

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES STUDY SESSION
RETIREMENT PROGRAM OVERVIEW / FIDUCIARY TRAINING
OCTOBER 20, 2015
McCORMICK ROOM
30 7TH STREET EAST
ST. PAUL, MN**

Present: Chair Michael Vekich, and Trustees Margaret Anderson Kelliher, Duane Benson, Alexander Cirillo, Jay Cowles, Dawn Erlandson, Robert Hoffman, Philip Krinkie,

training at 2:40 pm. Trustee Hoffman participated in the meeting.

Chair Vekich welcomed Laura King, Vice Chancellor for Finance and Administration, and Director Hughes, System Director for Compensation and Retirement, and discussed the current recordkeeper selection process with TIAA-CREF; TIAA-CREF is the current recordkeeper for the retirement programs. The presentation targeted is focused on an annual recordkeeper RFP and recordkeeper selection process for a new contract, and

Director Hughes explained that he will provide the annual

changes to the Investment Committee about structure and operation of the system pension plans, consulting industry experts on the investment menu offered, and recommending changes to the overall plan administration.

MnSCU manages three defined contribution plans.

- The Individual Retirement Account Plan (IRAP), is a 401(a) mandatory participation plan. The employee contributes 4.5% and the employer contributes 6.0%.
- The Supplemental Retirement Plan (SRP), is a 401(a) mandatory supplement plan after the employee completes two years of unclassified service with MnSCU. The employee contributes 5% of salary after they first earn \$6,000 and the employer matches dollar-for-dollar. The maximum contribution is between \$1700 and \$2700 depending on the employees' bargaining contract or personnel plan.
- The Tax Sheltered Annuity (TSA), is voluntary participation plan available to all employees to invest. The maximum contributions follow the IRS disclosed plan maximums. There is not an employer contribution component to the TSA.

Within MnSCU's investment portfolio, ten funds are managed by TIAA-CREF and 25 funds are owned and managed by other investment companies. The fund performance over past three years, in terms of asset base, has demonstrated an increase of \$400M over the period. Director Hughes highlighted the portfolio risk among the array of funds, and a summary of the participants in the all three plans from FY13 through FY15. Plan participation rates have remained steady at close to 20,000 participants over this time period.

Director Hughes reviewed the process for the Request for Proposal for a recordkeeper. The search committee has representatives from each of the bargaining units, Scott Goings, assistant general counsel, Jim Nelson & Mike Jahnke, information security specialists, Mark Carlson, vice chancellor for human resources, and Laura King, vice chancellor for finance and facilities.

The results from the RFP will be scored and weighted by Aon Hewitt who has been retained as a search advisor. Aon provides additional objectivity to the search process and due diligence within the scope of fiduciary responsibilities. Aon Hewitt will present the scoring and weighting to

A recommendation will be presented to the Board of Trustees in January. The plan is for a five-year contract. The timeline is aggressive in part to allow time for the contract negotiation and potential migration of the plans if a new vendor is selected.

Quarterly financial summaries of the retirement plans performance are available in the Board Office. Director Hughes announced that Inge Chapin, secretary to the board, will send the trustees the link to the online fiduciary training program.

Chair Vekich adjourned the study session at 3:15 pm.