

SCFA RETIREMENT SUBCOMMITTEE  
MINUTES OF MEETING  
MARCH 7, 2005

[In these minutes: Semi-Annual Investment Review by Securian]

[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, Barry Melcher, Jackie Singer, Chris Suedbeck, Kathryn Hanna, Dian Lopez

REGRETS: Gavin Watt, Richard Goldstein, Jean Kinsey, Michael Murphy, Herbert Pick, Fred Morrison

ABSENT: Gordon Alexander, Burt Sundquist

OTHERS: Securian Financial Group representatives Dick Manke, Laura Pierson, Greg Strong, Lynne Mills, Dianne Orbison, and Randy Wallake

I). Professor Feeney called the meeting to order and asked those present to introduce themselves.

II). Representatives from Securian Financial Group provided members with a semi-annual investment review. Handbooks with relevant information were distributed. The following information was highlighted:

- Minnesota Mutual/Life has changed its Umbrella brand name to Securian Financial Group to reflect the broad array of products and services it offers in the financial services marketplace. Plan participants, however, will still see the Minnesota Life name used in conjunction with the Securian brand. State law requires that insurance products be issued under an insurance company name; therefore, Minnesota Life will be retained as the issuing company. Information relative to this change will be mailed out to University participants in about one month. A suggestion was made that an organization chart accompany this announcement for clarification purposes.
- Currently, the University of Minnesota Faculty Retirement Plan does not allow for rollovers from other retirement plans, but the plan could be modified to make this possible. Prior to the Economic Growth and Tax Reconciliation Relief Act of 2001 (EGTRRA) the law permitted rollovers to/from like plans only. Since EGTRRA, rollovers are permitted between most unlike plans. The advantages of allowing rollovers for participants includes:
  - Consolidation of assets
  - The University's large investment array
  - The University's expense structure

- Plan participant satisfaction

Securian Vice President Dick Manke recommended the University amend its Faculty Retirement Plan (FRP) to allow for rollovers (excluding the 457 plan).

While recognizing the benefits to plan participants if rollovers are permitted, Director of Retirement Programs Jackie Singer voiced three administrative considerations/concerns around this issue:

1. All providers that work with the University's FRP must be able to offer this service in order to maintain a level playing field.
2. All University providers (e.g. Fidelity, Securian, etc.) collect the same information, etc. when it comes to processing and handling rollovers.
3. The possibility of an increased number of transaction errors when it comes to transfers between providers.

This matter needs further investigation and will require more time for consideration before any final decision is made as to whether or not the University will permit rollovers.

- President and Chief Investment Officer Dianne Orbison of Advantus Capital Management, Inc. provided members with an overview of the economy and the markets. According to Ms. Advantus predicts the following for 2005:
  - Continued economic growth at a modest pace.
  - Inflation to remain under control.
  - Short-term rates will likely go up 100 – 150 bps and intermediate rates are expected to increase 50 – 75 bps.
  - Equity returns are expected to be in the middle to high single digits range.
  - Real estate fundamentals are likely to improve.
- Senior Vice President and Portfolio Manager Lynne Mills provided members with a detailed General Account update. To conclude, Ms. Mills noted that 2004 was a good year for the General Account in terms of asset funds.
- Chief Financial Officer Greg Strong shared information on the company's financial strength during 2004. He noted that Securian had a very strong earnings year in 2004 and illustrated this by providing information on total capital, capital/liabilities ratio, risk based capital ratio and ratings information.
- Laura Pierson, manager, Special Retirement Plans, provided members with an overview of Minnesota Life's Executive Summary of University plan assets as of December 31, 2004. She also noted the following 2004 service highlights:
  - A bi-annual participant survey conducted in the fall of 2004 indicated that 99% of respondents were satisfied with Minnesota Life's service.
  - Minnesota Life continues to promote individual participant meetings. In these meetings Minnesota Life is able to offer asset allocation assistance.
  - Securian initiated contact with Vanguard to implement share class conversions in two funds, resulting in a 25 basis point savings for participants. Additionally, the University has reached appropriate asset level in the Vanguard Mid-Cap and Vanguard Small-Cap Index funds to qualify for Admiral Shares pricing.

- Lastly, Mr. Manke turned members attention to the last tab in their book, which contained an article Retirement Industry Outlook. Members were encouraged to read the article at their leisure.

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

Renee Dempsey  
University Senate