is a newer program, but Mike did note that Vanguard is promoting it quite intensively.

7. **Method for responding to contacts from prospective vendors**: Mary requested that the committee turn back to item 7 at this time. Mary asked that she be able routinely to send out the questionnaire in the packet to those who request to participate in the program. The committee concurred that Mary should do this; no motion necessary.

10. **Insurance ratings report:** Rose referred members to the ratings report distributed before the meeting. There have been no changes in the insurance company ratings. Joseph Belth did revise his guidelines of what makes a company a category I, II, or III company. The S&P rating of AA- was moved from a *conservative* to a *very conservative* rating. So some of our companies have moved up a bit in their standing.

AUL continues to be a *conservative* rather than a *very conservative* company, although they now have two very conservative ratings instead of one.

11. **Report on NAGDA conference**: Mary reported that she attended a Defined Contribution conference this fall. Rather than take meeting time to describe it, she submitted her report for reading. She did comment that during the conference she heard that 10-20% of the population of a program are very interested in investing and want to learn all they can, another 20-30% are somewhat interested but want some help or instruction, and the other 50% or so just want to be told what to do.

    Mary remarked that NAGDA is virtually the only large organization of plans that we somewhat fit into. Historically, it has been made up of 457 defined compensation plans, but NAGDA is now trying to draw in 403(b) and 401(k) plans. We are currently a member, although membership is rather expensive in the long-term. We received a price break this year for joining. Mary commented that she feels the need for more formal contact with other plans that are in the same kind of business as we.

12. **Topics for future discussion, Plan objectives for 2003-2004:** Mary went through each of the goals on Item 12, Plan Goals for 2003-2004. In speaking about the last item on the list of goals, "Review vendor reports for other instances of improper distributions," Mary introduced Cindy Pursifull, the Account Services contact for AUL, who was instrumental in sending a letter to T.D. Waterhouse to get the money from the improper distribution returned.

    Mary then asked what the committee would like staff to do this next year.
    - Lucretia stated that making employees aware of the Saver's Credit was very important.
    - Bob responded that it would be useful to come up with core funds or some way of narrowing down the choices for our participants. He suggested that an ad-hoc committee group could help, so it wouldn't be all on Mary's desk.
    - Kate thought the training sessions were good and commented that it would be good if we could have a training session every week. Rose reported that this is the part of her job she enjoys the most, but it is sometimes difficult to get on campuses. The coordinators are very busy. Rose will be putting on a session in Stevens Point with Kevin Bahr on Tuesday and at Oshkosh with Lori Worm in November.
      The support of members of the Review Committee is very helpful. Rose asked that members of the TSA Review committee request time on their faculty committee meetings to announce the TSA Program and stress its value, and give their names or Mary and Rose's names for follow up and further questions. Word of mouth advertising is very important.

13. **Miscellaneous:** Mary apologized to the Financial Education Sub-committee for not scheduling a meeting this past summer. Although she tried to schedule one for the end of the summer, scheduling proved to be too difficult. Mary suggested that if some of the ideas here are fleshed out, she would share them with the sub-committee. Bob suggested that Mary also add the core-fund issue, so that there would be just one gathering.

    Mary invited those who were interested to accompany staff and Ed Quinn in a visit to the UW-Processing Center.

14. **Next meeting date:** The spring TSA Review Committee meeting will be Friday, April 2, 2004.

Bob Carney moved the meeting be adjourned. Lori Worm seconded. The meeting was adjourned at 2:40 p.m.