



Investing
in Your
Financial
Future

UW 403(b) Supplemental Retirement Program Advisory Committee (SRPAC) Meeting

Friday, November 4, 2022 – 10:00 a.m. to 1:15 p.m.
780 Regent St.

Members Present: J. Michael Collins (Chair), Rashiqa Kamal (Vice Chair), Veena Brown, Ann Iverson, Will Mass, Syed Moiz, David Miller, Dave Schalow
Members Absent: Kimberly Sipiorski
Staff: Sean Nelson, Vice President for Finance and Administration, Jennifer Lattis, Katherine Ptaszek, Charles Saunders, Rose Stephenson
403(b) Recordkeepers: Catina Hampton, TIAA; David Bruce, Fidelity
Consultants: Dan Pawlisch, Aon Investments
Guests: Erin Schoonmaker, UW System HR

Meeting called to order at 10:18 a.m.

1. Welcome and Introductions

Michael Collins welcomed those attending, extending a special welcome to new SRPAC member Dr. Veena Brown. SRPAC members, staff, 403(b) recordkeepers, consultant, and guests introduced themselves.

2. Elections of Officers

Michael Collins reviewed that at the fall meeting of even-numbered years, the UW 403(b) SRP Advisory Committee elects a chair and a vice-chair to serve for two-year terms. Michael noted that he is currently Chair and Rashiqa Kamal is Vice-Chair.

MOTION: David Schalow nominated the existing officers to continue to serve and moved to approve them. Will Maas seconded. Motion passed unanimously.

3. Review and approval of April 29, 2022 TSARC Meeting Minutes +*

The Committee reviewed the minutes from the April 29, 2022 SRPAC Meeting. Michael Collins requested edits to the April 29, 2022 SRPAC Meeting minutes.

MOTION: Will Maas moved to approve the minutes from the April 29, 2022 SRPAC Meeting as amended. Ann Iverson seconded. Motion passed unanimously.

4. Fiduciary Responsibility Training – Jennifer Lattis, Deputy General Counsel

Jennifer Lattis presented an annual fiduciary training refresher. Jennifer indicated that while ERISA is not applicable to the Plan, the Sponsor nevertheless accepts some parts of ERISA as “best practices.” Regarding fiduciary duty, Jennifer noted that the two pillars of fiduciary duty are the duty of loyalty and the duty of prudence. Jennifer explained how the duty of prudence ties closely to the work the Committee performs – prudently providing investment monitoring and ensuring expenses are reasonable.

To illustrate this, Jennifer discussed the duty of prudence as exercised by the Committee during their work on the UW 403(b) Program restructuring. As one example, Jennifer noted that with input from the UW 403(b) SRP consultant, the SRPAC chose a best-in-class line-up of 18 investment options. This provides enough choice so participants’ investments can be diversified but not too much choice, which can overwhelm or confuse plan participants. There followed a discussion among all present on the importance of the Committee’s role and its responsibilities.

5. Appointment of New SRPAC Investment Subcommittee Member

SRPAC Chair J. Michael Collins indicated that since SRP Advisory Committee member Anoop Dhingra recently retired, there was an opening on the SRPAC Investment Subcommittee. Michael named Syed Moiz, Associate Professor, Business, at UW-Platteville, to the Investment Subcommittee. Other members include Michael Collins, Will Maas, Rashiqa Kamal, and Dave Schalow.

MOTION: Rashiqa Kamal moved to approve the addition of Syed Moiz to the SRPAC Investment Subcommittee. Dave Schalow seconded. Motion passed unanimously.

6. Report of SRPAC Investment Subcommittee

- a. Review and Approval of UW 403(b) Supplemental Retirement Program Investment Subcommittee Charter+***

Rose Stephenson reviewed the UW 403(b) Supplemental Retirement Program Investment Subcommittee Charter. The Charter was revised to reflect the new name of the UW 403(b) Program, the Committee and the Investment Subcommittee and also to remove the minutes requirement. The Subcommittee will report to the full committee to record meetings and any actions taken.

MOTION: Will Mass moved to approve the Investment Subcommittee Charter. Syed Moiz seconded. Motion passed unanimously.

- b. Review and Approval of Updated UW 403(b) Supplemental Retirement Program Investment Policy Statement+***

Dan Pawlisch reviewed his recommended edits to the UW 403(b) Supplemental Retirement Program Investment Policy Statement, which included updating the name of the program.

MOTION: Rashiqa Kamal moved to approve the updated Investment Policy Statement. Dave Schalow seconded. Motion passed unanimously.

7. 3Q22 Capital Markets and Performance Review + – Dan Pawlisch, Aon Investments USA Inc.

Dan Pawlisch reviewed the state of the major capital markets during the third quarter of 2022, noting that U.S. and non-U.S. stocks and bonds were all down for the quarter and year-to-date periods. He noted ongoing market volatility was primarily due to geopolitical uncertainty and higher interest rates amidst soaring inflation.

Dan Pawlisch led a discussion of the investments offered in the UW 403(b) Supplemental Retirement Program’s investment lineup as of September 30, 2022. He noted situations in which there were exceptions to, or comments on, the targeted performance, company structure, or other relevant aspects of the funds offered against the Investment Policy Statement. In a discussion of the Plan’s investment watch list, which reflects funds on “watch” for the quarter, Pawlisch noted that while all the Tier I Vanguard Target Date Funds registered green on the Watch List, tracking error created by differences in the strategic asset allocation of the funds versus their performance benchmarks detracted from results during the quarter and year-to-date periods. Pawlisch indicated these differences are particularly notable during times of significant market volatility as Vanguard’s portfolio managers work to balance transaction costs against a daily rebalanced benchmark.

In reviewing the Tier II index funds, Pawlisch noted that except for the non-U.S. equity options, each of the passively managed index funds posted results that closely approximated the returns of their respective performance benchmarks. Pawlisch noted the underperformance for the Vanguard non-U.S. equity options was attributed to accounting and pricing policies that are outside of portfolio management control and are generally artificial and temporary. In reviewing the Tier III active funds, Pawlisch noted the T. Rowe Price Institutional Large Cap Growth Fund registered orange on the watch list because of relative under-performance versus its benchmark. Mr. Pawlisch suggested Aon present a Manager Review of the T. Rowe

Price Institutional Large Cap Growth Fund. After discussion, the Committee agreed to have Pawlisch present the results of a competitive review of the T. Rowe Price Institutional Large Cap Growth Fund and an investment manager search for a multi-asset inflation fund at the next regularly scheduled SRPAC Investment Subcommittee meeting.

Dan Pawlisch reviewed data regarding the Program’s asset allocation. He also reviewed the management fees for the investments in the Plan, comparing them to the medians of applicable peer groups. Pawlisch noted that the fees for all investments were reasonable relative to an applicable peer group.

After discussion and based on the materials provided, the Committee concluded that it would be in the best interest of the Plan’s participants and beneficiaries to make no changes to the investment lineup at this time.

8. UW 403(b) Supplemental Retirement Program Updates

a) Plan Administration and Operational Updates+

Rose Stephenson provided information on loan usage, which continued to decrease in 2022 with 91 loans issued through September 30, compared with 106 issued during the first three quarters of 2021 and 133 issued during the first three quarters of 2020.

Rose noted that 15 employees have been approved to use the 15-year rule service catch-up as of October 25, 2022, with 23 employees requesting to be checked for eligibility. EZ Enrollment usage continues to be a popular way to sign up for the UW 403(b) Program. Through October 31, 2022, 495 employees enrolled in the 403(b) Program using EZ enrollments.

Rose summarized the communication and outreach initiatives, which have been substantial, including the message “Saving for retirement is easy with the UW 403(b) SRP! go.uwsa.edu/srp” on the October 20, 2022 earnings statement, portal articles, the updated flyer, *Save Smart, Save Early*, on the UW 403(b) Program webpage, and individual counseling sessions provided by TIAA and Fidelity. UW 403(b) SRP staff worked with TIAA and Fidelity to develop a “white-label” enrollment presentation for on-demand access. Since it was launched in late September, 67 employees have watched *SRP: Investing in Your Financial Future: Intro to the 403(b) Program*.

b) Financial Report+

Rose presented the financial report. Expenses have been minimal with the unfilled Benefits Specialist position and virtual meetings.

9. Executive Summary of Plan Activity: TIAA – Catina Hampton, and Fidelity – David Bruce

TIAA

Catina Hampton presented an overview of UW 403(b) Program plan and participant activity as of September 30, 2022. She noted that total UW 403(b) Program assets under management with TIAA are \$1.6 billion across 12,189 participants. Of these participants, 42% are active (currently employed) and 53% are terminated from employment. Year over year, UW contributions to TIAA increased by 8%, and distributions increased by 29%.

Looking at the one-on one counseling sessions that TIAA provided for UW 403(b) Program participants, 54% focused on advice, followed by 26% service-related meetings and 12% investment-education focused meetings. The year-over-year lifetime income payout was \$5.8 million, with the largest payout to one annuitant, \$171,466. The average lifetime income payout was \$16,000. Currently TIAA has 64 annuitants over the age of 90 who continue to receive annuity payments.

Fidelity

Dave Bruce provided an executive summary of the participant demographics and behaviors at Fidelity. Fidelity’s data was as of September 30, 2022. It was noted that the number of participants at Fidelity has increased to 9,285, a 27.5% increase YTD. Dave noted that this increase was a combination of new enrollees and participants electing Fidelity from T.Rowe as a result of the plan vendor reduction.

Fidelity's data also showed that 87% of plan participants are appropriately allocated, a significant increase from YE2021. 75% of plan participants contacted Fidelity in the prior 12 months, a slight decrease from the 2021 peak of 86%. It was noted that 2021 peak was influenced by the vendor reduction plan transition. Plan data showed that only 2.1% of Fidelity participants have a loan outstanding, which is about one half of the peer group average of 4.0%.

Dave spent several minutes sharing data on how often and through what channels participant are contacting Fidelity. Fidelity received almost 3,000 phone calls from UW SRP participants over the previous 12 months, while conducting 1,975 one-on-one consultations. Fidelity and UW System also partnered on twelve (12) *Ask Fidelity* sessions, capturing 422 attendees. *Ask Fidelity* topics include Transition Q&As, *Understanding your Retirement Plan*, and *Creating a Budget You'll Actually Use*.

Fidelity's presentation concluded with a focus on digital and cyber readiness, specifically highlighting how well plan participants are providing personal data to help Fidelity secure their accounts. Fidelity reported that 72% of participants are fully digital ready, defined as 1.) allowing electronic delivery, 2.) having an email on file, 3.) having a mobile phone on file, and 4.) having completed their NetBenefits login.

10. Next Meeting:

The SRPAC will hold its spring meeting on April 28, 2023, with a tentative time of 10:00 a.m. to 2:00 p.m.

11. Adjourn*

MOTION: Will Mass made a motion to adjourn the meeting. Veena Brown seconded. Motion passed unanimously.

The meeting was adjourned at 1:15 p.m.