



October 21, 2013

To: SVIA Board of Directors

From: Gina Mitchell, President

Re: October 14th Board of Directors' Meeting

SVIA's Board of Directors met on October 14th at the Fairmont in Washington, D.C. The following individuals participated in the meeting.

SVIA Members Attending:

<i>First Name</i>	<i>Last Name</i>	<i>Company</i>
<i>Robin</i>	<i>Andrus</i>	<i>Prudential Financial</i>
<i>Gregory</i>	<i>Anselmi</i>	<i>Transamerica Stable Value Solutions</i>
<i>Mark</i>	<i>Auriemma</i>	<i>State Street Bank & Trust Company</i>
<i>Angelo</i>	<i>Auriemma</i>	<i>Plan Sponsor Advisors</i>
<i>Bradie</i>	<i>Barr</i>	<i>Transamerica Stable Value Solutions</i>
<i>John</i>	<i>Barrasso</i>	<i>Prudential Financial</i>
<i>Douglas</i>	<i>Barry</i>	<i>Standish Mellon Asset Management Company</i>
<i>Le Ann</i>	<i>Bickel</i>	<i>Invesco Advisers, Inc.</i>
<i>John</i>	<i>Bisset</i>	<i>Dwight Asset Management Co.</i>
<i>Kappie</i>	<i>Bogart</i>	<i>Transamerica Stable Value Solutions</i>
<i>Rachel</i>	<i>Burns</i>	<i>NISA Investment Advisors, LLC</i>
<i>Anthony</i>	<i>Camp</i>	<i>ING</i>
<i>Austin</i>	<i>Campbell</i>	<i>JPMorgan Chase Bank, N.A,</i>
<i>Colin</i>	<i>Carey</i>	<i>State Street Bank & Trust Company</i>
<i>Gladys</i>	<i>Casas</i>	<i>State Street Bank & Trust Company</i>
<i>Robert</i>	<i>Chan</i>	<i>Fidelity Institutional Retirement Services Company</i>
<i>Peter</i>	<i>Chappelear</i>	<i>JPMorgan Asset Management</i>
<i>Karen</i>	<i>Chong-Wulff</i>	<i>ICMA Retirement Corporation</i>
<i>Jeffrey</i>	<i>Chow</i>	<i>AIG Financial Products</i>
<i>Marie</i>	<i>Chretien</i>	<i>State Street Bank & Trust Company</i>
<i>Jeffrey</i>	<i>Clark</i>	<i>Prudential Financial</i>
<i>Matthew</i>	<i>Collins</i>	<i>Bank of Tokyo-Mitsubishi UFJ Ltd.</i>
<i>Matthew</i>	<i>Condos</i>	<i>ING</i>

First Name	Last Name	Company
Phil	Connor	MassMutual Financial Group
Sandra	Costa	Fiduciary Capital Management, Inc.
Jordan	Culp	DuPont Capital Management
Michael	Davis	Prudential Financial
Jon	DeBow	JPMorgan Asset Management
Angela	Demling	Invesco Advisers, Inc.
Paul	Donahue	Metropolitan Life Insurance Company
Joshua	Durham	Transamerica Stable Value Solutions
Karen	Edgerton	RGA
Sharon	Ennis	Reliance Trust Company
Kathryn	Fast	Dodge & Cox
Robert	Ferencz	Sidley Austin LLP
Terence	Finan	Jackson National Life
John	Fischer	Mutual of Omaha
Marty	Fleischman	Mutual of Omaha
Jordan	Frame	Transamerica Stable Value Solutions
Randy	Fuss	CUNA Mutual Group
Charlene	Galt	MassMutual
Jignesh	Gandhi	Prudential Financial
Thomas	Gibbons	Pacific Life
Mark	Gilbert	RGA
Andrew	Gittler	Bank of Tokyo-Mitsubishi UFJ Ltd.
Justin	Goldstein	JPMorgan Asset Management
Jeff	Graham	MassMutual Financial Group
Paul	Grigely	MassMutual Financial Group
Benjamin	Gugliotta, Jr.	T. Rowe Price Associates, Inc.
Brian	Haendiges	MassMutual Financial Group
Daniel	Hall	The Standard
Elizabeth	Heffernan	Fidelity Investments
Sharon	Hoppel	Morley Financial Services, Inc.
Terry	Hotchkiss	Principal Financial Group
Rajen	Jadav	AllianceBernstein Management
Bill	Jamison	Federated Investors
Peter	Jenks	Metropolitan Life Insurance Company
Brad	Johnson	Lincoln Financial
John (Jamie)	Kalamarides	Prudential Financial
Gerald L.	Katz	Transamerica
Kevin	Kehres	Fischer Francis Trees & Watts, Inc.
Robert	Krebs	NISA Investment Advisors, LLC
Ryan	Krieg	Columbia Management Investment Advisors, LLC
Douglas	Leary	Sutherland
Robin	Lenna	MetLife, Inc.
Michael	Leonberger	Invesco

First Name	Last Name	Company
Tony	Luna	T. Rowe Price Associates, Inc.
Robert	Madore	T. Rowe Price Associates, Inc.
Philip	Maffei	TIAA-CREF
Thomas	Manente	ING
Kurt	Mansfield	Prudential Financial
Carl	Marcantonio	Prudential Financial
Marian R.	Marinack	Federated Investment Management Company
Richard	Mattison	Transamerica Stable Value Solutions
James	McKay	Columbia Management Investment Advisers, LLC
William	McLaren	Lincoln Financial Group
Mike	Melcher	Hallmark Cards
Greg	Miller-Breetz	Transamerica Stable Value Solutions
Antonis	Mistras	DuPont Capital Management
Jessica	Mohan	Bank of Tokyo-Mitsubishi UFJ Ltd.
Vanessa	Monahan	The Vanguard Group
Michael	Montanez	The Vanguard Group
Sharon	Morell	Morley Financial Services, Inc.
Jacky	Morin	Jackson National Life
Helen	Napoli	New York Life Investment Management LLC
Paul	Notte	Metropolitan Life Insurance Company
Stig	Nybo	Transamerica Retirement Solutions
Robert	O'Keefe	Sidley Austin LLP
Jessica	Ouellette	ING
John	Pacheco, Jr.	BMC Pacheco Consulting, LLC
Martin	Palmeri	Bank of Tokyo-Mitsubishi UFJ Ltd.
John	Panagakis	TIAA-CREF
Geoff	Parker	Great-West Financial
Christopher	Pellegrino	Transamerica Stable Value Solutions
Jane Marie	Petty	Galliard Capital Management, Inc.
Mark	Pherson	Transamerica Stable Value Solutions
Nicole	Plourde	Transamerica Stable Value Solutions
Lori	Radford	Invesco Advisers, Inc.
Nicholas	Rago	Prudential Financial
Sai	Raman	AIG Life and Retirement/Institutional Markets
Fred	Ramos	State Street Bank & Trust Company
Whitney	Reid	T. Rowe Price Associates, Inc.
Teresa	Reynolds	RGA
Daniel	Riley	NISA Investment Advisors, LLC
Lucas	Robustelli	Metropolitan Life Insurance Company
James	Roche	Standard Insurance Company
Dee	Ross	Invesco Advisers, Inc.

First Name	Last Name	Company
Melissa	Rowe	State Street Bank & Trust Company
William	Sample	Metropolitan Life Insurance Company
Eric	Sandquist	Mutual of Omaha
Maureen	Scaduto	Cultural Institutions Retirement System
Steven J.	Schaefer	Bank of Tokyo-Mitsubishi UFJ Ltd.
Kathleen	Schillo	Hueler Companies
Leslie	Schmidt	Invesco Advisers, Inc.
Robin	Schultz	Virginia529 College Savings Plan
Thomas	Schuster	Metropolitan Life Insurance Company
Michael	Sipper	New York Life Investment Management LLC
Russell	Smith	Aetna Inc.
Scott	Sokol	Valerian Capital Group
David	Solomon	Goldman Sachs
Kostas	Sophias	JPMorgan Chase Bank, N.A,
Susan	Southworth	ING
Todd	Statczar	Nationwide Retirement Plans
Jeff	Stein	Morgan Stanley
Ryan	Stevens	RGA
Hannah	Sun	Prudential Financial
Aziz	Syed	John Hancock Financial Services
Maria	Tosteson Rosen	Washington State Investment Board
Alfred	Turco	McElroy, Deutsch, Mulvaney & Carpenter
Robert	Waldo	ING
Tressa	Webb	Fidelity Investments
David	Weiss	Lincoln Financial Group
Brian	Wick	Prudential Financial
Symeon	Williams	Transamerica Stable Value Solutions
Jerald	Wirzman	Prudential Financial

Board Members Attending:

Sharon	Cowher	Halliburton Company
Joe	Fazzino	United Technologies Corporation
Nick	Gage	Galliard Capital Management, Inc.
Brett	Gorman	PIMCO
Susan	Graef	The Vanguard Group
Aruna	Hobbs	New York Life Investment Management LLC
Warren	Howe	Metropolitan Life Insurance Company
James	King	Prudential Financial

Board Members Attending:

<i>Steve</i>	<i>Kolocotronis</i>	<i>Fidelity Investments</i>
<i>Steve</i>	<i>LeLaurin</i>	<i>Invesco Advisers, Inc.</i>
<i>Gina</i>	<i>Mitchell</i>	<i>SVIA</i>
<i>Marijn</i>	<i>Smit</i>	<i>Transamerica Stable Value Solutions</i>
<i>Tim</i>	<i>Stumpff</i>	<i>Morley Financial Services, Inc.</i>
<i>Joseph</i>	<i>Veeneman</i>	<i>IBM Retirement Funds</i>

SVIA Staff:

<i>Zach</i>	<i>Gieske</i>	<i>SVIA</i>
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Jim King opened the meeting by introducing the Board of Directors and its officers. He recognized and thanked SVIA's leadership team for their efforts while stressing the importance of the overall membership's participation in achieving the goals and objectives of SVIA. SVIA officers are:

- Jim King, Chairman, SVIA Board of Directors.
- Marijn Smit, Communications & Education.
- Steve LeLaurin, Data & Research.
- Sharon Cowher and Aruna Hobbs, Membership & Budget and Treasurer/Secretary.
- Steve Kolocotronis, Government Relations.
- Gina Mitchell, Events.

King also introduced Zach Gieske who is SVIA's Operations Analyst to the membership.

Board Election. SVIA's President Gina Mitchell gave an overview of the pending Board of Directors' Election. Four Board seats will be up for election this fall. The seats include:

- Sharon Cowher, Halliburton who is a plan sponsor. Sharon has served as Secretary and Treasurer of SVIA and is co-chairing the Committee on Membership and Budget with Aruna Hobbs. Sharon has served two terms and has decided to retire from SVIA's Board.
- Aruna Hobbs, New York Life who is a service firm member. Aruna co-chairs the Committee on Membership and Budget. She is running for a second term.
- Warren Howe, MetLife who is a service firm member. Warren has served two terms on the Board and is also retiring from the Board.
- Steve Kolocotronis, Fidelity who is a service firm member. Steve chairs the Committee on Government Relations and is running for a second term.

Board Nominations. Mitchell reminded the membership that any member wishing to run for the Board needed to be nominated as a candidate. Service firm members need at least three nominations and at most 10% of total voting members, or eight nominations to become a candidate. The membership was asked in September to nominate candidates for the Board election.

Board Candidates. Five candidates were nominated for three service firm seats. They included the two incumbents: Steve Kolocotronis, Fidelity, and Aruna Hobbs, New York Life, as well as Brian Haendiges, Mass Mutual, Jessie Mohan, Bank of Tokyo-Mitsubishi and Tom Schuster, MetLife.

Russell Smith was nominated for the plan sponsor seat. The membership will be asked to affirm Smith to the Board.

All of the Board candidates addressed attendees at the Board of Directors' meeting and explained why they wished to serve on the Board.

Board Election. The Board election will be held electronically using CVENT. Voting will open by email on Wednesday, October 16th. The voting member for each company will be asked to select three out of the five service firm candidates and to affirm Russell Smith to the plan sponsor Board seat. All votes are confidential and voting will close on October 25th.

Retirement from SVIA Board. The Board of Directors recognized Sharon Cowher's and Warren Howe's six years of service on the Board at the October meeting. They presented them with a token of the Association's appreciation for their good work.

Committee on Communications & Education. Marijn Smit who serves as Chairman of the Committee on Communications and Education explained that the Committee's efforts were focused in three areas: the website, which houses all SVIA information, the Media Team, which addresses press and issues that arise as well as the *Stable Times* Editorial Board, which produces and edits articles for the Association's biannual publication, *Stable Times*.

Smit explained that the SVIA website had been updated. It had new content and as a result of the updates, the website was quicker and easier to navigate. The website also promotes discovery and is at the heart of SVIA's communication strategy. He noted that SVIA had begun using new communication channels, which are Twitter and LinkedIn. He encouraged everyone to join SVIA's group on LinkedIn as well as follow SVIA on Twitter.

Smit said the Committee had written three major FAQs and released them over the course of 2013. They were the Stable Value Synthetic Investment Contract Basics, the Stable Value Glossary and the Guaranteed Insurance Account FAQ.

He also explained that SVIA had been using content from member firms on Twitter. To illustrate, he gave the following examples:

- Rising Rates and Stable Value – Galliard.
- 14th Annual Transamerica Retirement Survey.
- How America Saves 2013 – Vanguard.
- Assessing Stable Value After 2008 – Prudential.
- Negotiating Risk for Stable Value Options – Dwight.
- MetLife's 2013 Stable Value Study.

Stable Times. Smit remarked that SVIA's biannual publication is *Stable Times*. The publication covers both the Fall Forum and Spring Seminar in its respective issues. However, the Committee wanted to give the publication more depth so the *Stable Times* Editorial Board has recruited and incorporated additional articles that addressed more than our conferences, and also covers most of the issues that SVIA addresses.

Smit said that the first Issue of 2013 included:

- Stable value and Dodd-Frank: Are we there yet?
- Stable value in litigation
- NAGDCA issues best practice guide that discusses stable value
- Abbott-Lockheed Martin continues to garner analysis
- ICI reports total retirement assets grew from 4Q2012 to 1Q2013
- Money Market Funds: Floating NAV DOA?
- Fiduciary Reforms Hit a Wall of Opposition
- Taxpayers and Free Riders
- Abbott vs. Lockheed Martin
- Interest Rates: Opportunities and Challenges for Stable Value
- 401(k) Fees Remain a Hot Topic

He concluded that the Editorial Board was taking a similar robust approach for the second issue, which should be out before the end of 2013.

SVIA Perspectives. Smit noted that SVIA had launched a bimonthly publication, *SVIA Perspectives* that highlighted issues affecting stable value and defined contribution plans for SVIA membership. It is written by Gina Mitchell and Zach Gieske.

Membership and Budget. Sharon Cowher who serves as the Co-Chairwoman of the Committee on Membership and Budget as well as the Treasurer and Secretary reported on the Committee's work. Sharon has shared this position with Aruna Hobbs in 2013 to ensure a smooth hand-off to Aruna when Sharon retires from the Board at the end of this year.

Cowher noted that 2013 had been very busy for the Committee on Membership and Budget. She highlighted the following accomplishments:

- SVIA had received an unqualified opinion on audited financial statements for 2012 from CliftonLarsenAllen, who have been SVIA's auditors for the past four years.
- CliftonLarsenAllen also prepared and SVIA filed the Form 990, which is the Federal income tax report for non-profits.
- CliftonLarsenAllen prepared and SVIA filed DC Property, and Sales and Use Tax, and Foreign Entity Tax for 2012. All of these respective reports are required by the District of Columbia.
- SVIA had also diversified financial institution risk by opening two new banking accounts.
- SVIA has scheduled the 2013 audit for the week of February 17th.

Revenue Review. Cowher pointed out that the Association had consistent positive revenue from the beginning of the financial crisis in 2008 to the present. SVIA's position is rather unique among financial service associations. Most saw their revenues and retained earnings decline

over this period of time. Additionally, Cowher noted that SVIA was most dependent upon service firm member dues and conference revenues. SVIA differs from other financial associations in that SVIA meetings generally net a profit and that SVIA does not hold reserves and consequently does not generate much investment income compared to its peers.

She noted that SVIA could have unforeseen expenses such as legal fees since they are dependent upon legislative and regulatory developments, which tend to be hard to predict. She also suggested that the Association needed to build an operating surplus of one to three years of operating revenues to give SVIA the ability to respond to threats without going to membership for special assessments. Cowher noted that the Board had approved a dues increase of \$1,500 from \$7,500 to \$9,000 on all service firm members in an effort to develop and build reserves.

2013 Financial Report. Cowher gave a brief financial report on how SVIA had fared through September of 2013. She reminded the Board that the Association had budgeted to break even in 2013 at \$1,016,870. She highlighted that:

- SVIA had reached 108% of its revenue goals for the year.
- The Association has collected 114% of the Fall Forum revenue target or \$270,335 despite Washington chaos (Navy Yard shooting, the deranged woman who tried to run the White House and Capitol Hill gates as well as the governmental shutdown).
- Service firm revenues are 105% of budget, plan sponsor revenues are at 131%, Spring Seminar revenues are at 114%, and the Value Program revenues are at 111%.
- Additionally, interest earned is at 107%, which is \$70.05.

On the expense side, SVIA has spent 55% of budgeted expenses, which includes all the Spring Seminar expenses and some of the Fall Forum expenses.

Membership. Cowher also focused on Association membership. She said that in 2013 SVIA had 19 plan sponsor members, 52 service firm members and had raised \$225,000 in Value Program dues.

2014 Dues. Cowher noted that the 2014 dues invoices were sent out on August 30, 2013 to give membership the most discretion to both budget and decide when to pay their dues. She reported that as of September 30, nine plan sponsors, 15 service firms and 10 Value Program Members have paid their 2014 dues, which totaled \$99,170.

Data and Research. Steve LeLaurin who chairs the Committee on Data and Research overviewed the Committee's work.

LIMRA-SVIA Stable Value Sales and Assets Survey. LeLaurin highlighted the Sales and Assets survey, noting that it differs from most SVIA surveys since it covers issuers. Additionally, SVIA partners with LIMRA on the survey. SVIA provides the bank side of the business. The survey is also biannual. The First Half of 2013 was recently released. He noted that the survey:

- Covered 20 companies.

- Participating companies reported new stable value sales of \$23.8 billion, a decrease of two percent from the first half of 2012.
- Total qualified and funding agreement products sales of \$46 billion during the first half of 2013 show a decrease of five percent from the same period in 2012.
- Companies reported \$91 million in renewal sales, a significant decline from first half 2012 sales.
- The \$7.4 billion in ongoing contributions to existing contracts decreased by 19 percent when calculated on a common company basis from the same period in 2012.
- Stable value assets totaled \$369 billion. Combined with other qualified assets, total qualified assets amounted to \$595.3 billion, an increase of four percent on a common company basis from the first half of 2012.

Stable Value Funds' Quarterly Characteristics Survey. LeLaurin noted that the Quarterly Characteristics survey covers 23 stable value managers on five data points: duration, overall portfolio credit quality, AUM, crediting rate and M/B ratio. The most recent survey as of June 30, 2013 found:

- Assets covered totaled \$453 billion.
- Crediting rate was 2.08 percent.
- Duration was 2.97.
- Credit Quality was 8.28 (AA or higher).
- M/B was 102.3 percent.

LeLaurin advised survey participants that they should expect the next quarterly survey data request on October 15th.

Annual Stable Value Funds' Investment and Policy Survey. LeLaurin observed that SVIA's longest running survey is the Annual Investment and Policy Survey. The Association has just completed the seventeenth year and was released in May. This survey covers different management segments of stable value: individually managed funds, pools and insurance. It is the most comprehensive SVIA survey. As of December 31, 2012, the Annual Investment and Policy Survey:

- Reported \$701.3 billion in assets covering 189,000 plans.
- 95% of assets are in defined contribution plans.
- The largest segment is now the life insurance segment, followed by single plans and then pooled or collective funds.

Government Relations. Steve Kolocotronis, the chairman of the Committee on Government Relations gave an overview of the three major issues before the Committee: regulation of constant NAV funds, NAIC on separate accounts and the CFTC-SEC stable value study.

Regulation of Constant NAV Funds. Kolocotronis reported that the Securities and Exchange Commission (SEC) had resurrected money market fund reform that included greater capital requirements and a floating NAV.

NAIC on Separate Accounts. Kolocotronis told the group that the SVIA had provided comments on the NAIC's proposed regulation of separate accounts. The NAIC's draft regulations as first introduced were unfavorable to separate accounts. SVIA advocated a principles-based approach that recognized the insulated nature of these accounts in capital and reserve requirements. SVIA also provided comments in testimony before the NAIC as well. Gina Mitchell gave the testimony on behalf of SVIA. Kolocotronis noted that the NAIC had reissued guidance and this guidance incorporated many of SVIA's comments on stable value. He said the Working Group would be reviewing this guidance and developing comments on behalf of SVIA.

CFTC-SEC Stable Value Study. Kolocotronis noted that most of the Committee's efforts have been focused on the CFTC-SEC stable value study. He noted that while the Association saw some activity early in the year from the CFTC-SEC on the study that had waned and it was unlikely the CFTC-SEC would take up the issue at year's end due to changes at the Commissioner level in both agencies.

Kolocotronis reminded the Board that nothing changes for stable value contracts until the Commissions make a definitive decision and that the decision will be prospective.

Events Planning Committee. Gina Mitchell, who chairs the Events Planning Committee, reported that attendance has steadily increased since 2009 for both the Fall Forum and to a lesser extent Spring Seminar. She speculated that the Association may have hit its high water mark in attendance for both this year.

Mitchell thanked the Events Planning Committee for their good work on the Spring Seminar as well as the 2013 Fall Forum. Each year, the Events Planning Committee out does itself by creating an exceptional program. This year's Committee consists of:

- Aruna Hobbs, New York Life Investment Management.
- David Starr, Dwight Asset Management.
- Warren Howe, MetLife.
- Jim King, Prudential Retirement.
- Jeff Graham, MassMutual Financial Group.
- Steve LeLaurin Invesco Advisers.
- Nick Gage, Galliard Capital Management.
- Marijn Smit, Transamerica Stable Value Solutions.
- Gina Mitchell, SVIA.

2014 Schedule. Mitchell concluded that the next two meetings will be held at the Fairmont in Washington DC and the Four Seasons Troon in Scottsdale, Arizona. The dates and room rates are listed below.

- Spring Seminar on April 27-29, 2014 at \$310 at the Four Seasons Troon in Scottsdale, Arizona.
- Fall Forum on October 13-14, 2014 at \$299 at the Fairmont in Washington, D.C.

Survey. Sue Graef suggested that the SVIA survey the membership on the issues that were most important to them to help the Association determine its priorities in 2014. The SVIA incorporated this question into a survey on the Fall Forum that followed the conference.

Action Items. The Board of Directors unanimously approved the June 2012 Action Items.

Next Meeting. The next meeting of the Board of Directors is scheduled for January 6-7, 2014 at the Morrison Hotel in Alexandria, Virginia.