



Tax-Sheltered Annuity Review Committee

Minutes

November 2, 2018

- Members Present:** J. Michael Collins (Chair), Anoop Dhingra, Rashika Kamal (Vice Chair), William Maas, David J. Miller, Syed M. Moiz, David Schalow, Kimberly Sipiorski
- Members Absent:** None
- Staff:** Shenita Brokenburr, Brianna Greenwood, Jennifer Lattis (UWS Deputy General Counsel), Terry Lauber, Margo Lessard, Rose Stephenson
- TSA Providers:** Richard Tesch and Brent Kimbel, Ameriprise Financial/RiverSource; David Bruce, Fidelity Investments; Julie Kruser, Lincoln; Shawn Alvino, T. Rowe Price; Leteka Bojanowski, Andy Kelleher, and Steve Noll, TIAA
- Guests:** Ruth Ginzberg, UWSA Office of Procurement; Mark Olsen, PlanPilot

Rose Stephenson called the meeting to order at 10:07 a.m.

1. Welcome and Introductions

The TSA Review Committee, UW System staff, provider representatives, and guests introduced themselves.

2. Election of Officers

Elections of officers are held during the fall meeting of even-numbered years.

MOTION: William Maas nominated J. Michael Collins as Chair. Rashika Kamal seconded. Anoop Dhingra nominated Rashika Kamal as Vice Chair. Dave Schalow seconded. Motion to approve both the Chair and Vice Chair nominations passed unanimously.

3. Review and Approval of Minutes

MOTION: Kimberly Sipiorski moved to approve the minutes of the May 4, 2018 TSARC meeting. Rashika Kamal seconded. Motion passed unanimously.

4. Fiduciary Responsibility Training – Jennifer Lattis, Deputy General Counsel

Jennifer Lattis provided a brief overview of the material she presented during the fiduciary responsibility training presented to new members immediately preceding the TSARC meeting. She reminded the committee that as a fiduciary each member has a responsibility to be loyal solely to the beneficiaries of the plan and to put the beneficiaries' interests before any self-interest. Fiduciaries must also act with prudence to ensure the plan is low-cost and provides diversified, high-quality investments.

Jennifer noted that the UW Board of Regents established the UW TSA Program and created the Tax-Sheltered Annuity Review Committee to act on its behalf. The committee acts as an advisory resource to the UW System President reporting on matters related to the TSA Program. The President decides Program issues after receiving committee recommendations. Jennifer also reminded members that it is fiduciarily prudent to seek expert opinion, if necessary, to guide the advice they provide.

5. Request for Proposal (RFP) Update

a. PlanPilot – Mark Olsen, Managing Director

Mark provided an overview of 403(b) history and noted the ways 403(b) plans have become closer in structure to 401(k) plans in recent years. He mentioned that in the past 403(b) plans generally had many recordkeepers, but the recent trend has been to have fewer. Like other plans, the UW TSA 403(b) Program has reduced the number of providers – from eleven in 1998 to five today. Mark noted that decreasing the number of recordkeepers, and therefore investment options, can be helpful for participants. Streamlining the investment choices can make the decision-making process easier. Plans often provide a brokerage window for more savvy investors.

Mark gave a summary of his past work with the UW TSA Program. He shared the overarching goals for his work and for issuing an RFP for a major consulting company, including improving participant experience by enhancing communication, leveraging lower investment and administration costs, improving administrative efficiency, and improving compliance and fiduciary practices.

Mark then gave an update on the steps of the RFP. The RFP was released on October 24, 2018 and evaluation of responses would begin in January. Finalist meetings are expected to take place in January and selection and contract negotiations are targeted for February.

b. UWSA Procurement – Ruth Ginzberg

Ruth Ginzberg informed the committee that shortly after releasing the RFP, *Pensions & Investments*, an international money management newspaper, contacted her regarding a story about the RFP. This provided extra publicity for the RFP.

Ruth gave a brief explanation of the current timeline, with proposer questions due by Monday, November 5, 2018 and responses to their questions due back by Friday, November 9, 2018 in the form of an addendum to the RFP. She provided background about the RFP process, emphasizing that under Wisconsin law, any proposer is eligible to respond to an RFP and no proposer can be ruled out prior to evaluation.

Ruth will first review the proposals to make sure they are viable, then the Evaluation Team will review and evaluate those that are viable. She emphasized that once the Evaluation Committee has been constituted, no one on the committee is allowed to discuss the proposals with anyone outside the committee until after the evaluation is completed and the contract is awarded. The State of Wisconsin also requires the award to go to the highest-scoring vendor, who then enters contract negotiations with UW System. If unable to come to a suitable contract, UW System can go to the second highest-scoring vendor.

Shenita Brokenburr asked Ruth what people should do if they receive questions about the RFP process from proposers. Ruth responded that the RFP document clearly identifies her as the single point of contact and that contacting other UW staff is prohibited, possibly resulting in disqualification of their proposal.

6. TSA Program Finances

a. TSA Program Financial Report

Rose presented the financial report, covering July 1, 2017 through June 30, 2018. Funding is requested from UW accounts at Fidelity, TIAA, and T. Rowe Price, as needed. The plan negotiates revenue from providers based on UW assets at the companies and the income providers receive from UW accounts over the amount needed to provide services.

b. Request for Approval for Using TSA Program Funds to Partially Pay for Director of Benefits Position

Staff requested approval to use TSA Program funds to pay 10% of the salary and fringe benefit costs of the UWSA Director of Benefits position. The total yearly cost is approximately \$16,000, with \$10,000 for the 10% of the salary and \$6,000 in fringe benefits.

MOTION: William Maas moved to approve the request to use approximately \$16,000 from the TSA Program fund to pay for 10% of the Director of Benefits salary. Dave Schalow seconded. Motion passed unanimously.

7. TSARC Committee Member Processes

a. TSARC Member Manual

Rose presented the draft *TSARC Member Manual*, focusing on Appendix C, the TSA Review Committee Member Agreement, and Appendix D, TSA Review Committee Membership Flyer. When finalized, all members will sign the agreement. The flyer will be used to recruit new members in the future.

A request was made that committee members review the draft manual and provide feedback by the end of February 2019, so it can be updated prior to the spring meeting.

b. Onboarding New TSARC Members

Rose asked for ideas from experienced members on what type of onboarding they wished they had received when they were new and from new members on what they thought would be helpful, based on their other experiences. She suggested new members be paired with experienced members as mentors; Will Maas agreed that would be helpful. Mentoring partners are Michael Collins and Syed Moiz, Kimberly Sipiorski and David Schalow, Rashiqa Kamal and Will Maas, Anoop Dhingra and David Miller.

It was also mentioned there are several educational resource subscriptions she would send to new members, including PlanSponsor and BenefitsLink.

Michael Collins asked if there were funds available for committee members to use if they felt they needed more education on specific areas. Jennifer Lattis said that funds would be available. As fiduciaries, committee members are obligated to request educational opportunities if they are needed.

With time remaining before lunch, Agenda Item 9. was taken out of order.

9. TSA Plan Administration and Operational Updates

a. Report on Loans

Rose explained that TSA Program staff monitors the use of loans to make sure they are used appropriately. The plan allows for two loans per participant and loan terms are for five years, unless the intended purpose is to purchase a home. Only 2.39% of participants are taking advantage of the loan program, which is low according to different survey instruments.

b. 15-year Rule Service Catch-ups

Thirty-six employees were approved to use the 15-year rule service catch-up so far in 2018.

c. Education, Communication, and Outreach Activities

The University has a responsibility of notifying employees about plan eligibility and contribution limits, educating employees to help them understand the benefits of plan participation, providing employees with access to the information they need to make informed investment decisions, and delivering the information in a format that enables employees to easily compare the investment options offered.

The TSA Program does those things through the following avenues:

- Earning statement messages twice a year for both biweekly and monthly paid employees
- On-site and online workshops
- Provider presence at the HR, Payroll, and Benefits Conference and during Campus Benefits Fairs
- Individual counseling sessions at institutions
- Articles – UW System portal articles and institution newsletter articles
- Emails to participants from UW System and the providers
- TSA Program website enhancements
- America Saves Week Campaign

d. Staff Development

In addition to all TSA staff attending the UW System Annual HR, Payroll, and Benefits Conference at UW-Stevens Point August 2–3, 2018, Rose Stephenson is participating in the UW LEaD Program.

The TSARC adjourned for lunch at 11:53am and returned at 12:45pm.

8. Washington D.C. Update – Larry Chadwick (via teleconference), Senior Managing Director, TIAA

Larry Chadwick gave an overview of political models ahead of the midterm elections on Tuesday, November 6, indicating that it is likely Democrats will regain control of the House of Representatives, while Republicans maintain control of the Senate. He also detailed the work needed from the 115th Congress, which has only sixteen days remaining for the session. Outside of Congress, the other main Washington D.C. issues include the future of the Mueller probe, the potential firing of Jeff Sessions and Rod Rosenstein, post-election White House staff turnover, and end of year presidential pardons.

The Retirement Enhancement and Security Act (RESA), which was not passed in the 114th Congress, has been reintroduced in the 115th Congress. That legislation allows for Multiple Employer Plans (MEPs) and removes the automatic escalation cap. Another legislative issue is that in absence of a federal act, states are taking it upon themselves to create consumer privacy acts. This action is to protect consumers, but each state will have different rules.

Market and Lifecycle Funds Update – Steve Noll, CFA, Senior Director, Nuveen

Steve Noll spoke about the TIAA-CREF Lifecycle Funds, actively-managed funds from a broad lineup of fund managers that have outperformed their respective benchmarks.

He also reviewed how an inverted U.S. Treasury yield curve has preceded recessions by one to two years and noted we are currently in a downward trend and corporate credit spreads are near decade lows.

10. TSA Provider Updates by Representatives

a. TIAA

Leteka Bojanowski mentioned that with the integration of Nuveen and EverBank, TIAA can offer a broader scale of products and services. There will be more communication about this to participants and in the media in the near future.

b. Fidelity

David Bruce reported that Fidelity is focused on getting participants to the total savings rate target of 15%. Fidelity rolled out a financial wellness program two years ago that features a microsite to allow participants to gain an understanding of where they are financially and a communication component for customers and participants. Over the last two years, Fidelity noticed that participants are increasing deferrals or changing their asset allocation based on interactions they had. Based on that data, the public site was moved into NetBenefits, which allows participants to add their entire financial picture, so they can review it and make tweaks as necessary. This could help TSA staff design more targeted messaging and provide data that is more accurate.

c. Lincoln

Julie Kruser presented tools and resources regarding cyber security. She noted there are six different videos on how to protect a variety of accounts and a video explaining the immediate steps to take if a person is a victim. These videos and tools are available in front of the firewall, allowing all UW employees access.

d. T. Rowe Price

Shawn Alvino discussed ways people perceive risk and achieve desired outcomes. She mentioned that 35% of respondents put more emphasis on the least possible point-in-time downside of returns whereas 65% are more concerned with highest retirement income opportunity.

e. Ameriprise/RiverSource

Richard Tesch addressed how retirees make their money last. Ameriprise surveyed more than 1,000 retirees ages 40–79 with at least \$100,000 in investable assets to explore how they manage their finances. They found 21% felt confident about drawing down their assets, but 68% have not begun to withdraw their money aside from taking required minimum distributions.

11. Staffing; Other

An announcement was made that Terry Lauber will be retiring at the beginning of 2019 and presented her with a certificate of appreciation, signed by all current TSARC members and many former members.

12. Next Meeting Date

The next meeting will be on April 26, 2019.

13. Adjourn

MOTION: Anoop Dhingra moved to adjourn. Rashiqa Kamal seconded. Motion passed unanimously. The meeting adjourned at 2:01 p.m.