

**SCFA Retirement Subcommittee
February 6, 2017
Minutes of the Meeting**

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

[In these minutes: Retirement Plan Governance Committee; Qualifications to Serve on the Retirement Subcommittee and New Member Orientation; Voluntary Retirement Plans Video and Updated Enrollment Materials; Single Recordkeeper; Faculty and Staff Retirement Programs Annual Report; Retirement Subcommittee Charge; Phased Retirement for P&A Employees]

PRESENT: Murray Frank, chair, Frank Douma, William Seefert, Kenneth Horstman, Merrie Kaas, Gerald Rinehart

REGRETS: Carol Rachac, Joe Jameson, Roland Guyotte, Roberta Humphreys

ABSENT: Kathryn Brown, Stuart Mason, Thomas Shier

OTHERS ATTENDING: Susan Diekman, director, OHR Communications; Dan Fisher, retirement programs coordinator, Office of Human Resources; Nora Hayes, senior communications consultant, OHR Communications; Rosalie O'Brien, counsel to the committee, Office of the General Counsel

1. Retirement Plan Governance Committee: Professor Frank called the meeting to order and welcomed those present. He noted that just before today's meeting he sent presentation materials from the December 20, 2016 meeting of the Retirement Plan Governance Committee (RPGC), which contained information about the new governance structure that was created to maintain alignment with industry best practices. He noted that the information was sent for information-only purposes to help members better understand the new governance structure.

2. Qualifications to serve on the Retirement Subcommittee and new member orientation: Professor Frank said the question about qualifications for serving on the Retirement Subcommittee comes up regularly, particularly by new members. Professor Frank then asked Rosalie O'Brien, counsel to the committee, to review changes that had been made to the subcommittee's charge. Ms. O'Brien noted that in connection with the establishment of the RPGC, a sentence had been added to the charge confirming functions of the Retirement Subcommittee are to be considered non-fiduciary in nature. This is not a change in member responsibilities, only a clarification in the charge.

Professor Frank then opened the floor for discussion to hear members' thoughts on qualifications members should possess in order to serve on the subcommittee. Themes that came out of the discussion included, but were not limited to:

- Members should be willing and able to communicate what they learn at subcommittee meetings with their colleagues as well as bring topics/issues they hear from their co-workers back to the subcommittee.
- Members should be interested in retirement planning in general, but no special financial knowledge is required.
- Members should be provided with an orientation about the University's retirement plans, etc. in order to be productive committee members.

Ken Horstman, senior director, Total Compensation, agreed that it would be helpful for members to be given an orientation on the University's retirement plans as well as important related information. He volunteered his office in conjunction with the Office of Investments and Banking (OIB) to develop an orientation session for those who have agreed to serve on the subcommittee.

Professor Frank said he is sympathetic to providing members with an orientation, and not just new members. He said even though he is a finance professor, the institutional context of the governance structure and information about the various plans would be helpful for all members at the first meeting of the year.

Mr. Horstman said the value he gets from this committee is hearing from various employee groups about what is important to them and what they are hearing from their co-workers. The committee is a good conduit for communication between the administration and University employees. Dan Fisher, retirement programs coordinator, added that he is willing to be a resource for members if they have questions about how the plans interact, etc.

The discussion then segued into a conversation about the status of implementing a Roth 403(b) option, which has been discussed previously by the committee. Professor Frank asked what it would entail for the University to offer a Roth 403(b). Mr. Horstman said the enrollment forms would need to be updated as well as the payroll system to allow for an after-tax deduction. He noted that either all the recordkeepers would need to be able to offer this investment option or the University would need to move to a single recordkeeper. Mr. Horstman volunteered to put together a summary of the current status quo around a Roth 403(b) and what some of the issues to offering this investment option might be.

3. Voluntary retirement plans video and updated enrollment materials: Mr. Horstman said OHR has been trying to meet people where they are at with its benefit communications. For example, OHR put a lot of work into this year's open enrollment communications and received some positive feedback. It is now starting to apply these same efforts to other benefits such as the voluntary retirement plans. He then turned members' attention to a short video that OHR produced on the voluntary retirement plans. Following the video, Nora Hayes, senior communications consultant, distributed copies of some new retirement materials. The goal, she said, is to make the voluntary retirement information more visually appealing and employee-focused.

Professor Frank suggested making the communications that go out from OHR relatable to employees by providing examples, e.g., two people saving for retirement and one is contributing within the University's plan and the other is contributing outside the University's plan – where are each of these individuals at in 25 years. Providing examples helps the message resonate with people.

Hearing no other comments about the video or materials, Professor Frank moved on to the next agenda item, a general discussion about the possibility of moving to a single recordkeeper.

4. Single recordkeeper discussion: Mr. Horstman said now that the RPGC is in place, serious consideration is being given to issuing a single recordkeeper request for proposal (RFP). If an RFP is issued, the intent will be to move to a single recordkeeper that can provide additional services on one platform. In Mr. Horstman's opinion, he sees a great deal of benefit in moving to a single recordkeeper, but doing so would be somewhat complex because of the existing provider circumstances. If an RFP is issued, there will need to be consultation with the Retirement Subcommittee as well as other Senate consultative committees because this change would have a significant impact on employees and retirees. According to Mr. Horstman, a number of Big Ten schools have moved to a single recordkeeper, and it might be worthwhile for the RPGC to contact a few of these schools to hear about their experiences.

Members went on to speculate on what a move to a single recordkeeper would look like and mean for the University. In terms of a timeline, Mr. Horstman said that it is likely the RPGC will discuss this at its March meeting, and decide whether or not to move forward. He said that he would be in a better position to update the committee about a timeline after the March RPGC meeting. What happens if this moves forward during the summer, asked Professor Kaas? Professor Frank added that it would be important for the Retirement Subcommittee to be able to provide input as the RFP is being drafted. Mr. Horstman assured members that there would definitely be opportunities for this committee as well as other groups to have input into the RFP. Professor Frank said if for some reason there is an urgent need for input from the Retirement Subcommittee over the summer, it would be possible to call a special meeting.

5. Faculty and Staff Retirement Programs Annual Report: Professor Frank asked a visitor, Ray Munro, chair-elect, Civil Service Consultative Committee (CSCC), to explain the concern he has raised regarding the Faculty and Staff Retirement Programs Annual Report. Mr. Munro began by saying that OHR no longer produces the Faculty and Staff Retirement Programs Annual Report, which was a comprehensive summary of the various retirement plans. He said that the report was last produced in 2014. Mr. Munro added that when he inquired about the report that he was told that the report was no longer being produced because of the PeopleSoft upgrade, which was no longer capable of generating all the data needed for the report. In Mr. Munro's opinion, this report should continue to be produced because it contained a lot of good information.

In response, Mr. Horstman agreed that this was a valuable report that contained a lot of good information. He also took responsibility for the report no longer being generated. Mr. Horstman explained that in April 2015 when OHR went through the PeopleSoft upgrade, it was no longer able to get at the retirement numbers by employee groups for the report like it had been able to previously. OHR is working on identifying an alternative way to get at this information so a similar report can be generated going forward.

What is the expected timeline for when this report will be produced again, asked Professor Frank? Mr. Horstman said he and Mr. Fisher will put a project plan together, which will include a timeframe, and he will report back on this at the next meeting.

6. Retirement Subcommittee charge: Earlier this morning, Renee Dempsey, Senate staff, had distributed to members a copy of the revised Retirement Subcommittee charge received from Ms. O'Brien. Ms. O'Brien noted an error that she would correct and asked members for comments and/or questions regarding the revised charge.

Mr. Muno said that the charge, as written, does not accurately reflect how Civil Service employees get appointed to the subcommittee. He noted that Committee on Committees (ConC) now makes the Civil Service appointments to the subcommittee rather than the Civil Service Committee. Ms. O'Brien thanked him for this correction.

7. Phased retirement for P&A employees: In light of time, Professor Frank decided to hold over the discussion of phased retirement for P&A employees to a subsequent meeting. He then asked members if there are other items they would like put on an upcoming agenda. Suggestions that were mentioned included:

- Asking Securian for the March meeting to provide more detail on assets that underlay the General Account and General Account Limited.
- Asking Securian to talk about the uncertainties they think about as they manage the Faculty Retirement Plan.
- Inviting a representative from the Minnesota State Retirement System (MSRS) to meet with the committee and talk about the changes that are being proposed for this defined benefit plan, which will have an impact on the University (as the employer) and employees in MSRS.

8. Adjournment: Professor Frank said the next Retirement Subcommittee meeting will be on March 6, 2017 and Securian is on the agenda for the first 45 minutes to provide their annual report to the committee. Hearing no further business, Professor Frank adjourned the meeting.

Renee Dempsey
University Senate Office