

SCFA RETIREMENT SUBCOMMITTEE  
MINUTES OF MEETING  
APRIL 11, 2005

[In these minutes: Consolidated Recordkeeping, Retirement Calculator]

[These minutes reflect discussion and debate at a meeting of a committee of the University of Minnesota Senate or Twin Cities Assembly; none of the comments, conclusions or actions reported in these minutes represent the views of, nor are they binding on, the Senate or Assembly, the Administration or the Board of Regents.]

PRESENT: Daniel Feeney, chair, Carol Siegel, Gavin Watt, Barry Melcher, Jackie Singer, Chris Suedbeck, Gordon Alexander, Richard Goldstein, Kathryn Hanna, Dian Lopez, Michael Murphy, Burt Sundquist

REGRETS: Morris Kleiner

ABSENT: Herbert Pick

I). Professor Feeney called the meeting to order.

II). Off the record, Jackie Singer provided members with a consolidated recordkeeping update.

Following her update, Professor Gordon Alexander asked Ms. Singer if, in her opinion, it would be possible to institute consolidated recordkeeping at the University without an increase in costs to policyholders? No, stated Ms. Singer, not the way the current FRP is structured. She explained that because so much of the FRP assets are tied into the General Account and the General Account Limited funds, it would be extremely unlikely that any other recordkeeper, besides Minnesota Life, would be able to leverage these accounts. Professor Alexander made it known that he strongly opposes any increase in costs to policyholders. Professor Hanna, playing the devil's advocate, stated the committee has an obligation to help other faculty members better understand their investment options, and if this means instituting consolidated recordkeeping, so be it.

Professor Feeney asked Ms. Singer to provide the committee at its May 2<sup>nd</sup> meeting with the following information:

- The amount Minnesota Life charges to do the recordkeeping on the Vanguard and Fidelity funds.
- The asset classification the FRP would be in if it had a consolidated recordkeeper.
- The percentage of inaccurate FRP transfers that have been occurring by vendor.
- A rollover update.
- Cost estimates to the University to offer a retirement calculator.

III). A handout was distributed to facilitate the committee's continued discussion on the design of a retirement calculator. Members debated the design of the calculator in great detail. The following issues were discussed at length:

- Should the estimated final salary at retirement be represented by current dollars or future dollars?
- Should the inflation rate calculation default or should plan participants be allowed to estimate the inflation rate?
- Allow FRP participants to manipulate the "Current Other Pre-Tax Savings Rate as a Percentage of Salary" field in Step 2.
- Once an FRP participant has calculated his/her risk tolerance score using the retirement calculator, make sure that all investment options are provided, blended options, bond options and equity options.
- Consider omitting risk tolerance and suggested portfolio distribution recommendations and let FRP participants simply play around with the numbers.

Ms. Singer recommended the committee review the FRP enrollment kits to make sure that the information contained in these packets accurately correlates to information that will ultimately be provided by the retirement calculator.

Professor Feeney requested members forward any additional suggestions they have for the retirement calculator so that a running list of ideas can be maintained. Professor Feeney then asked Renee Dempsey, Senate staff, to set up another committee meeting for the first week in May.

IV). Hearing no further business, Professor Feeney adjourned the meeting.

Renee Dempsey  
University Senate