

Creighton University

Academic Council Meeting

April 19, 2018

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Role of the Retirement Plan Committee

- The Retirement Plan Committee was created in 2009 to:
 - Provide ongoing governance to the plan,
 - Monitor plan cash flow,
 - Review Fund performance,
 - Negotiate fees and service contracts,
 - Perform due diligence on existing, replacement and new investment options,
 - Develop and monitor the impact of education programs,
 - Oversight plan administration and compliance,
 - Review plan design features,
 - Make recommendations to Management on the level of contributions to the plan,
 - Stay up to date on industry best practices
 - Respond to feedback from participants
- This Committee meets quarterly or more frequently as needed
- Committee members cannot legally give investment advice to plan participants
- All meeting notes and reports are posted to create transparency

Legal Developments and Best Practices

- Lawsuits expand within the Higher Education Marketplace
- Department of Labor Fiduciary Rule partially implemented
- Fee Compression – all providers are under pressure to lower fees
- Fee Leveling – more equitable distribution of how plan expenses are paid
- Streamlining of Investment Options – few choices lead to better decisions
- Social Responsible Investment Options – a trend in faith based organizations
- Move towards passive (index) strategies – designed to lower cost
- Retirement Readiness – are you prepared to retire and do you have enough?
- Financial Wellness – education on other financial decisions

Plan Design, Pricing and Investment Update

- The two year eligibility waiver was eliminated effective July 1, 2017.
- The Roth option was added to the plan effective January 1, 2018.
- A new investment platform and pricing was negotiated with TIAA effective July 1, 2018. This allows for greater investment flexibility and the ability to implement fee leveling across the investment options on the platform.
- Concurrently, there will be a reduction in these fees on Principal's platform from 0.21% to 0.18% of assets so every participant, regardless of the funds they choose or the platform they are on, will be paying the same percentage costs for recordkeeping, advisory and education.
- Consistent with the University's sustainability initiatives, on July 2, there will be two new socially responsible funds added to both investment platforms;
 - The Parnassus Endeavor Fund
 - The TIAA Social Choice Equity Fund

Fee Leveling

- Under fee leveling, all revenue sharing payments for a fund are credited back to the individuals who have money invested in that fund (thereby eliminating the revenue sharing portion of the fund costs) and then a consistent level percentage fee is charged to every fund.
- As a result, regardless of the investment option(s) chosen, every participant pays the same percentage towards the costs of running the plan.
- This was implemented on the Principal platform in January 1, 2017 and will be implemented on the TIAA platform on July 1, 2018.

Fee Leveling Example

Fund Option	Revenue Share	Credit	Level Fee	Difference
TIAA Traditional	0.15%	(0.15%)	0.18%	+0.03%
CREF Stock	0.20%	(0.20%)	0.18%	-0.02%
Target Date Fund	0.00%	(0.00%)	0.18%	+0.18%
TIAA Real Estate	0.24%	(0.24%)	0.18%	-0.06%

- Example: A participant with a \$100,000 account balance would pay \$180 per year.
- Depending upon the mix of funds, some participants will pay a little more and some will pay a little less than they are currently.
- Each participant now pays the same percentage costs regardless of the funds they select
- This is quickly becoming an industry best practice

Sustainable Investing

- Socially Responsible Investing (SRI)
 - Uses negative screening (religious, environmental, etc.)
 - Process of avoidance
- Impact Investing
 - Targets outcomes and promotes specific causes
 - Process of advancement
- Environmental, Social, Governance Investing (ESG)
 - Integrates broad based factors
 - Process of integration and alignment

ESG Factors

- Environment Factors Examples
 - Climate change
 - Energy efficiency
 - Resource depletion
 - Waste management
- Social Factor Examples
 - Labor standards
 - Diversity in the workforce
 - Community relations
 - Access to education
- Governance Factor Examples
 - Bribery/Corruption
 - Board composition
 - Executive compensation
 - Pension funding

Fund Option Commentary - Screening

- Approximately 1500 funds available to Creighton on Principal's and TIAA's platforms
 - Roughly 30 funds operate with an Environmental, Social and Governance (ESG) mandate
 - All funds screen out companies related to alcohol, tobacco, gambling, and weapons
 - Scored on scale of 0-10, with higher scores representing higher ESG standards
- Active Selection – Will replace the current Neuberger Berman Socially Responsible Fund
 - Parnassus – additionally screens out companies associated with fossil fuels or nuclear power; also screens out companies with relations with Sudan
 - 30 stock, large cap portfolio with an expense ratio of 0.95%
 - Highly concentrated, higher risk investment option with a great track record
- Passive Selection – A new option available
 - TIAA – additionally screens out nuclear power
 - 800 stock, all cap portfolio with an expense ratio of 0.19%
 - Looks like an index fund should, with median returns and risk.
 - Invests across the market cap spectrum.

Q & A Session

Thank You

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