



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

Friday, October 1, 2021 – 10:00 a.m. to 11:30 a.m.

Via WebEx Conference

Members Present: J. Michael Collins (Chair), Rashika Kamal (Vice Chair), Will Mass, Syed Moiz, David Miller, Dave Schalow, Kimberly Sipiorski

Members Absent: Ann Iverson, Anoop Dhingra

Staff: Brianna Greenwood, Jennifer Lattis, Sean Nelson, Katherine Ptaszek, Charles Saunders, Rose Stephenson

403(b) Recordkeepers: Catina Strong, Patricia Williams, TIAA; David Bruce, Laura Heck, Fidelity Investments; Shawn Alvino, T. Rowe Price; Julie Kruser, Lincoln Financial Group; Richard Tesch, Ameriprise Financial

Consultants: Dan Pawlisch, Leon Kung, Aon Investments; Lindsay Stortz, Willis Towers Watson

Guests: Sandy Smith, Tina Howell, UW Shared Services; Erin Schoonmaker, UW System HR

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

1. Welcome and Introductions

Michael Collins welcomed those attending. Guests introduced themselves.

2. Review and approval of April 30, 2021 TSARC Meeting Minutes +*

MOTION: Rashika Kamal moved to approve the minutes of the April 30, 2021, meeting. Syed Moiz seconded. Motion passed unanimously.

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

Jennifer Lattis presented an annual fiduciary training refresher. Jennifer reminded the Committee that while the Plans are not subject to ERISA, its oversight best practices are relevant to the Committee’s decision making and operations. She indicated that fiduciary duty has two components: the duty of loyalty and the duty of care. During last year’s fiduciary training, Jennifer reviewed the duty of loyalty. At this meeting, Jennifer provided extensive discussion of the duty of care. She noted that she prefers the traditional term “duty of prudence” because it ties more closely to the work the Committee furnishes - prudently providing investment monitoring and ensuring expenses are reasonable.

Jennifer noted that during the restructuring of the program, the SRPAC took great care to meet its fiduciary obligations regarding the duty of prudence. Justifications for restructuring included simplifying the investment lineup to make it easier for employees to enroll and decide where and how to invest. Jennifer observed the program’s previous structure may have been overwhelming and could have deterred employees from enrolling. She reminded the Committee that there have been numerous lawsuits brought by employees at other institutions asserting those plans had too many investment options. Jennifer noted that in developing the new investment lineup, the Committee had skillfully negotiated the balance between too many investment options – under the duty of prudence, and too few investment options – under the duty of loyalty.

4. Performance Review and Investment Subcommittee Update+ – Dan Pawlisch, Leon Kung, Aon Investments USA Inc.

Leon Kung provided a review of capital markets and a summary of investment manager performance as of August 31, 2021 for the proposed investment lineup. He outlined recent enhancements to the Vanguard Target Retirement Fund, including adjusting the rebalancing policy threshold, use of futures to improve trading, and moving the glide path roll down process from a quarterly to monthly frequency. He also reviewed the investment management fees for the proposed investments, noting that the fees for all investments were reasonable relative to applicable peer groups.

Dan Pawlisch reported that an investment subcommittee meeting was held on the September 16, 2021 to discuss the availability of lower cost share class options for several funds. He noted that due to anticipated fund mapping, the UW 403(b) SRP is eligible to offer lower cost “Institutional” class shares of the Vanguard Target Date Funds instead of the higher cost “Investor” class shares initially planned. He also noted that the UW 403(b) SRP is eligible to offer the lower cost “R6” class share of the Principal Real Estate Securities Fund (PFRSX) instead of the “Institutional” class shares (PIREX).

5. Ameriprise and Lincoln Loans +*

Rose Stephenson presented information on loans available through Ameriprise Financial and Lincoln Financial Group. Both companies will provide information to TIAA’s Compliance Coordinator, an online information aggregation tool used to approve and monitor loans. Therefore, loans can continue to be available to participants with the Ameriprise Financial and Lincoln Financial Group in the event participants do not want to or cannot take a distribution from their account. Rose indicated that the number of loans from Ameriprise and Lincoln have historically been minimal, but access to take a loan is important to participants.

MOTION: Rashiqa Kamal made a motion to continue to allow loans through Ameriprise and Lincoln going forward. Will Maas seconded the motion. Motion passed unanimously.

6. Report on transition to two recordkeepers

Rose provided an update on the transition to two recordkeepers (TIAA and Fidelity). She indicated that UW 403(b) staff has regular meetings with UW System Service Operations, UW System Human Resources–Benefits, and University Relations, along with weekly meetings with TIAA and Fidelity. One current issue is performing file tests to ensure the record transfers from T. Rowe Price to either TIAA or Fidelity will go smoothly. Rose also reviewed a timeline of sending T. Rowe Price participant information and balances to TIAA and Fidelity.

7. Communication Subcommittee and Communications Report+ -- Lindsay Stortz, Willis Towers Watson, Rose Stephenson, TIAA and Fidelity

Lindsay Stortz reported on the communications to inform employees and participants of the upcoming UW 403(b) SRP changes. She introduced the new work mark for the program – with the tagline “*Investing in Your Financial Future,*” noting the new word mark would go on communication pieces going forward. Lindsay informed the Committee that UW System sent two emails to employees in September. The first was sent on September 10, 2021 to all employees announcing the upcoming changes, including the name change, with a link to the program changes web page and information about a Town Hall information session on September 17, 2021. The second was sent on September 28, 2021 to current 403(b) Program participants. She encouraged the members of the Committee to review the 403(b) Program Enhancements page, which Brianna Greenwood put together. Lindsay also provided a summary of and timeline for communications planned for the coming months, including transition guides from TIAA and Fidelity, and another Town Hall scheduled for October 26, 2021 that would provide more detailed information about the self-directed brokerage windows and investment options.

Patricia Williams, TIAA, mentioned that TIAA would be holding informational webinars and one-on-one counseling sessions through October, November, and December. An announcement letter will also be sent to participants during the week of October 8, 2021, with the transition guide planned to be sent in mid-November.

David Bruce, Fidelity, reported that an updated contract had been fully executed and that the Fidelity *Transition Guide* was sent to participants this week. He noted that the *Transition Guide* also includes information for former T. Rowe Price, Ameriprise, and Lincoln participants. Fidelity representatives started *Ask Fidelity* sessions that provide a short overview of the changes and allow time for employees to ask questions. Thus far, there have been two *Ask Fidelity* sessions with 83 participants, and five more sessions are planned. David also noted that a demonstration of the self-directed brokerage window is scheduled for UW staff. The Fidelity brokerage window will be available on November 1, 2021.

8. 403(b) Program Updates

a. Plan Administration and Operational Updates+

Rose provided information on loan usage, which continued to decrease in 2021. In 2022, new loans with TIAA will be restructured so they are no longer collateralized. Instead, participants will loan themselves money from their accounts and pay themselves interest like loans at Fidelity.

Rose indicated that 65 employees have requested to be checked for eligibility for the 15-Year Service Catch-up so far in 2021; many have been offered voluntary separation incentives. Approximately 45 are eligible for the catch-up.

EZ Enrollment usage continues to increase. Rose noted that T. Rowe Price was removed from the form in late September with information about the upcoming 2022 changes. She indicated that an increase in enrollments has been seen since communications were sent to employees.

Rose informed that Committee that she presented a workshop titled, *Your 403(b) Program – Reimagined!*, for human resources and benefits staff across the UW System during the UW Human Resources Conference in August. She also indicated there have been a number of webinars held by TIAA, Fidelity, and T. Rowe Price.

b. Financial Report+

Rose presented the financial report. She mentioned that the Committee will discuss how revenue will be returned to participants at the November 2021 meeting.

9. Appreciation

Resolutions of commendation were presented to the three recordkeepers that would no longer be active in the plan: T. Rowe Price, Ameriprise, and Lincoln. Rose indicated that all three have been excellent partners to the University of Wisconsin and the Committee wanted to acknowledge their work and support.

MOTION: Will Maas made a motion to approve a Resolution of Commendation to show appreciation to T. Rowe Price for outstanding service on behalf of UW employees and to extend best wishes. Rashika seconded. Motion passed unanimously.

MOTION: Will Maas made a motion to approve a Resolution of Commendation to show appreciation to Lincoln for outstanding service on behalf of UW employees and to extend best wishes. Syed Moiz seconded. Motion passed unanimously.

MOTION: Dave Miller made a motion to approve a Resolution of Commendation to show appreciation to Ameriprise for outstanding service on behalf of UW employees and to extend best wishes. Kimberly Sipiorski seconded. Motion passed unanimously.

10. Next Meetings:

a. Plan Document Proposal – Friday, November 5, 12, or ?, 2021

The SRPAC will hold a meeting to discuss Plan Document changes and revenue sharing credits to participants on November 5, 2021. The tentative time will be 11:00 a.m. to 12:30 p.m. The meeting will be held virtually.

b. 2022 Spring Meeting – April 22 or 29, 2022 or ?

The SRPAC will hold its spring meeting on April 29, 2022, with a tentative time of 10:00 a.m. to 2:00 p.m. Whether to hold the meeting in-person or virtually will be determined later.

11. Adjourn*

MOTION: Will Mass made a motion to adjourn the meeting. Rashika seconded. Motion passed unanimously.

The meeting was adjourned at 11:31 a.m.