
The University Senate

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UNIVERSITY OF MINNESOTA

Senate Committee on Faculty Affairs (SCFA) Retirement Subcommittee November 7, 2022 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:** Welcome and Introductions; Fidelity Investments Updates; Office of Human Resources Updates]

PRESENT: Aileen Lyle (chair), Paul Bolstad, Anne Ehrenberg, Kathleen Krichbaum, Jill Lane, Krisann McMahon, Raymond Muno, Andrew Parks, Carol Rachac, Mary Rohman Kuhl, Andrew Whitman

REGRETS: Paul Bolstad, Roland Guyotte, Thomas Shier

ABSENT: Aaron Schmidt

GUESTS: David Bruce, vice president and managing director, Fidelity Investments

OTHERS: John Brentnall, Chris Kwapick, Andrew Parks, Libby Stille, Lori Stotesbery, Jeff Altringer

1. Welcome and Introductions

Aileen Lyle, chair, Retirement Subcommittee, welcomed subcommittee members and invited a round of introductions.

2. Fidelity Investments Updates

David Bruce, vice president and managing director, Fidelity Investments, provided updates on the program called Secure 2.0. Secure 2.0 is a package of congressional bills that aims to increase retirement coverage, participation, and financial security, Bruce said. He added that Fidelity is looking closely at roughly 25 of the hundreds of provisions that are contained in the Securing A Strong Retirement Act (SSRA), the Retirement Improvement and Savings Enhancement to Supplemental Healthy Investments for the Nest Egg Act (RISE & SHINE), and the Enhancing American Retirement Now Act (EARN), all passed in 2022, and which make up Secure 2.0.

Bruce shared slides listing common themes in the House and Senate bills, and pointed out a few that may be of particular interest as they relate to the University's retirement plan:

- Increase in required minimum distribution (RMD) age
- Reducing the excise tax for a failed or missed RMD payment from 50% to either 10% or 25%.
- Additional catch up contribution opportunities - limit may be raised to \$10,000 from \$7,500
- Catch up contributions will be required to be ROTH

It is the intention of Congress to get the Secure 2.0 bill signed by December 2022. Bruce said he would provide [the slides](#) of this presentation and a [white paper](#), both of which go into more depth on each of the possible changes noted above. He added that Fidelity Investments is watching the situation closely and will communicate with Krisanne McMahon, retirement programs manager, Office of Human Resources (OHR), regarding any changes that occur.

Bruce next provided information on the extent to which University members are using and engaging with the plans and resources that are available via the Fidelity Investments platform at the University. He provided data on the following topics:

- Participant engagement via online engagement, phone service, group events, and 1:1 planning sessions
- Fidelity Brokerage Window Assets which provides access to thousands of mutual funds outside the core plan to University plan participants
- Growth in the past year in both Roth contributions and new enrollees

Bruce then shared information regarding plan asset and participation trends:

- Total plan assets have dropped a bit over the last year given the volatility of the market (19% drop over the last nine-month period)
- Fidelity recommends the following levels of plan participation:
 - An employee participation rate of 95%
 - A total savings rate of 15% (employee and employer combined)
 - An asset allocation rate of 85% (making sure that 85% of the University's enrolled population is properly allocated based on their date of birth)
 - An employee engagement rate of 80%

At the University, voluntary participation is at about 47%; total savings rate already meets Fidelity's suggested rate of 15% because of mandatory participation; age-appropriate allocation is at 64%; and employee engagement is at a rate of 79% (meaning 79% of those in the plan have logged into their account at least one time in the past year).

Within the Fidelity platform at the University, a financial wellness experience is offered. This is a no-charge offering, Bruce said, and is a series of questions to help Fidelity better understand what opportunities are available for a particular participant. Fidelity representatives can then provide suggestions and next steps for that particular participant.

Fidelity currently has roughly 1.4 million participants in higher education, Bruce said, and noted some of the trends that he and Fidelity are seeing:

- Significant challenges with recruitment and retention
- Mental health of employees
- Diversity, equity, and inclusion initiatives

McMahon asked Bruce if the fact that the University's faculty retirement plan is mandatory could be a reason why the "take action rate" for the University is lower than its peers. Bruce said that could definitely be a reason since mandatory enrollment is not true at all peer institutions.

Andy Whitman asked for information on the interest rates for guaranteed interest accounts. Andrew Parks noted that the interest rate on the general account is 3.4% as of September 1, 2022, and the interest rate on the general account limited is at 5% as of October 1, 2022.

Hearing no further questions, Lyle thanked Bruce for his engagement with the subcommittee and moved on to the next agenda item.

3. Office of Human Resources Updates

McMahon reported that in looking at the goals and priorities of the Total Rewards program at the University for the next one to three years, the Total Rewards team would like to improve its understanding of the benefits that employees value. To gather that information, McMahon said, either surveys or focus groups will be undertaken.

Lyle asked if there are any programs (as benefits) that the University doesn't subsidize but makes available - such as long term care. McMahon said plans for additional programs would not be made until after employees were surveyed. Whitman asked for information regarding the long term care program that the University sponsored some years ago. Carol Rachac said she could provide the original slides from that offering and would scan them and email them to Mary Rohman Kuhl, senior director, Total Compensation and Talent Acquisition, OHR.

Rachac then asked if there might be the opportunity for financial wellness benefits offered through Total Rewards to be coordinated with the financial wellness offerings being considered for the Wellbeing Program redesign that is currently in progress at the University. McMahon said her team works closely with Laura Manydeeds Fiero, Wellbeing Consultant, OHR, and both teams are working on making financial wellbeing benefits more cohesive and easier for employees to understand.

Lyle noted that the December 5, 2022, meeting of the subcommittee would be canceled. Hearing nothing further, Lyle thanked committee members and guests and adjourned the meeting.

Geanette Poole
University Senate Office