

UW 403(b) Supplemental Retirement Program Advisory Committee (SRPAC) Meeting

Friday, November 1, 2024 – 10:00 a.m. to 1:30 p.m.

780 Regent Street RM. 126 A&B & Webcast

Members Present: J. Michael Collins (Chair), Rashika Kamal (Vice Chair), Deborah Beyer, Veena Brown, Tracy Drier, Kristi Krimpelbein, Shawna Kuether, William Mass, Syed Moiz (webcast)

Members Absent: None

Staff: Jennifer Lattis, Linsey Nelson, Charles Saunders, Rose Stephenson, Anna Zander

403(b) Recordkeepers: Catina Hampton (webcast), Nick Tylawsky (webcast), TIAA; David Bruce, Fidelity

Consultant: Dan Pawlisch, Aon Investments USA Inc.

Guests: Vice President Julie Gordon, David Miller (webcast), Erin Schoonmaker, Universities of Wisconsin Administration; David Schalow (webcast), UW-Stevens Point

Meeting called to order at 10:02 a.m.

1. Welcome and Introductions

Michael Collins welcomed those attending, extending a special welcome to the new SRPAC Members Tracy Drier and Kristi Krimpelbein. SRPAC members, staff, UW 403(b) SRP recordkeepers and consultant, and guests introduced themselves.

2. Election of Officers*

Michael Collins reminded members that at the fall meeting of even-numbered years, the UW 403(b) SRPAC elects a chair and a vice-chair to serve for two-year terms. Michael noted that he is currently Chair and Rashika Kamal is Vice Chair and indicated both were willing to continue in their positions.

MOTION: Deborah Beyer moved to nominate and approve Michael Collins as Chair and Rashika Kamal as Vice Chair of the UW SRPAC for two-year terms. Veena Brown seconded. Motion passed unanimously.

3. Review and Approval of May 3, 2024 SRPAC Meeting Minutes +*

SRPAC members reviewed the minutes of the May 3, 2024, SRPAC meeting.

MOTION: Rashika Kamal moved to approve the minutes from the May 3, 2024, SRPAC meeting. Veena Brown seconded. As new members, Tracy Drier and Kristi Krimpelbein abstained. Motion passed.

4. Resolutions of Commendation+*

Rose Stephenson read Resolutions of Commendation for David Schalow, who retired from UW-Stevens Point, and for David Miller, whose term expired and who is now the Director of Total Rewards with the Universities of Wisconsin Office of Human Resources. CIO Charles Saunders presented both with a plaque and Certificate of Appreciation signed by President Rothman for their service to the UW 403(b) SRPAC and Universities of Wisconsin employees.

MOTION: William Mass moved to approve the Resolutions of Commendation for David Schalow and David Miller. Syed Moiz seconded. Motion passed unanimously.

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

Jennifer Lattis presented an annual fiduciary refresher. She reminded the Committee of the two primary fiduciary duties: the duty of loyalty and the duty of prudence. She then reviewed the duty of obedience, which she noted is part of the duty of prudence and indicated that following the Plan Document fulfills the duty of obedience. Jennifer indicated the UW 403(b) SRP is a governmental plan and not subject to ERISA requirements, but the SRPAC is guided by aspects of ERISA as best practice.

6. Report of SRPAC Investment Subcommittee – J. Michael Collins

a. Report on Action Taken during the September 25, 2024, Investment Subcommittee Meeting.

Michael Collins indicated the Investment Subcommittee met and reviewed second quarter 2024 performance with Dan Pawlisch and Leon Kung.

b. Report of Dodge & Cox Proxy Vote

The Subcommittee voted via email to recommend that the Dodge & Cox proxy be voted in favor of all 12 proposed Board of Director candidates. Since the deadline for the proxy was before the next SRPAC meeting, Jennifer Lattis indicated the vote could take place over email, with public notice in accordance with open meetings law.

c. Review and Approval of Updated UW 403(b) Supplemental Retirement Program Investment Policy Statement+*

Dan Pawlisch presented revisions to the Investment Policy Statement (IPS) for the UW 403(b) SRP, noting the Subcommittee recommended it be approved by the UW 403(b) SRPAC. He highlighted specific changes to the IPS, noting that participants – rather than the SRPAC – would now be responsible for voting proxies. Another IPS change was to update the benchmark for the Vanguard Cash Reserves Federal Money Market Fund to the 90 Day U.S T Bill Index from the FTSE 3 Month T Bill Index. Charles Saunders requested that the SRPAC be informed when new investment types are available in the self-directed brokerage window. Dan agreed to work with Fidelity and TIAA to create a process for SRPAC notification.

MOTION: William Mass moved to approve the revised Investment Policy Statement for the UW 403(b) SRP. Veena Brown seconded. Motion passed unanimously.

d. Approval of Investment Subcommittee Charter*+

Michael Collins presented the Investment Subcommittee Charter. He highlighted specific changes to the Subcommittee Charter, noting there will be an annual vote for the Chair of the Investment Subcommittee instead of the Chair of the SRPAC automatically serving as Chair of the Investment Subcommittee.

MOTION: Deborah Beyer made a motion to approve the changes to the Investment Subcommittee Charter. Rashika Kamal seconded. Motion passed unanimously.

MOTION: Veena Brown moved to accept the report of the Investment Subcommittee. Shawna Kuether seconded. Motion passed unanimously.

7. SECURE 2.0 Optional Provisions: 60-63 Catch-ups, Hardship Self-Certification +*

Dan Pawlisch reviewed a new “super” catch-up provision for participants ages 60-63 under SECURE 2.0. He noted the catch-up amount for this group of participants will be the greater of \$10,000 or 150% of the regular catch-up amount; the amount for 2025 is \$11,250. Rose Stephenson stated that participants qualify for the “super” catch-up in the year they turn 60 and are no longer eligible in the year they turn 64. Rose indicated the new “super” catch-up provision would be implemented on July 1, 2025, when Workday goes live.

Michael Collins inquired about the policies and procedures for the self-certifications of hardships under SECURE 2.0. Rose indicated that one of the frozen providers would only offer hardships if the participant would be allowed to self-certify. Allowing participants to self-certify that a hardship distribution is being made on account of a deemed immediate and heavy financial need allows all participants in the UW 403(b) SRP to take these distributions, not just those with an account at Fidelity and TIAA.

Catina Hampton and David Bruce discussed the readiness of TIAA and Fidelity to allow self-certification of hardship distributions. As an optional provision under SECURE 2.0, Catina noted that TIAA will not be ready until late 2025. TIAA’s main concern is that the Spark Institute needs to update the SPARK file so recordkeepers can monitor participants who have accounts with both providers. David Bruce indicated that Fidelity is ready to implement self-certification of hardship distributions; however, since the UW 403(b) SRP has multiple providers, these withdrawals will not be available to Fidelity SRP participants until TIAA is ready.

Catina and David indicated that TIAA and Fidelity will be ready to implement the provision under SECURE 2.0 that requires catch-up contributions for those who earn more than \$145,00 in the prior calendar year to be made on a Roth basis.

MOTION: Rashika Kamal moved to approve the “super” catch-up provision and self-certification of hardships under the SECURE 2.0. Deborah Beyer seconded. Motion passed unanimously.

8. Self-Directed Brokerage Window Review + – Dan Pawlisch, Aon Investments USA Inc.

Dan Pawlisch discussed the benefits of the SRP's self-directed brokerage window, noting that it satisfies vocal participants who demand more specialized investment options beyond the "core" offerings. He indicated that the SRPAC has no duty to monitor the performance of specific "non-designated" funds in the window and should avoid designating a significantly limited group of options, as this may imply endorsement and designation, and can result in fiduciary obligation. Dan discussed Aon's ratings for the brokerage windows at TIAA and Fidelity, based on the overall structure (no transactions fee funds, number of fund families, and the number of no-load funds available), fees (transaction fees and annual maintenance fees), and the participant experience (automation and integration of the platform). He noted that Fidelity's BrokerageLink received a score of 2.4 out of 3. Considerations include complexities with the sweep account and high transaction fees for some fund families. TIAA's Brokerage window received a score of 2.9 out of 3. Dan noted that TIAA has a fewer number of fund families. After thorough discussion and based on the information provided, Mr. Pawlisch indicated that it would be in the best interest of the Plan's participants and beneficiaries to continue to offer Fidelity and TIAA's self-directed brokerage windows.

9. Appointment of Members to the Communication Subcommittee*

MOTION: Michael Collins moved to approve the appointment of Shawna Kuether, Kristi Krimpelbein, and Tracy Drier to the Communications Subcommittee. Deborah Beyer seconded. Motion passed unanimously.

10. 3Q24 Capital Markets and Performance Review+ – Dan Pawlisch, Aon Investments USA Inc.

Dan Pawlisch reviewed the current state of the overall economy, the domestic and international equity markets, and the bond markets during the third quarter of 2024 and year-to-date periods.

He reviewed data regarding the Plan's asset allocation and discussed situations in which there were exceptions to, or comments on, the targeted performance, company structure or other relevant aspects of the funds offered against the Plan's Investment Policy Statement. In a discussion of Aon Investments' Watch List, which reflects any funds on "watch" for the quarter, Dan indicated that there was no fund currently "open" to new contributions listed on the Watch List. He also noted that all the managers in the UW 403(b) SRP investment lineup are "Buy" rated by Aon's Global Investment Management Research Team, the firm's highest rating for managers.

Mr. Pawlisch reviewed the management fees for the investment in the Plans, comparing them to the applicable peer groups.

11. UW 403(b) Supplemental Retirement Program Updates

a. Plan Administration and Operational Updates+

Linsey Nelson reported a decrease in the number of loans from 165 in 2023 to 111 thus far in 2024. She noted that while Lincoln and Ameriprise continue offering loans, the majority are through Fidelity and TIAA, with a total outstanding loan balance over \$6.1 million and an active balance of \$5.4 million. There are 499 active loans with an average balance of approximately \$10,800 as of September 30, 2024.

Linsey noted that enrollment in the UW 403(b) SRP is slightly down, but efforts are ongoing to increase participation. In September, outreach emails were sent to non-participants. TIAA held 318 individual counseling sessions (virtual and in-person, but not including phone sessions), and Fidelity held 1,199 (which include phone sessions). Physical postcards were mailed to over 24,000 UW employees who are not currently contributing to the UW 403(b) SRP. Upcoming earning statements will also include a message encouraging participation in the UW 403(b) SRP.

Rose Stephenson noted that recent emails to employees not contributing do not include "clickable" links, potentially adversely affecting new enrollments. Rose provided an update on the Administrative Transformation Program (ATP). She noted that testing with TIAA and Fidelity to ensure that contribution files are transmitted correctly and securely is ongoing. She also indicated that the contribution file now includes a designated business email. ATP staff members are preparing for the new "super" catch-up provision for participants ages 60-63 under SECURE 2.0 to commence in July 2025.

Rose reported that UW SRPAC members and 403(b) SRP staff are looking forward to a December visit to TIAA headquarters in Charlotte, NC. She noted that staff development is ongoing, with Anna Zander successfully completing her six-month probation.

b. Financial Report+

Rose Stephenson indicated that the Financial Report was included in the meeting materials. She noted that finances remain healthy and stable.

12. Executive Summary of Plan Activity+

TIAA – Catina Hampton

Catina Hampton noted that assets in the 403(b) SRP under TIAA’s management surpassed \$2 billion. Catina introduced Nick Tylawsky, Director of Communication Consulting. He highlighted TIAA's focus on enhancing accessibility, engagement, and strategic partnerships. Key goals include increasing one-on-one meetings with financial counselors, growing overall engagement, and boosting enrollment through improved messaging. Nick indicated TIAA’s communications strategy involves dynamic content, targeted communications, and a digital-first approach. He discussed how TIAA promoted events by sending quarterly emails to around 5,000 employees, which resulted in a notable increase in engagement—up 18% overall—with in-person and virtual meetings seeing 25% and 23% growth, respectively.

Fidelity – David Bruce

Dave Bruce reported that the UW 403(b) SRP with Fidelity has grown by 12% to \$1.3 billion, despite higher-than-average participant distributions resulting in a negative \$23 million cash flow for the year.

Dave discussed Fidelity's progress in enhancing retirement readiness and plan administration. Fidelity’s engagement strategy has shown that participant engagement correlates with increased savings rates. Fidelity is actively promoting resources to boost enrollment and plan awareness. Dave highlighted a new initiative involving a partnership with Gary Rossi, a former FBI agent who now works for Fidelity, providing insights on personal data security to broaden the scope of participant education beyond just retirement planning. To further enhance support, Fidelity has increased on-site resources. Fidelity now has three representatives supporting campuses statewide.

13. Next Meeting: Potential Dates

The SRPAC agreed to hold its spring meeting on Friday, May 2, 2025 with a tentative time of 10:00 a.m. to 2:00 p.m.

14. Adjourn*

MOTION: Rashika Kamal made a motion to adjourn the meeting. Veena Brown seconded. Motion passed unanimously. The meeting was adjourned at 1:35pm.