

Members Present: J. Michael Collins (Chair), Rashiqa Kamal (Vice Chair), Deborah Beyer, Veena Brown (webcast), Ann Iverson (webcast), Shauna Kuether, Will Mass, David Miller, Syed Moiz

Members Absent: None

Staff: Jennifer Lattis, Linsey Nelson, Katherine Ptaszek, Charles Saunders, Rose Stephenson, Anna Zander

403(b) Recordkeepers: Catina Hampton, Jen Crowe (webcast), TIAA; David Bruce, Fidelity

Consultants: Dan Pawlisch, Leon Kung, Aon Investments USA Inc.

Guests: Erin Schoonmaker, Universities of Wisconsin

Meeting called to order at 10:00 a.m.

**1. Welcome and Introductions**

Michael Collins welcomed those attending, extending a special welcome to new SRPAC Member, Deborah Beyer. SRPAC members, staff, 403(b) recordkeepers, consultants, and guests introduced themselves.

**2. Review and Approval of November 3, 2023, SRPAC Meeting Minutes +\***

The SRPAC reviewed the minutes of the November 3, 2023, SRPAC meeting.

MOTION: Rashiqa Kamal moved to approve the minutes from the November 3, 2023, SRPAC meeting. Will Maas seconded. Motion passed unanimously.

**3. Report of the SRPAC Investment Subcommittee - Michael Collins, SRPAC**

**a. Appointment of New SRPAC Investment Subcommittee Member\***

Michael Collins appointed Veena Brown as a new member of the SRPAC Investment Subcommittee; other members include Michael Collins, Rashiqa Kamal, Will Maas, and Syed Moiz.

MOTION: William Maas moved to approve the appointment of Veena Brown to the SRPAC Investment Subcommittee. Rashiqa Kamal seconded. Motion passed unanimously.

**b. Report on Action Taken during the March 15, 2024 Investment Subcommittee Meeting: Fund Eligible for Lower-cost Share Class**

Michael Collins reported that Aon Investments informed the Investment Subcommittee that assets in the Vanguard Institutional Index Fund at TIAA and Fidelity are now eligible to transition to a lower-cost share class. Michael noted that the Investment Subcommittee voted unanimously to recommend to the full SRPAC that the UW 403(b) Program move from the Vanguard Institutional Index Fund “Institutional” share class to the “Institutional Plus” share class, which will lower the fund expense ratio to 0.020% from 0.035%. The investment philosophy, objectives, and overall portfolio management process between the two share classes will remain unchanged.

**c. Investment Subcommittee Charter+\***

Michael Collins presented revisions to the Investment Subcommittee Charter and noted the following edits:

- Adding language to the duties and responsibilities of the Subcommittee to periodically evaluate and retain the most cost-efficient share class or investment vehicle available for the UW 403(b) Program’s Designated Investments. With this modification, the Subcommittee can authorize a transition to a lower-cost share class option of the same fund before obtaining SRPAC approval. This will benefit UW 403(b) SRP participants as fee reductions will be implemented more quickly.
- Eliminating the need for the Universities of Wisconsin President to sign the Charter.

MOTION: William Maas moved to approve the changes to the Investment Subcommittee Charter and accept the report of the Investment Subcommittee. Deborah Beyer seconded. Motion passed unanimously.

**4. Fidelity Per Participant Recordkeeping Fee Reduction+\***

Rose Stephenson informed the SRPAC that Fidelity had agreed to reduce their recordkeeping costs to \$44 per participant from \$47 per participant following benchmarking provided by Aon Investments. Rose indicated the fee reduction took effect on April 1, 2024, and is guaranteed through the end of 2026, when Fidelity's five-year contract expires.

Rose explained that with this in recordkeeping cost reduction, the UW 403(b) SRP is able to reduce the administrative fees charged to participants at Fidelity by \$4/year for each tier.

MOTION: Deborah Beyer moved to accept the new Fidelity fee structure, reducing participant recordkeeping fees by \$4.00 for every tier. Rashiqa Kamal seconded. Motion passed unanimously.

**5. 1Q24 Capital Markets and Performance Review+ – Leon Kung, Aon Investment USA Inc.**

Leon Kung, Aon Investments, reviewed the SRPAC Meeting Schedule and Proposed Work Plan. Leon also reviewed the current state of the overall economy and the capital markets during the first quarter of 2024. He noted that U.S. and international equity markets showed strong growth. The U.S. fixed markets were affected by high interest rates. He observed that the U.S. fixed income markets may improve if the Federal Reserve cuts interest rates as predicted. Long-term annualized returns were generally positive over the trailing 5- and 10-year periods.

Leon discussed the distribution of assets in the UW 403(b) SRP. He observed that 41.6% of assets are in target date funds, 11.1% in index funds, 6.4% in actively managed funds, and 5.0% in the brokerage window. The Vanguard target date funds showed negative tracking over a five-year period, but recommended the SRPAC take no action. Leon also noted that while some of the actively managed funds were underperforming for the quarter, their long-term performance remained good. Charles Saunders inquired about the strong outperformance of the GQG International Opportunities Fund. Leon explained that the manager made some early investments in technology companies that paid off — one of their top holdings being NVIDIA.

Leon informed the SRPAC that Fidelity will be increasing their fees from \$75 to \$100 effective June 3, 2024, for specific transactions in the brokerage window. He noted that Vanguard is one of the largest fund companies to which these fees apply. While Fidelity has communicated this change to affected participants, Leon noted the number of no transaction fees (NTF) and/or no-load funds available on Fidelity's BrokerageLink provides participants with sufficient opportunity to avoid transaction fees.

Dan Pawlisch, Aon Investments, indicated that legislation allowing 403(b) plans to invest in Collective Investment Trusts passed the U.S. House of Representatives as part of the Expanding Access to Capital Act. This legislation now moves to the U.S. Senate for consideration. Dan remarked that this law is expected to pass either later in 2024 or early next year.

**6. SECURE 2.0 Mandatory and Optional Provisions Timeline+ - Dan Pawlisch, Aon Investment USA Inc.; Jen Crowe, TIAA; David Bruce, Fidelity**

Dan Pawlisch provided an overview of key SECURE 2.0 provisions. He noted that several optional provisions provide participants with greater access to their retirement savings by providing exceptions to the 10% early withdrawal penalty, including distributions for natural disasters, terminal illness, and domestic abuse survivors. Dan also indicated Section 304 of SECURE 2.0 increases the statutory limit for cash-outs from \$5,000 to \$7,000. He noted that since the UW 403(b) SRP has two providers, it would take coordination to ensure this provision was being administered appropriately. Rose indicated that the UW 403(b) SRP confirms account balances with both Fidelity and TIAA and only has force-out distributions for terminated participants with account balances less than \$500. Rose noted that adoption of any optional SECURE 2.0 changes would be decided at a future meeting.

Jen Crowe, TIAA, reviewed the SECURE 2.0 provisions that TIAA currently offers. She noted that effective January 1, 2023, the Required Minimum Distribution (RMD) age changed to 73. TIAA has updated their recordkeeping system and communicated this change to participants. Jen indicated that Roth contributions are no longer included in RMD calculations. Jen mentioned that the penalty for not taking an RMD has been cut in half. However, in the past the IRS would often not enforce this penalty since it was so severe, especially if a participant took a corrective RMD. Jen commented that there may be more enforcement of RMD penalties since the penalty is lower, but the IRS may still reduce penalties if corrective action is taken. SRPAC members discussed the importance of notifying participants before penalties are incurred. Rose noted that it may take some effort to ensure participant RMDs are correct since participants may have an account balance with both Fidelity and TIAA.

Jen reviewed the optional SECURE 2.0 provisions that could be added to the UW 403(b) SRP. These include special hardship distributions for participants affected by a federally declared disaster, those experiencing domestic abuse, or a certified terminal illness. Jen noted TIAA is still determining how to certify that participants qualify for a specific distribution. TIAA will be ready to offer these provisions later in 2024.

Jen noted that TIAA is working to allow participants to take a penalty-free withdrawal up to \$1,000 from their retirement account for emergency expenses. Participants could self-certify that they are eligible and could repay the distribution within three years. Jen noted that TIAA will be ready to implement this optional SECURE 2.0 provision in 2025. Jen also discussed the expanded catch-up contribution limit for participants aged 60-63. Participants aged 60-63 are eligible to contribute 150% of the age-50 catch-up or \$10,000, whichever is more. Jen stated that she believed the age range might be changed in the future to better reflect retirement ages. The SRPAC expressed interest in adopting this provision.

David Bruce, Fidelity, stated that Fidelity will make several of the optional SECURE 2.0 withdrawal features available for implementation in 2025. He also emphasized the importance of Auto-portability, in which assets of participants leaving employment could be consolidated for easy transfer. He mentioned that Fidelity is working to update the SPARK file format, which facilitates the sharing of participant information between recordkeepers to ensure distribution limits are not exceeded.

## **7. UW 403 (b) Supplemental Retirement Program Updates+**

### **a. Plan Administration and Operational Updates**

Linsey Nelson presented the UW 403(b) SRP update. She noted that loan usage is up slightly for the year. She stated that 19 loans have been issued so far in 2024, including one by Lincoln, which still issues loans even though they are a frozen provider. Linsey noted that seven employees have been approved for the 15-year catchup, on track from last year. She also stated that EZ Enrollments were down compared to last year, but they are expected to increase during the second quarter due to more communication efforts.

Detailing communication efforts, Linsey noted that TIAA held 197 individual counseling sessions. Fidelity held 96. Catina Hampton commented that TIAA has returned to on campus meetings. Linsey indicated that UW 403(b) Program staff has also been working with TIAA to increase publicity. Linsey reported that during *America Saves Week* (April 8 – 12, 2024), 259 people participated in workshops lead by TIAA and Fidelity. Additionally, 111 people attended a live 403(b) enrollment webinar. Linsey also indicated that the message, “Save for the future with the UW 403(b) Supplemental Retirement Program [go.uwsa.edu/srp](http://go.uwsa.edu/srp) was printed on April 18, 2024 (4A) biweekly paychecks.

Rose Stephenson informed the SRPAC that two separate emails were sent to employees not participating in the Program on April 23, 2024, one for those who qualify for the WRS and one for those who don't. Rose noted that this was an important step in fulfilling the fiduciary responsibility of notifying employees about their eligibility to participate in the UW 403(b) SRP. Rose announced that, as of April 15, 2025, Anna Zander was hired as the UW 403(b) Administrative Assistant. Rose thanked SRPAC member Shawna Kuether for serving on the interview panel.

### **b. Financial Report**

Rose drew the SRPAC's attention to the Financial Report, noting that the Program expenses remained healthy.

## **8. Executive Summary of Plan Activity+: TIAA – Catina Hampton; David Bruce – Fidelity TIAA**

Catina Hampton announced that TIAA accomplished a great deal last year, especially with signing up new UW 403(b) SRP participants and communicating with current and prospective participants. She noted that participants hold almost \$2 billion in assets with TIAA in the UW 403(b) SRP. Catina observed that inactive participant balances have increased since last year. This may be due to market increase or rollovers from other accounts. She also discussed the number of participants who were digitally engaged, especially those in the 55-64 age group. Catina also indicated that the number of calls TIAA received so far this year is quickly exceeding the number of calls received last year. She also mentioned that TIAA is now a partner in Edvest, Wisconsin's 529 college savings plan.

## **Fidelity**

David Bruce stated that Fidelity is up 19.5% in market share with higher education clients. He reviewed last year's goals and detailed a few goals for 2024, including targeting unengaged participants, (those who have not engaged in their account in over two years) and exploring ways to attract new participants. David discussed Fidelity's *America Saves Week* initiatives and the ongoing communication efforts to keep participants engaged. David noted that the number of new participants and contributions to Fidelity have been trending upwards. David also reported that the UW 403(b) SRP is on track to be fully digitally ready.

### **9. 2023 UW 403 (b) SRP Annual Report+ - Highlights**

Rose Stephenson presented the 2023 UW 403(b) SRP Annual Report. She noted that Program assets exceeded \$3.3 billion as of December 31, 2023, an increase of approximately 11.5% from 2022. Rose reported that the number of employees who contributed to UW 403(b) Program increased by more than 200 participants to 12,093 in 2023, a 2% increase from 2022. In 2023, there were 23,664 accounts with balances, not including accounts with frozen providers like BNY Mellon or DWS.

Rose reported that contributions to the UW 403(b) Program increased by approximately 3% to \$108.5 million in 2023 from approximately \$105.4 million in 2022. TIAA's contributions increased by 2% and Fidelity's by 4%. Roth contributions increased to over 22% of all contributions. Rose noted that Roth contributions have risen steadily each year since the Roth option was introduced in 2011. Many of these contributions are from younger people or new enrollees. There are more Roth contributions at Fidelity than at TIAA.

Rose noted that TIAA had the highest average balance at \$151,276. The average account balance for women was lower across all providers, although more women than men participate in the UW 403(b) SRP. The average number of funds participants hold is 3.2 at TIAA and 1.5 at Fidelity. This difference is likely due to higher utilization of target date funds by participants at Fidelity. Overall, 42.2% of assets are in a target date fund and 17.9% are in a fixed annuity fund.

Yearly average outflows were \$111,840 from TIAA and \$80,414 from Fidelity. Overall, 23,664 employees have accounts, approximately 300 more than in 2022. This number does not include accounts at frozen providers. EZ enrollments were down in 2023 compared to 2022. Rose indicated this may be because 403(b) information was included in the Annual Benefit Enrollment event for enrollment in January 2022. Rose highlighted that 0.7% of participants contribute less than \$1,000 a year. She noted that over time small contributions can add up and these participants may still have a sizable retirement account when they retire. Overall, the average yearly contribution is \$8,526. Participants on average are older than the average Universities of Wisconsin employee and earn slightly more than average.

### **10. Interest in visiting TIAA Headquarters in Charlotte, NC**

Catina Hampton invited SRPAC members to visit TIAA's Headquarters in Charlotte, North Carolina. The visit would last one day and would entail a tour of the campus, including TIAA's Cyber Security Center, and several presentations. Several SRPAC members expressed interest. Rose mentioned that flights, hotels, and meals have already been budgeted and that she would follow up with planning details. Jennifer Lattis explained that since a quorum of SRPAC members may be attending, public notice of this must be provided stating "no business will be conducted" and that due to ethics policy SRPAC members would not be allowed to accept meals from TIAA.

### **11. Resolutions of Commendation+\***

Rose read a Resolution of Commendation for Ann Iverson, who is retiring from the Universities of Wisconsin. The SRPAC endorsed it by acclamation. CIO Charles Saunders presented Ann with a plaque and a Certificate of Appreciation for her service to the UW 403(b) SRP and Universities of Wisconsin employees, signed by President Rothman. David Schalow was not present but will receive a plaque and a copy of the commendation in the mail.

### **12. Next Meeting Date**

The SRPAC agreed to hold its fall meeting Friday, November 3, with a tentative time of 10:00 a.m. to 2:00 p.m.

### **13. Adjourn\***

MOTION: Michael Collins made a motion to adjourn the meeting. William Maas seconded. Motion passed unanimously. The meeting was adjourned at 1:55pm.