



# UW System Tax-Sheltered Annuity Review Committee

Friday, February 26, 2021 – 3:00 pm to 4:00 pm

Via WebEx Conference

- Members Present:** J. Michael Collins (Chair), Ra shiqa Kamal (Vice Chair), Anoop Dhingra, Ann Iverson, William Maas, David J. Miller, Syed Moiz, David Schalow, Kimberly Sipiorski
- Members Absent:** None
- Staff:** Brianna Greenwood, Jennifer Lattis (UWS Deputy General Counsel), Charles Saunders, Rose Stephenson
- TSA Providers:** None
- Guests:** Cynthia Zaleta, Teresa Kruse, Dan Pawlisch, Aon Investments USA Inc.

Meeting called to order at 3:02 p.m.

## 1. Welcome

Michael Collins welcomed everyone, and attendees introduced themselves. Michael then called for a motion to enter closed session.

MOTION: Ann Iverson moved to go into closed session as allowed in Wisconsin Statute §19.85(1)(e), Deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session. Dave Miller seconded. The roll call vote was unanimous to move into closed session at 3:04 p.m.

## 2. Plan Level Defaults, Fixed Annuity Products, Mapping of Investment Options, and Timeline+\* – Dan Pawlisch, Aon Investments USA Inc., TSARC Investment Subcommittee

The TSA Review Committee reviewed recommendations made by the TSA Investment Subcommittee. The recommendations were as follows:

- 1.) All TIAA and Fidelity deductions in place before the conversion date should be continued to each respective company, unless the participant makes a timely election to stop or change the deductions.
- 2.) Participants with Legacy Providers (T. Rowe Price, Lincoln, and Ameriprise/RiverSource – TSA Program providers no longer offered after January 1, 2022) may choose either TIAA or Fidelity for ongoing contributions or stop the TSA contributions as of January 1, 2022.
- 3.) If a participant with a Legacy Provider does not take any action, contributions will be continued to the Default Provider.
- 4.) The Default Provider should be TIAA.
- 5.) The Qualified Default Investment Alternative (QDIA) for both TIAA and Fidelity should be the age appropriate Vanguard Target Retirement Date Fund chosen as part of the investment line-up. The age appropriate fund is the one closest to the age the participant turns 65.
- 6.) There should be a window for participants to make in-kind transfers into the respective brokerage windows with TIAA and Fidelity in order to continue to investment in funds available in the UW 403(b) Program that may be closed to retail participants.
- 7.) Unless the participant has chosen different options during the early decision window, funds that can be mapped (mutual funds with TIAA, Fidelity, T. Rowe Price; please note: annuity products cannot be mapped), should be mapped to the QDIA.
- 8.) The guaranteed option for TIAA should be the Retirement Choice Plus (RCP) guaranteed annuity.
- 9.) The guaranteed option for Fidelity should be the NY Life Guaranteed Interest Account (GIA).
- 10.) Participant fees should first be applied to the Recordkeeper required revenue and then to the University of Wisconsin System required revenue.

MOTION: Ann Iverson moved to affirm the recommendations as an action of the full committee. Syed Moiz seconded the motion. Motion passed unanimously.

**3. Discuss and Recommend Participant Fees+\* - Cynthia Zaleta, Teresa Kruse, Aon Investments USA Inc., TSARC Recordkeeping Review Subcommittee**

The TSA Review Committee reviewed TSA Recordkeeping Review Subcommittee recommendations for pricing structure. The Request For Proposal process established a TIAA recordkeeping cost of \$29 per participant and a Fidelity cost of \$49; the cost for UW System Program administration is estimated at \$17 per participant. The Subcommittee recommended a tiered pricing structure with no fee assessed to participants with account balances below \$5,000 and a structure that indicated there was a higher participant cost to use Fidelity as a recordkeeper.

Syed asked for clarity on pricing. Currently participants are paying fees, but they are often part of the expense ratio and not transparent. Cynthia noted that the future fees are lower than the amount participants are currently paying.

After discussion, the following scenarios were selected:

TIAA w/TRP Counts*				
	Ppt Count	Fee		Amount generated
<\$5000	1,144	0		0
\$5001-50,000	3,551	\$ 18	\$ 18	\$ 63,918
50,001-100,000	1,712	\$ 38	18 + 20	\$ 65,056
100,001-200,000	1,802	\$ 68	38 + 30	\$ 122,536
200,000+	2,674	\$ 98	68 + 30	\$ 262,052
	10,883			\$ 513,562

Fidelity w/TRP Counts*				
	Ppt Count	Fee		Amount generated
<\$5000	1,191	8	8	\$ 9,528
\$5001-50,000	2,680	28	8 + 20	\$ 75,040
50,001-100,000	1,176	58	28 + 30	\$ 68,208
100,001-200,000	1,069	98	58 + 40	\$ 104,762
200,000+	1,860	148	98 + 50	\$ 275,280
	7,976			\$ 532,818

MOTION: Will Mass moved to affirm the tiered pricing and payment ordering structure. Dave Schalow seconded the motion. Motion passed unanimously.

**4. Adjourn\***

MOTION: Rashiqa moved to end the closed session. Dave Miller seconded the motion. Motion passed unanimously.

Meeting adjourned at 4:06 p.m.