Kevin Bahr called the meeting to order at 10:05 a.m.

1. **Introductions**
   
The TSA Review Committee, UW System staff, TSA company representatives, and guests introduced themselves.

2. **Election of Officers**
   
   Rose informed the committee that Howard Erlanger was in Seattle. She reported that he sent his regrets that he could not be present and that he would be happy to continue as Vice Chair but would also be happy to relinquish should someone else want the position.

   MOTION: Robert Wolf nominated Kevin Bahr as Chair and Robert Kunkel seconded the nomination. Motion approved.

   MOTION: Kevin Bahr nominated Howard Erlanger as Vice Chair; Robert Wolf seconded the nomination. Motion approved.

   Rose introduced the newest member of committee who was unable to attend today: Georgette (Gigi) Koenig, the Chief Business Officer at UW-Superior for the past several years.

3. **Review and Approval of Minutes**
   
   MOTION: Robert Kunkel moved to approve the minutes of the May 6, 2016, TSARC meeting. Robert Wolf seconded. Motion approved.

4. **Fiduciary Responsibility Refresher**

   Jennifer Lattis, UW System Legal Counsel, gave the committee an annual “booster shot” for fiduciary responsibility training. She explained that the two main pillars of fiduciary responsibility are the duties of loyalty and prudence – sometimes referred to as the duty of care. Here she focused on the duty of loyalty. Jennifer explained that in the 2006 case of *Zastrow vs Journal of Communication*, the Wisconsin Supreme Court found that a group of trustees who managed the employee benefits program breached the duty of loyalty based on their failure to fully disclose material facts.

   The company was being purchased and had some odd stock option rules. If employees retired, they could sell back stock over ten years, but if they left the company and did not retire, they had to sell back stock immediately. During the sale of the company, all employees were given the option to move to the new company, but trustees failed to inform employees eligible for retirement of their option to sell back stock over ten years, which was financially more advantageous.
Trustees put interests of the business ahead of the interest of participants. Loyalty requires that your first duty be to participants. The court decided that this was a breach of fiduciary duty—an “intentional tort,” which carries a two-year statute of limitations; this is in contrast to “negligent tort,” which carries a six-year statute of limitations. Since the statute of limitations was exceeded, the case did not proceed. Jennifer offered to provide the case in its entirety to anyone who would like more information.

5. Plan Document Revision

Rose noted that UW TSA providers reviewed the UW TSA 403(b) TSA Plan Document to ensure the description of plan policy conforms to actual practice and thanked the providers, acknowledging that UW TSA companies cannot provide legal counsel.

The changes are summarized as follows:

1. In Section 2.1 Eligibility and Participation: deleting a redundant word (form) and including the Quick Enrollment option.
2. In Section 2.4 Designation of Beneficiary: modifying language to allow online designation of beneficiaries, which is available with TIAA, Fidelity, and T. Rowe Price.
3. In Section 3.7 Limitation on TSA Contributions: using IRS model plan language, incorporating 415 limit information, creating paragraph (7) Limitations on Aggregate Annual Additions. The limits stated were also updated to 2016 amounts.
4. In Section 6.9 Loans: deleting “before the commencement of the benefit payments” “or $10,000, if greater,” and “set forth in writing.” although the provision “or $10,000, if greater,” is in IRS model language, it is not allowable under ERISA, so none of our plans permit it in their loan terms.

In response to a question, Rose noted that, while the plan has been revised at almost every meeting these past few years, it does not need to be revised every time the IRS limits are updated. However, special changes from IRS should be incorporated.

MOTION: Robert Wolf moved to approve the changes to the UW TSA Plan Document as detailed in the memo. Rashiqa Kamal seconded the motion. Motion passed unanimously.

Rose reminded the committee that these changes go to University President Ray Cross for final approval.

6. T. Rowe I-Share Class Fund Options

Anoop Dhingra joined via Teleconference.

Rose introduced Shawn Alvino, Client Relationship Manager from T. Rowe Price. Shawn reminded the committee that this was a continuation of the May discussion regarding T. Rowe Price funds with Institutional Share (I-Share) Classes. To remain competitive in today’s markets, T. Rowe Price developed and in 2016 began offering the I-share class to its institutional clients.

At the spring TSARC meeting, the TSA Review Committee voted to add 22 I-share class funds to the T. Rowe Price fund line-up, but postponed adding more I-share class funds until T. Rowe Price could provide additional information regarding assets, number of participants using the funds, Morningstar category and other information. T. Rowe Price provided the requested information in an excel spreadsheet and a PowerPoint presentation containing the T. Rowe Price entire investment lineup in the UW TSA plan.

Institutional share classes reduce the overall investment expense for participants. The I-Share cost structure for the T. Rowe Price funds is approximately 15 basis points lower than the existing share classes currently utilized; this is not a change of investment, just a lower cost structure. T. Rowe Price has 30 new I-share class funds available—in addition to the I-share funds already offered in the UW TSA plan. Adding the top 16 of these I-share class funds (in order of assets and participant use) to the UW TSA fund line-up would eliminate revenue from T. Rowe Price. If the University added all 30 I-share class funds that are available, T. Rowe Price would not receive enough revenue to cover expenses and participants would need to pay a fee.

Shawn walked the committee through the methodology that T. Rowe Price used when they evaluated the UW investment line up and identified alternative I-Share classes to the existing structure, starting with funds that have the highest balances. The funds with the largest balances also tended to have highest number of
participants using the funds. The UW TSA Plan already offered two T. Rowe Price institutional funds in 2015: T. Rowe Price Institutional Large-Cap Value Fund and T Rowe Price Institutional Mid-Cap Equity Growth Fund. With the 22 funds added in 2016 and the 16 additional I-share class funds, the UW TSA Plan would have 40 institutional funds.

One of the requests from the previous meeting was to see the fund classifications to ensure that participants electing their asset allocation would be able to invest in all of the broad asset classes in a lower cost investment option. Shawn reviewed the fund classifications showing that a participant could invest broadly in the various asset classes in I-share class funds. Committee members voiced a slight concern that the bond fund offering was light.

Shawn reviewed the pricing structure. Currently the cost per participant is $75 per head – essentially just an effective cost per plan participant, i.e., the total administrative credits that T. Rowe receives currently ($167,000) divided by the total plan participants (currently 2,224). Under this structure, the UW plan receives revenue from T. Rowe Price, currently $78,500 annually. Under the new pricing structure, T. Rowe would receive approximately $123,000 for administering the plan. That amount divided by the total plan participants (2,224) is $56 per head. Shawn explained that participants do not see this, but that is how T. Rowe Price evaluates the cost. Funds with lower expenses generate lower revenue, so switching to I-class share funds means that the University will no longer receive revenue from T. Rowe Price. Shawn noted that the new offering could be made available as early as February 2017.

Committee members addressed questions of fee fairness, plan subsidizing, excess revenue from other plans (with funds where institutional share classes are not available), and returning revenue to participants. They confirmed that funds were not chosen based on their capacity for returning revenue to the plan, but in an effort to get participants the lowest fees possible.

MOTION: Robert Wolf moved to approve 16 new I-Share class funds from T. Rowe Price. Michael Collins seconded. Motion carried unanimously

7. UW TSA PROGRAM REVIEW
   a. Follow-up on 403(b) Program Review and Benchmark Report

   LaDonna Steinert welcomed Pamela Achterberg, the TSA Program’s new project employee. LaDonna noted that at the last TSARC meeting a commitment was made to hire additional staff. Pamela has most recent employment experience with state government (the DNR and DOR). Her background includes experience in the finance field and with payroll and benefits.

   LaDonna noted that she was excited to see the options to the program as we utilize Pamela going forward. She stated that Pamela had been instrumental in sending out the email informing TSA participants about the 415 limits so that we could close up that portion of the audit on the TSA 403(b) plan. Pamela will also be:
   - working with the TSA companies to clean up data and update participant employment status.
   - working with plan participants with frozen assets with companies that are no longer in our program to assist them in transferring money to current vendors
   - learning the ropes and will be taking on the day to day questions to free up Rose so she can work on implementing program efficiencies

   LaDonna provided the summary of findings from the Survey Data to the committee. She stated that the information was shared with the committee in an effort to fulfill both the administrative team’s and the committee’s fiduciary duty as we examine ways to improve processes, set a path forward, and ensure that we are providing our program participants the very best program benefits possible.

   She reviewed the four points put forth as recommendations to the committee for moving forward:
   - Redefine the Strategic Direction for the TSA plan administration and operation
   - To Increase staff by 1 full time member for a period of up to 2 years to focus on known gaps and future efficiencies of the program
• To Utilize program revenue to engage consulting services for further evaluation of program offerings, to recommend program efficiencies and enhance program design
• To Simplify program administration and to increase utilization of vendor administrative support

She stated that these recommendations address having a long-term sustainable administrative staff for the program with the best possible benefit to participants at the lowest cost. She stated that this is accomplished by capitalizing on economies of scale wherever possible and examining where we can utilize revenue to continuously improve the plan program in a holistic manner.

LaDonna provided examples of areas in need of increased program efficiency, defining program efficiency as the desire to capitalize on time spent that could be used for better oversight. She explained that the plan’s strategic direction could be operational or administrative depending on the committee’s translation.

She further clarified point #4 by explaining that the goal is to hold the vendors to a set standard so that the plan can operate in a more efficient manner. She added that this didn’t necessarily mean changing our vendor line-up, but stated that we could compare all vendor contracts side by side, and examine how to best utilize the options from each vendor to streamline our enrollment and education processes.

The University is making on-going process improvements, but more information is needed about its technological capabilities with reference to the utilization of outside resources, e.g., incorporating vendor technology to allow online enrollment into TSA programs similar to health care choices made in Ebenefits.

While staff expressed a desire for the committee to set benchmarks and direction – explaining that the program design has a direct relationship on operations, committee members agreed that the take away from the benchmark survey is that the UW TSA plan is holding its own among our peers but there are still areas that need improvement. A few members expressed concern that they have no expertise in the operational areas and recommended using consulting services to enhance program design instead of a subcommittee.

b. Using Consultants for Plan Review and Strategic Improvements

At the May 6, 2016 TSA Review Committee meeting, Dr. Shenita Brokenburr and LaDonna Steinert presented key findings and summary information from the UW Tax-Sheltered Annuity Program Review, which was undertaken at the request of the committee. One of the key findings from the review was that seven of the thirteen institutions surveyed have used an outside consulting firm (not affiliated with their providers) to assist in the administration of their voluntary retirement plans.

Consultants can be used for specific, limited purposes, such as developing or reviewing an Investment Policy Statement, reviewing the Plan Document to ensure it is compliant with all regulations and that it correctly reflects actual procedures and processes, or benchmarking providers based on fees. Consultants can also be used for larger purposes, such as a full-blown evaluation of all plan providers and recommendations for restructuring the plan, including all the investment offerings in the plan, issuing an RFP for providers or record keepers, and more.

More and more 403(b) plans across the country – including those at our peer institutions – have been using consultants to help the plans navigate the ever-changing regulatory environment, ensure compliance with regulations, confirm plans are offering the lowest cost funds available and are implementing best practices, and act as a hedge against litigation.

Rose noted that we see an increased use of consultants due to:
• IRS Rule changes and DOL adding new requirements
• A desire by plans to emulate ERISA plans as a best practice
• An attempt to acquire help evaluating fee structures comparable to others

She recently spoke with Scott Senseney, Senior Vice President, Client Consulting & Business Management at Fidelity, who leads the client consulting and strategy efforts within the Tax-Exempt Division of Fidelity. Scott confirmed the increased use of consultants, pointing out that of the 800
higher-education clients at Fidelity, five years ago 25% used consultants, two to three years ago 50–60% used consultants, and today 80% are using consultants.

When consultants are used for a specific, limited purpose, Scott noted that the cost could potentially run from $50,000 to $75,000 depending on the size of the project. Representatives Barry Schmitt and Jim Strodel from CAPTRUST were in the Madison area in early June, and LaDonna and Rose met with them. At that meeting CAPTRUST provided a ballpark estimate of $25,000 to develop an Investment Policy Statement.

When consultants work with clients on major initiatives, the consultant is usually hired on retainer. Scott Senseney noted that retainer fees are typically from $90,000 – $180,000 per year. When asked, the CAPTRUST representatives responded that they are typically paid between $120,000 – $180,000 per year on retainer.

Rose stated that project consultants are typically used for compliance issues, especially if plans cannot obtain outside legal counsel. Jennifer Lattis, UW System Legal Counsel, informed the committee that while she does review our plan, she is not an expert in this area. Jennifer went on to explain that we can hire an accounting agency who has a lawyer on staff, but we can’t actually hire legal counsel because that is prohibited in Wisconsin by State Statute. Jennifer noted we could with the approval of the governor, but he does not authorize that very often.

LaDonna then went on to explain that an outside consulting agency was hired and worked in conjunction with our own legal counsel to assist in the implementation of the Affordable Care Act. Based on this experience, she expressed her belief in the great value of experts assisting in administration.

Rose asked Andy Kelleher, TIAA Managing Director, Strategic Enterprise Clients, to discuss use of consultants and to expand on the issue by discussing the types of project he has worked on and the type of work he does with various plans that might be our peers. Andy works with TIAA’s top 100 clients, the relationship teams within TIAA, and external consultants to ensure that the strategic vision of TIAA’s clients is fully executed and escalated properly throughout the firm.

Recent ERISA litigations have forced private universities to form committees, hire outside consultants, look at fee fairness, analyze record keeping models, and began outsourcing administration etc. Public universities have been very slow because they were not ERISA, but in last couple of years they have also begun to utilize consultants (the Ohio, Georgia, and North Carolina systems, for example). Consultants typically offer fiduciary training, look at fee fairness, funds, expense ratios, models, and training.

Rose stated there are major universities with great plans who do not choose to use a consultant, but rather perform program review in-house, using in-house resources and in-house counsel. Examples are the University of Nebraska and the University of Pennsylvania. However, the committee should evaluate whether they have the skill set, time, or the inclination to perform activities that warrant execution. Rose commented that, with regard to compliance, having a consultant would help her sleep at night. She stated that while she does review other plan documents published on the internet, having a consultant to point out areas where the UW TSA 403(b) Plan Document might need language or where language is not current would be of great value.

Andy Kelleher reminded committee members that consultants are fiduciaries and, as such, are held to fiduciary standards. There are consultants available who would tell the committee what needs to be changed and why, as opposed to providing the detail how to make the changes. He further outlined many of the items from the meetings earlier discussions, e.g., looking at plans, reviewing plan documents, making sure everyone understands their fiduciary obligation, governance, examining funds, expense ratios, performance, and other administrative duties. He commented that while he could not provide the legal requirements for review, he did note that failure to monitor was a recurring theme of lawsuits.
Pat Vaughan of Fidelity Investments added that he works with numerous public universities in the Midwest and all either have hired a consultant or were considering hiring a consultant. He further pointed out that almost every plan that he worked with that did not have legal counsel had hired a consultant/s. Jennifer Lattis noted that if we have a recommendation from a consultant that advises we need legal counsel, we can go to the governor and request. She felt that if we had a recommendation and it was self-funded that we would have an excellent chance of obtaining this approval.

Committee members expressed concern over developing investment policy not knowing what the legal exposure to it was. Rose stated that there is template language out there that companies can provide, but that she feels a mission and philosophy statement needs to be developed internally and put down in writing. LaDonna noted that all choices have different outcomes, and stated that the committee as well as staff should be well informed so that they can make the best choices possible.

After further discussion about consultant fees, committee members agreed that knowledge and recommendations were needed. Many agreed that while not opposed to a subcommittee, they had no expertise or inclination to be on one. They inquired as to procurement timeline for hiring a consultant. LaDonna informed that it would take at least a month before an RFP could be drafted.

Ladonna presented a list of items and asked the committee if they were the items that were to be addressed in drafting an RFP for review. The list included:
- reduce internal administrative burden
- review the oversight and fiduciary practices and recommend any options for improvement
- review overall efficiencies of the plan & options under the plan
- review how to lower investment and administrative costs
- bring operational procedures in line with industries best practices.

Members discussed the benefits vs the costs of hiring a consultant. Members and staff agreed that consultant would review TSA program with regard to legal liability, compliance, plan improvements, and improving participant engagement. It would be a holistic program review focused on both legal compliance and participant experience. Consultant would review the program, perform an overall diagnostic, draft an outline of suggestions after complete program review, and educate committee members on the findings. Shenita stated the draft language will be sent to committee members for review.

MOTION: Robert Wolf made a motion to draft RFP to hire consultant. Kevin Bahr seconded the motion. Motion passed unanimously.

c. Plans for Investment Policy Statement

The UW TSA 403(b) Plan does not have an Investment Policy Statement, although we do have the TSA Criteria, which, as stated in the Plan Document, is “used to select and monitor TSA vendors.” Over the past several years the TSARC has discussed establishing an actual Investment Policy Statement in order to present a tiered line-up of investment options.

Because a consultant will be providing a plan review, it was suggested that the IPS wait until after the review is completed.

Anoop disconnected his phone call at this time.

Working Lunch Served

Dirk Hofschire, Fidelity Senior Vice President & Matt Torrey, Fidelity Executive Investment Director provided a brief history of Fidelity, outlining its organizational structure and highlighting the company’s focus on research, global integration, sound portfolio construction and risk management. They then presented a Financial Market Update power point presentation that explained the repeating economic cycle fluctuations with reference to asset allocation.
They concluded by stating that monetary policy has its limitations in a global environment, and we have increasingly seen the opposite effect of policy due to banks shares collapsing and crushing the profitability of the banks. Likewise, economic globalization trends that have previously been the fabric of investment strategy are under political pressure. Those trends have stalled out over last few years, which could reverse the winner/losers. This reinforces the feeling of potential inflation surprise.

8. Plan Revenue Update

Rose Stephenson explained the University receives revenue from TIAA, Fidelity, and T. Rowe Price to pay for the administration of the TSA 403(b) Plan. Rose noted that in 2015 revenue was returned to plan participants, and she received several calls from Fidelity participants because the returned revenue was designated as “fees” on Fidelity statements. Rose stressed that it was important to plan good communication in conjunction with returning revenue.

The University of Wisconsin TSA 403(b) Plan currently has $83,838.93 in the TSA Fund 128 W45 7000 1, and will be requesting revenue from the revenue accounts to fund the Program within the month. Staff hope to use some of the revenue in accounts at our providers to upgrade program resources (including the website), increase outreach, and potentially utilize consultants to guide and help improve the plan.

It may be good to address this issue at the spring meeting when staff will have a better idea of what expected expenses might be and when staff can plan a communication strategy. The committee may also want to review the idea of fee fairness at some point.

9. Insurance Ratings

Rose reported that insurance ratings for TSA insurance companies had not changed since 2015. Current ratings are reported in the memo and in the Quick Guide to the TSA Program. She thanked UW TSA Program Insurance companies for providing the ratings from the ratings agencies.

10. Report on TSA Plan Administration

a. IRS TSA Plan Audit Update

Beginning in June of 2015, the UW TSA 403(b) Plan was selected for an extensive IRS audit. Through the course of 2015 and 2016, the University responded to 38 Information Document Requests (IDRs), although one was a duplicate. On June 28, 2016 the IRS agent, Reese Scripture, notified the University that two issues remained unresolved, and she sent Revenue Agent Reports (RARs) to the University regarding these two issues.

The first RAR concerned the need to properly ensure compliance section with 415 contribution limits, also called Annual Additions. If an employee owns more than 50% of a business and receives retirement contributions from that business, those contributions must be aggregated with TSA 403(b) contributions and count towards the 415 limit – $53,000 in 2016. Doctors and other professionals who have private practices may exceed these limits. UW Medical School doctors who practice medicine are also employees of the UW Medical Foundation, a separate employer with a 401(a) retirement plan that is set up to qualify as a mandatory plan. Therefore, those contributions are not aggregated with 403(b) contributions.

The Salary Reduction Agreement had been revised early in 2016 to include yes/no boxes with the statement: “I own more than 50% of a business and have a retirement plan with that business.” The TSA Program website had also been revised to include 415 contribution limits information. In order to catch those employees who may have begun contributing before the notices were implemented, the UW sent a one-time email to contributors. It was noted that the UW TSA Plan Document did not contain 415(c) limit information in the limits section. The Plan Document does contain 415 information in the section concerning correcting excess deferrals. Language from the IRS model plan detailing 415 limits was added to the plan document at this TSA Review Committee meeting.

The second RAR concerned loan documents supplied by Fidelity that were not adequate. University of Wisconsin TSA 403(b) Program staff worked with Fidelity to ensure that loan documents could be submitted that would satisfy the IRS, and documents were submitted to the IRS on September 7, 2016. Fidelity apologized for the oversight.
Rose Stephenson noted that she believes once we can report that our plan document has been revised to include the mentioning of the 415 limits in the Limits section, the audit will be concluded. UW System Deputy Legal Counsel Attorney Jennifer Lattis concurred. Jennifer stated that program staff were told that the plan was selected or audited solely because it is a large plan and that it had never been audited before. Rose stated that the IRS has increased monitoring of 403(b) plans including public universities.

b. 15-year Rule Catch-ups; 9.2 PeopleSoft Upgrade

Administration of the 15-year special catch up rule has been a manual process in the past. Although UW TSA program staff were hoping that eligibility for this limit could be automatically calculated in the Human Resources System (HRS) when it was implemented in 2011, there were a number of conversion issues and bugs in the programming. This functionality was turned off in HRS as soon as the issues were recognized in 2011. For the past five and half years, UW TSA program staff have been manually calculating eligibility for this limit and monitoring the related deductions.

Rose Stephenson explained that HRS is currently going through a software upgrade process to implement the 9.2 version of PeopleSoft, which will go live in February 2017. She informed the committee that a known bug in the current version of PeopleSoft will be corrected in the upgrade, potentially allowing the use of the automatic calculation of eligibility for the 15-year rule catch-up. Testing will have to be done after the upgrade so the functionality will not be immediately available, but staff expects that the functionality will be turned on possibly in May or earlier.

c. Voluntary Separation Incentive Program (VSIP) 403(b) Deferrals

Rose Stephenson gave a quick report on the Voluntary Separation Incentive Program Deferrals. She informed that this process was still being used but the numbers have decreased slightly.

According to IRS regulation, contributions coming from the VSIP payment, cannot be tax-deferred after the termination date. As a result, the deferrals must be sent before the term date and were all manual. Because most employees taking part in the VSIP want to tax-defer as much of the payment as possible, Rose or Terry manually calculated eligibility for the 403(b) 15-year rule service catch-up for all employees taking part in VSIP. In 2016 to date, 66 VSIP employees contributed to a TSA, with 68 individual deferrals. In 2015 there were 144 employees making deferrals in the VSIP, with 148 contributions since some employees defer to more than one company.

UW TSA 403(b) program staff monitored these deferrals to make sure those with the 15-year service catch-up approval were not overwritten in HRS, which would cancel the approval and stop the deduction.

d. Loan Approvals Using TIAA-CREF’s Compliance Coordinator

Rose stated that, as plan sponsor, it is the University’s responsibility to make sure there is not an overuse of loans. After looking at the numbers, it appears that loan use is constant but not excessive. Additional capabilities to obtain loan data has recently become available to program staff and future reports will contain the loan use percentage in addition to the number of loan defaults (which is currently 1 to 2 out of 200 loans). There were 164 loans issued from January 1 through September 30, 2016. As of October 1, 2016, the total outstanding loan balance was $5,761,956.78. There were 219 loans issued in 2015, 208 loans issued in 2014, and 237 loans issued in 2013.

e. Notifying Employees of Eligibility to Participate in Plan, Earnings Statement Messages

Rose explained that notifying employees of eligibility to participate in plan was our duty as a plan sponsor; i.e., to make sure everyone knows about the plan. The information provided via memo to the committee members lists all of our practices for notifying employees of their eligibility to participate in plan.

Outreach about the TSA 403(b) Plan included information in the benefits packets for new employees and in the Annual Benefit Enrollment information that all employees receive in October of every year, emails about the plan with information about workshops and individual counseling sessions at their institutions, earnings statement messages twice a year, and articles posted on the UW Portal, the UW Office of Human Resources and Workforce Diversity website, and the TSA website.
Education: Outreach and TSA Workshops
Rose Stephenson noted that the list of outreach events and workshops provided to committee members via handout does not include individual counseling sessions that are organized and put on with our investment companies. They are included in the annual report. She also pointed out the Fidelity, T Rowe Price, and TIAA have attended all of the benefit fairs and thanked them for their support. She stated that Lincoln and Ameriprise attended almost all and had good representation.

Education and outreach is an important part of the UW TSA Program. This year UWSA staff, TSARC members and benefits coordinators at our UW institutions presented informational sessions reaching 245 employees. In addition to attending UW System Benefits Fairs, this fall our TSA companies presented programs at the UW-Madison benefits fair and the UW-Green Bay Staff Fall Conference.

Professional Development report
Rose thanked the committee for the opportunities made available to her and Terry and discussed some of the events they attended. She also stated that she had done a presentation at the Annual HR, Payroll and Benefit Conference at La Crosse.

11. TSA Investment Company Updates, TSA Company Representatives
   a. Fidelity – Update on the DOL Fiduciary Rule and Impact for UW and Update on Two Factor Authentication for PSW and Netbenefits Coming in 2017
   Fidelity representative, Patrick Vaughan, stated that the DOL’s new fiduciary rule asks investment companies to take a fiduciary standard on ERISA-covered individual retirement accounts and HSA accounts that was not required in the past. Since the UW TSA plan is not subject to ERISA, the rule does not affect any of the services that our companies are providing to our plan participants.

   Fidelity is making adjustments in what they do and have publicly announced that they are now going to offer point-in-time advice as opposed to guidance. In the past if you had met with a Fidelity representative (or spoke to one via phone) prior to retiring they would have provided what they referred to as guidance. It was not a legal definition, but it previously fell under education. Now that same sort of interaction falls under the “advice umbrella” according to the Department of Labor. This will affect the University’s plan participants in distribution discussions that take place with any of the TSA plan providers. For example, if there is an opportunity for someone to potentially roll their money from the University’s retirement plan to a Fidelity IRA and they are speaking to a Fidelity representative (or to any other company representative), that decision has to be in the best interest of the participant.

   Fidelity already has a process in place and is currently tweaking the process of advising on rollovers and distribution discussions to make sure that any conversations with phone reps, in person, or online experience are aligning with that higher level process. Pat stated he saw this as a positive for the committee and for plan sponsors, but participants probably won’t notice a difference.

   Pat discussed two-factor authentication. He stated that the two-factor authentication process increases the security of entry into websites. Fidelity is rolling out their plan in two phases, first for the Plan Sponsored Web Station and then for Fidelity Net Benefit Accounts. It will challenge those logging in from different places and for any high-risk transactions. It is currently in the testing phase and will be rolled out in the first half of 2017. Fidelity has received great feedback from participants on this.

   Lincoln representative, Julie Kruser explained that Lincoln has a series that is called Retirement Power Programs, focusing on different aspects of retirement savings. Their goal is to identify the differences that employers can tailor a program to in order to really make a difference in retirement outcomes for employees. Julie discussed the study centered on gender; gender plays an important role in how people save or approach retirement. The study highlighted three key findings: there were gender differences with regard to a participant’s level of engagement, males were more willing to take substantial risk than women at all ages, and women tended to view their retirement plan as a savings whereas men tended to view their retirement plan as an investment.
Julie noted that this information could have a lot of impact for employers and plan providers. Being knowledgeable about and understanding these dynamics can allow the TSA 403(b) Plan to customize to its educational efforts and dialogue to have the greatest impact on participants.

c. **T. Rowe Price – Report on 403(b) Excessive Fee Lawsuits**

Rose Stephenson noted that she had provided attendees with two articles from *Plan Sponsor* (a free publication available to all committee members) in an effort make members aware of impending lawsuits related to 403(b) Programs.

Shawn Alvino introduced, Thomas Shelton, T Rowe Price plan consultant. He explained that while the University of Wisconsin TSA 403(b) is a non ERISA 403 (b) Plan, he will be discussing the ERISA litigations and noted that some of the same fiduciary standards could be applied at the state level.

He noted that 401(k) litigations started over 10 years ago. Attorneys at that time filed lawsuits against plan sponsors of 401(k) plans alleging that there was a breach of fiduciary duty (loyalty and prudence) under ERISA. Loyalty requires that all actions must be for the benefit of the plans participants and prudence requires that when those actions are taken, sponsors take the care, skill, prudence, and diligence that a prudent man acting in a like capacity with a like understanding of the matter would apply (i.e., the prudent expert rule). Plaintiffs in the cases alleged that fiduciary duty was breached because the plans were paying recording keeping expenses that were extensive and funds in the plans that had been selected or maintained had excessive fees or were imprudent and should not have been included in the plan. These lawsuits have been very successful for the most part and have resulted in millions of dollars being awarded to plaintiffs in settlements. They have transformed the 401(k) industry and really put a lot of pressure on fees and changed the way that companies go about business.

Tom noted that in current litigations, it remains to be seen if the same fiduciary standards can be applied to 403(b) lawsuits. The list of actions that can be taken now and in the future to protect the plan against this type of litigation include having a written investment policy, reviewing plan fees on a regular basis, obtaining Request for Proposals on a regular basis, and documenting everything in order to show that prudent processes were taken.

Tom clarified that he had not come across any lawsuits against non-ERISA plans to date, but was reminded by another company representative that two customers are enough for a class-action lawsuit and that litigation phishing at public universities is ongoing.

d. **Ameriprise / RiverSource – Solving the Needs of UW Employees**

Brent Kimbel, presented Ameriprise’s “*Confident Retirement Approach.*” He noted that it basically builds on a pyramid of strength that includes; covering essentials, ensuring lifestyle, providing protections against the unexpected, and leaving a legacy.

The bottom layer pairs up fixed income to cover fixed expenses, i.e., essential expenses like food, utilities, taxes, etc. Above that there are fun expenses, and this is where savings and investments come in. The third layer is protection and having the proper insurances in place to provide protection, e.g., health, life, long term care, etc. The final tier is leaving a legacy. This includes legal actions such as putting a will in place or gifting money to charitable instructions or people prior to death.

Brent noted that fees and funds matter, but that first client behavior must be changed. Ameriprise aids participants in analyzing lifestyles and expenses, and then they assist them in designing financial plans to achieve their retirement goals.

e. **TIAA -- TIAA Acquisition of EverBank; Wealth Management Growth in Wisconsin; TIAA Lifecycle Fund Update; Microsite Update**

Leteka Bojanowski noted that TIAA currently has wealth management offices in Brookfield and in Madison, and that they will be opening up a larger office in Madison at the end of this year or early next year. They will also be expanding their wealth management offices throughout the state of Wisconsin in 2017 or possibly early 2018.
Leteka also noted TIAA is the world’s third largest real estate investment manager. TIAA has begun investing in direct real estate within their actively managed lifecycle mutual funds. This can help provide participants with risk-adjusted returns, lower volatility and a smoother ride.

Andy Kelleher updated the committee on TIAA’s acquisition of Everbank. He noted that prior to this acquisition TIAA had direct banking only—no brick and mortar institutions. The purchase of Everbank, a large Florida Bank known for its great customer service and innovation, will allow TIAA to take the next step forward and offer new products and services quickly and more efficiently.

Andy also reported that TIAA’s microsite was completely redone as a vertical scroll, which reduced clicks by two-thirds; TIAA hopes that the changes make the site more engaging and less intimidating.

12. Other

13. Next Meeting: April 28th, 2017

The spring TSA Review Committee meeting was tentatively set for April 28, 2017 at 780 Regent Street in Madison. Members will be notified of the approved date.

14. Adjourn

MOTION: Robert Kunkel moved that the meeting adjourn. Michael Collins seconded. Motion passed unanimously. The meeting adjourned at 2:05 p.m.

Submitted by

/s/ Rose Stephenson