

Creighton University Retirement Plan Committee Meeting Minutes

September 5, 2019

Present: Janel Allen, John Jesse, Angie Mills, Christine Murcek, Dr. Edward Horwitz

Absent: Randy Jorgensen

Consultants: Jeff Sharp and Tom Scalici

Janel Allen called the meeting to order at 12:00 pm.

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, 2019, 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 \$310,332,178 and ended the quarter at \$322,562,507. During the quarter, contributions were \$5,833,878, withdrawals were \$4,278,697 and changes in investment values were \$10,873,803.

As of June 30, 2019, approximately 75% of assets in the Principal Platform were in equities and 25% were in fixed income, guaranteed income and cash. Asset allocation portfolios hold approximately 40% of assets on the Principal Platform.

Principal Platform Fund Performance Review

The weighted performance of assets for the quarter was 3.50%. This compares to the blended benchmark of 3.49%. Year-to-date, at the platform level, the performance was 14.56% compared to the blended benchmark of 14.66%. The committee reviewed each of the individual fund choices and compared them to the appropriate benchmark. Historical plan performance has annually averaged 10.67% versus the blended benchmark return of 10.43% 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.

During the review period there were four funds in the bottom quartile of the peer group, three of which were the American Funds Growth Fund of America, the Parnassus Endeavor Fund and the Fidelity Contrafund. The Growth Fund of America has an overweight to energy stocks and an underweight to technology stocks as well as a lower risk profile. Risk adjusted returns are slightly below average for the last 3 years.

Updated 9.18.19

The Parnassus Endeavor fund owns about 25 stocks and as such has a more volatile return history with periods of time where they significantly outperform or underperform the benchmark. The Fidelity Contrafund also has an underweight towards tech stocks and a significant overweight towards financials (22% vs 11% for the benchmark) and that has hurt current performance. All three funds have shown relative improvement during the third quarter and our consultants' recommendation is to keep them in the plan. The TIAA International Equity Fund, the fourth option in the bottom quartile, is being replaced on October 1.

TIAA-CREF Platform Fund Performance Review

The committee reviewed the TIAA-CREF Core Fund activity. The TIAA-CREF assets were \$233,371,951 as of April 1, 2019 and finished the second quarter at \$234,691,694. Contributions were \$924,261, withdrawals were \$5,399,871 and changes in investment values were \$5,787,365.

The overall allocation to equities for the quarter was approximately 51%. The weighted return for the quarter ending June 30, 2019 was 2.48% and the weighted benchmark return was 2.62%. Year-to-date, the performance was 9.93% compared to the blended benchmark of 10.35%. Since 2010, annualized performance has been 7.31% versus the index of 6.74%. The committee reviewed the individual fund performance relative to the appropriate asset class benchmark.

Total Investment Platform Overview

The Aggregate Total Plan assets as of the end of the second quarter were \$562,007,411. Contributions during the quarter were \$6,758,139, withdrawals were \$9,678,568 and changes in investment values were \$16,831,827.

The overall total plan allocation reflects:

- Domestic equities: 31.0%
- International equities: 4.5%
- Global equities: 12.9%
- Asset allocation: 25.8%
- Fixed income: 4.8%
- Alternatives: 3.0%
- Cash and equivalents: 17.1%
- Other: 0.9%

The committee reviewed TIAA costs including fund expenses and plan service expenses. The weighted average cost of the TIAA platform was 0.44%. As stated in the previous quarter's minutes, the weighted average cost of the Principal platform effective October 1 will also be 0.44%.

Creighton Aggregate

The total plan assets ended June 30, 2019 at \$561,982,255. For the quarter, contributions totaled \$6,936,714, withdrawals totaled \$9,678,568, and market gains were \$16,830,866. The overall asset allocation of the plan is approximately 65% in equities and 35% in fixed income and guaranteed accounts.

457(b) and 457(f) Plans

- The 457(b) plan has total assets of \$4,622,559. Relative performance for each of the available funds was reviewed by the committee. Previous fund changes made to the 403(b) plan will be incorporated into the 457(b) plan.
- The committee discussed a plan to re-communicate to employees the benefits of deferring money into the plan. This campaign will occur in the Fall so that elections can be made effective January 1, 2020.
- The 457(f) plan has total assets of \$130,650.

TIAA-CREF Lifecycle Funds Update

TIAA announced a change to their glide path methodology which goes into effect on January 1, 2020. The current glide path reaches its terminal asset allocation at 40% equities 10 years past retirement. The new glide path will continue to become more conservative and not hit its terminal asset allocation at 20% until 35 years past retirement. The only portfolio effected by this is the 2010 target date fund which will reach 10 years past retirement in January. Approximately 1% of overall plan assets are in this fund.

TIAA – Plan Efficiency Report and Plan Assessment Report

The committee reviewed the unique Creighton Plan Efficiency score as developed by TIAA-CREF. The score as of February was 51.8 versus peers at 49. The plan efficiency score measures how efficiently the plan is utilizing technology for administration and plan communications. Various suggested enhancements were identified as items of future focus including communication of the TIAA app, participant interactions and plan document changes.

The Plan Outcome Assessment calculates the overall retirement readiness score for the average participant which is 84%. It then breaks the data down into different cohorts and provides a profile for those people who are above, in range or below their targets. An education plan can then be developed to target different groups who may benefit from more individualized advice.

Miscellaneous Items Reviewed and Discussed:

The committee reviewed the TIAA Revenue Credit Account Report.

The Strategic Action Summary for 2019 was reviewed reflecting all plan related activities that have occurred YTD and planned for the balance of the year.

The investment review concluded by reviewing the SECURE Act, RESA and various legislative proposals.

Strategic Planning Update

Janel and Angie Mills provided an update on the Strategic Plan and future items the committee needs to discuss including the 457(b) plan and the retirement readiness analysis.

Janel also announced that Christine Murcek would be leaving the committee due to her educational commitments. The committee thanked her for her years of participating.

With no further business, the meeting adjourned at 1:30 pm.