

# Creighton University Retirement Plan Committee Meeting Minutes

*May 1, 2018*

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

Absent: John Nisbet

Consultants: Jeff Sharp and Tom Scalici

Janel Allen called the meeting to order at 9:00 am.

## **Market and Economic Overview**

Mr. Scalici provided an overview of the fourth quarter market and economic commentary. He then reviewed the asset class index performance report reflecting performance through December 31, 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 \$286,383,643 and ended the quarter at \$298,414,897. During the quarter, contributions were \$4,627,534, withdrawals were \$4,546,464 and changes in investment values were \$12,486,680.

As of December 31, 2017, approximately 81% of assets in the Principal platform were in equities and 19% 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 Date took place on October 5, 2017.

## **Principal Platform Fund Performance Review**

The weighted performance of assets for the quarter was 4.36%. This compares to the blended benchmark of 4.51%. Year-to-date, at the platform level, the performance was 18.63% compared to the blended benchmark of 17.28%. The committee reviewed each of the individual fund choices and compared them to the appropriate benchmark. Historical plan performance has annually averaged 11.54% versus the blended benchmark return of 11.23% since the beginning of 2010. The committee also reviewed the Investment Policy Statement (IPS) Performance Criteria Dashboard and the performance of the RetireView portfolios. 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 \$241,600,011 as of October 1, 2017 and finished the fourth quarter at \$245,721,321. Contributions were \$956,201, withdrawals were \$5,595,629 and changes in investment values were \$8,218,547.

The updated rolling asset allocation page of the review book shows the overall allocation to equities ended the quarter at approximately 54%. The weighted return for the quarter ending December 31, 2017 was 3.40% and the weighted benchmark return was 3.53%.

The committee reviewed the IPS Performance Criteria Dashboard for each fund, including absolute and relative performance versus the appropriate benchmark.

### **Total Investment Platform Overview**

The Aggregate Total Plan assets as of the end of the fourth quarter were \$544,259,588. Contributions during the quarter were \$5,583,736, withdrawals were \$10,142,093 and changes in investment values were \$20,711,857.

The overall total plan allocation reflects:

- Domestic equities: 29.6%
- International equities: 4.9%
- Global equities: 15.0%
- Asset allocation: 24.5%
- Fixed income: 4.4%
- Alternatives: 3.1%
- Cash and equivalents: 17.5%
- Other: 0.9%

### **Retirement Readiness Dashboard**

The committee reviewed the updated Principal Retirement Readiness Dashboard. It is a tool to be used to model various demographics, including retirement readiness by age group, years of service and investment platform. This tool also has the ability to project the cost of different plan design features and employer contribution scenarios. Changes in Retirement Readiness scores are reflected as various changes to the plan are modeled. Various scenarios were reviewed by the committee. The two main highlights were that participation jumped from 61% to 71% and retirement readiness scores jumped from 65% to 72% since 2015. These are very significant changes in a very short period. The overall average contribution rate to the plan, including employer and employee contributions is 11.0% of pay.

### **Strategic Action Summary**

The committee reviewed key milestones accomplished during 2017 as shown on Attachment A.

### **March 31, 2018 Quarterly Review**

#### **Principal Platform Review – March 31, 2018**

Mr. Scalici reviewed the assets in the Principal Core Fund lineup. The assets began the quarter at \$298,414,897 and ended the quarter at \$298,450,894. During the quarter, contributions were \$5,399,313, withdrawals were \$5,504,552 and changes in investment values were \$124,454.

As of March 31, 2018, approximately 76% of assets in the Principal Platform were in equities and 24% were in fixed income, guaranteed income and cash. Asset allocation portfolios hold approximately 38.8% of assets on the Principal platform.

The weighted performance of assets for the quarter was 0.04%. This compares to the blended benchmark of -0.52%. The committee reviewed each of the individual fund choices and compared them to the appropriate benchmark. Historical plan performance has annually averaged 11.91% versus the blended benchmark return of 10.84% since the beginning of 2010. The committee also reviewed the Investment Policy Statement (IPS) Performance Criteria Dashboard and the performance of the RetireView portfolios. Also reviewed was the participant activity in the plan, including internet and voice response usage.

#### **TIAA-CREF Platform Fund Performance Review – March 31, 2018**

The committee reviewed the TIAA-CREF Core Fund activity. The TIAA-CREF assets were \$245,721,321 as of January 1, 2018 and finished the first quarter at \$237,994,302. Contributions were \$877,311, withdrawals were \$8,925,644 and changes in investment values were \$433,272.

The updated rolling asset allocation page of the review book shows the overall allocation to equities ended the quarter at approximately 52%. The weighted return for the quarter ending March 31, 2018 was 0.18% and the weighted benchmark return was -0.37%.

The committee reviewed the IPS Performance Criteria Dashboard for each fund, including absolute and relative performance versus the appropriate benchmark.

#### **Total Investment Platform Overview – March 31, 2018**

The aggregate total plan assets as of the end of the first quarter were \$536,568,021. Contributions during the quarter were \$6,276,623, withdrawals were \$14,430,197 and changes in investment values were \$557,074.

The overall total plan allocation reflects:

- Domestic equities: 29.2%
- International equities: 5.0%
- Global equities: 14.4%
- Asset allocation: 24.9%
- Fixed income: 4.5%
- Alternatives: 3.2%
- Cash and equivalents: 17.7%
- Other: 1.1%

#### **Fee Leveling and New Fund Additions**

A meeting was held with the Academic Council on April 19, 2018, to preview the upcoming changes to both platforms. The Parnassus Fund will be replacing the Neuberger and Berman Guardian Fund and the TIAA Social Choice Fund will be added as a new option on both platforms. This will occur on July 2, 2018. At the same time, all new contributions for TIAA participants will be contributed to the Retirement Choice Contract which will have a level fee of 0.18% per fund. In addition, the wrap fee on the Principal platform will decline from 0.21% to 0.18% so that we have consistency in pricing across both platforms.

An amendment to the advisory agreement was signed to reflect the new levelized pricing and lower fees effective July 1, 2018.

**Advisor and Vendor Due Diligence**

John Jesse and Janel Allen mentioned that the University will be assessing the timing and feasibility of conducting an RFP process for the investment advisor and record-keeper roles to comply with industry best practices. It has been about 10 years since a formal search was completed, although the committee has updated its due diligence on all service providers periodically over this time-period. The consultants suggested conducting an RFP for the advisor first, so that the selected advisor can help with the RFP for the providers. Sample RFP and RFI documents will be shared with the committee to help the members create custom documents for Creighton.

With no further business, the meeting adjourned at 10:15 am.

# Strategic Action Summary 2017

- 1<sup>st</sup> Quarter (1/1/2017 – 3/31/2017)
  - Assisted in creation of Revenue Credit Account with TIAA
  - Negotiated and implemented TIAA plan pricing reduction
  - Fund Changes along with implementing fee leveling with TIAA & Principal, effective 1/3/17
  - Plan amendment changing the small account force-out provision
  - Reviewed Capital Market Expectations
- 2<sup>nd</sup> Quarter (4/1/2017 – 6/30/2017)
  - Plan amendment changing eligible employee definition
  - Assisted with the completion of the TIAA Fiduciary Response form
- 3<sup>rd</sup> Quarter (7/1/2017 – 9/30/2017)
  - Fiduciary Training
  - Worked with TIAA to create a participant education piece related to TIAA Traditional
  - Worked with TIAA to ensure they have all plan amendment updates
  - Plan amendment changing vesting schedule and plan entry date
- 4<sup>th</sup> Quarter (10/1/2017 – 12/31/2017)
  - Fund changes effective 10/2/17 and 10/18/17
  - Reviewed ESG (Environmental, Social, and Governance) Fund Options – made decision to replace the existing Neuberger and Berman fund with the Parnassus fund and add the TIAA Social Choice fund as an additional investment option
  - Reviewed updated draft IPS (Investment Policy Statement) – additional updates to be made before execution
  - Worked with Principal to enhance data feed for improved reporting
  - Made decision to migrate to TIAA RC Platform with a goal effective date of 4/1/2018
  - Discussed proposed Cornerstone billing changes with both TIAA and Principal – this will be done in step with 4/1/2018 transition to RC Platform
  - Discussed implementing fee levelling with TIAA – this will be in step with 4/1/2018 transition to RC Platform
  - Discussed goals for next year