

# **Creighton University Retirement Plan Committee Meeting Minutes**

*September 28, 2017*

Present: Janel Allen, John Nisbet, John Jesse, Christina Murcek, Angie Mills and Randy Jorgensen

Consultants: Jeff Sharp and Tom Scalici

Janel Allen called the meeting to order at 10:00 am. Introduced to the committee was new committee member John Nisbet. John replaces Jessica Grainer, who no longer serves on the committee.

Mr. Scalici briefed the committee on the newly available TIAA Plan Expense Reimbursement Account (PERA) that is available to pay plan expenses. The amount is \$43,518 for the first six months of 2017. This is a direct result of renegotiating the required revenue number with them. David Howard from TIAA indicated that they had a system glitch and therefore did not fund the account in July like they should have. This is being taken care of and a statement will be provided as soon as the funds have been transferred.

The committee briefly discussed the proposed tax law changes including the elimination of employee pre-tax contributions to qualified retirement plans. Whether such proposal becomes a reality is in question. The consultants will continue to monitor the proposal as it develops.

## **Market and Economic Overview**

Mr. Scalici provided an overview of the second quarter market and economic commentary. He then reviewed the asset class index performance report reflecting performance through June 30, 2017, along with selected charts and graphs related to economic performance and markets.

## **Principal Platform Review**

Mr. Scalici reviewed the assets in the Principal core fund lineup. The assets began the quarter at \$263,700,719 and ended the quarter at \$274,800,488. During the quarter, contributions were \$4,385,813, withdrawals were \$2,624,269 and changes in investment values were \$9,340,364.

As of June 30, 2017, approximately 82% assets in the Principal platform were in equities and 18% were in fixed income, guaranteed income and cash. Asset Allocation portfolios hold approximately 38% of assets on the Principal platform.

The switch from The Principal Lifetime target date portfolios to the American Funds target dates will take place on October 5.

### **Principal Platform Fund Performance Review**

The weighted performance of assets for the quarter was 3.54%. This compares to the Blended Benchmark of 3.03%. Year to date, at the platform level, the performance was 9.08% compared to the Blended Benchmark of 7.91%. The committee reviewed each of the individual fund choices and compared them to the appropriate benchmark. Historical plan performance has annually averaged 11.93% versus the blended benchmark return of 11.15% since the beginning of 2010. The committee also reviewed the IPS Performance Criteria Dashboard and the performance of the RetireView portfolios. Overall performance has been outstanding. Only 1 fund has been below average over 3 years and another over 5 years. Every other fund option performed in the top half of the peer group. Also reviewed was the participant activity in the plan including internet and voice response usage.

### **TIAA-CREF Platform Fund Performance Review**

The committee reviewed the TIAA-CREF core fund activity. The TIAA-CREF assets were \$232,343,375 as of April 1, 2017 and finished the first quarter at \$236,321,733. Contributions were \$919,822, withdrawals were \$2,697,773 and changes in investment values were \$5,772,168.

The updated rolling asset allocation page of the review book shows the overall allocation to equities ended the quarter at approximately 58%. The weighted return for the quarter ending June 30, 2017, was 2.48% and the weighted benchmark return was 2.67%. The primary reason for this was the performance of the TIAA CREF Stock fund. Interestingly, the peer group it is compared to was in the 14<sup>th</sup> percentile of the peer group. The TIAA CREF stock fund was in the 27<sup>th</sup> percentile. The historical average performance was 7.52% annualized reflecting the relatively higher allocation to the TIAA Traditional account.

Because of the transition to the Institutional Share class of their mutual funds, the overall plan fees dropped from 0.48% to 0.44%.

The committee discussed the 202 active participants in the TIAA plan. Specifically, the plan is to provide enhanced education for those participants who have money allocated to the Traditional Account to continue to make them aware of the distribution rules related to money in such accounts. They will be receiving a communication sent to the home directly from TIAA to highlight how the Traditional account is handled at retirement when it comes to withdrawals.

### **Total Investment Platform Overview**

The aggregate total plan assets as of the end of the second quarter were \$511,233,131. Contributions during the quarter were \$5,305,634, withdrawals were \$5,322,042 and changes in investment values were \$15,116,683.

The overall total plan allocation reflects:

- Domestic equities: 28.9%
- International equities: 4.6%
- Global equities: 15.1%
- Asset allocation: 24.0%
- Fixed income: 4.7%
- Alternatives: 3.3%
- Cash and equivalents: 18.6%
- Other: 0.8%

### **Sustainable Investment Fund Options**

The committee reviewed a variety of ESG funds (Environmental, Social, and Governance) that could be added to the core fund lineup. Active and Passive strategies were reviewed. The active funds are generally more expensive than the passive funds. There are 30 funds that meet this criterion on Principal's platform. After using the Investment Policy screens, the field was narrowed down to 5 alternatives. Parnassus and Neuberger were discussed as potential active managers while TIAA Social Choice, Vanguard FTSE Social, and Calvert Large Cap Core Responsible funds were reviewed as passive (index) options. As part of the due diligence the committee also evaluated the different types of social screening, number of holdings, risk profile and fees. Parnassus is the only fund that screens out Fossil Fuels and Nuclear Power. Previous feedback from some faculty members indicated the desire to add a fund with these screens.

The discussion related to whether we should add an option to the core fund lineup or merely let participants access via the self-directed brokerage account available in the plan.

The committee asked the consultants to investigate the impact of replacing the existing Neuberger Socially Responsible fund with the Parnassus Fund and add the TIAA Social Choice fund as a new investment option. The above changes would be culturally consistent with Creighton's initiatives on sustainability, so the consultants will report back to the committee at or before the next quarterly meeting.

The committee reviewed the Investment Policy Statement Dashboard and historic returns of the funds relative to the appropriate benchmarks. Also reviewed was the quarterly recap of the administration costs of the plan charged by Principal and consultants. A draft of an updated IPS will be provided next week prior to the change in the Qualified Default Investment Alternative to the American Funds Target Date portfolios. The demographic data will also be updated as of June 30, 2017.

### **Plan Sponsor Participant Rollover Acknowledgement Form**

The consultants briefed the committee on the acknowledgment form now required under the new DOL fiduciary rules. An original will be forwarded to Janel Allen for signature.

With no further business, the meeting adjourned at 11:45 am.