

November 2, 2000

To: SVIA Board of Directors

From: Al Turco and Gina Mitchell

Re: Action Items from the October 10th Board of Directors' Meeting

Listed below is a brief summary of the action items from the October Board meeting.

The following individuals participated in the Board meeting: Gwen Collick, SVIA; Wendy Capps, PIMCO; Ben Tangelo, Verizon; Karen Chong-Wulff, DuPont; Paul Donahue, PRIMCO; Vic Gallo, Jackson National Life; Bill Gardner, Dwight; Wayne Gates, John Hancock; Susan Graef, Vanguard Group; Aruna Hobbs, AEGON; Eric Kirsch, DAM; Robert Krebs, NISA; Dan Libby, IBM; Scott Matirne, SVIA; Kim McCarrel, PRIMCO; Jim McDevitt; State Street; Jim McKay, American Express; Gina Mitchell, SVIA; Jeff Norris, Met Life; Tom Obsitnik, Eli Lilly; Tami Pearse, Deutsche Bank; Richard Taube, Pacific Life; Al Turco, Pepe & Hazard; Karen Watson, Baxter.

**Asset Allocation Models.** The Board reviewed the work of the Asset Allocation Task Force and reaffirmed its desire that the Task Force go forward to:

Ensure that asset allocation models recognize the unique characteristics of stable value accurately and appropriately;

Evaluate and rank each allocation model based on its treatment of stable value funds;

Develop a SVIA report on allocation, emphasizing models stable value treatment and distribute the report to membership and defined contribution plan sponsors.

**Academic Seminar in 2001.** The Board supported the idea of an academic seminar focusing on the behavioral aspects of defined contribution investing with UCLA and Shlomo Bernartzi. Details as to proposed dates, the audience, agenda, financial commitments and professors who would lead the discussions are needed to move forward. Additionally, should a seminar prove profitable, the Board was very supportive of reserving revenues from an academic seminar to fund future behavioral finance research.

**Performance Measurement.** The Task Force's second draft report on Performance Measurement was distributed to SVIA's membership this summer. Questions have been raised by the membership on the application of performance measurement for full service life insurance providers, how actual performance is measured, and how to become AIMR compliant.

After some discussion, the Board agreed to repackage the two draft reports to the membership to gain more membership input on this issue. The repackaging will include a brief summary of the issues involved, a description of what an AIMR compliant performance measurement standard for stable value accomplishes, and a series of questions that determines the membership's sensitivity on different aspects of the reports and ultimately its outcome. A vote that requests each member to give his or her support for adoption of the draft report would be required. Should the membership approve the draft report, the Association would then move the issue to AIMR.

The membership's feedback would become part of the February 9th Board of Directors' meeting. The meeting would be open to all interested SVIA members to encourage their participation in the performance measurement discussion, prior to final action being taken by the Board.

2000 Budget. Jim McDevitt reported on SVIA's budget and actual revenues and expenses through August of 2000. Capron and Associates will again audit SVIA and prepare our tax returns for 2000. The 2000 audit should take place towards the end of January.

2001 Budget. A draft budget was distributed for the Board's review at the Meeting. The budget contains three reserve funds that would be deployed on an as needed basis. They are: a Legal Resource Fund that anticipates an aggressive SVIA outreach to the new members of the Administration and Congress; a Research & Academic Fund to evaluate asset allocation models; and a Writer for SVIA Public Relations. The Board will vote on the budget before Thanksgiving.

Board Elections. The SVIA membership will be asked to fill six Board seats shortly after the Forum. Many thanks to the following individuals for their contributions to the Board. They are:

Vic Gallo, Jackson National Life, Rudy Gernert, AEGON, Dan Libby, IBM Jeff Norris, Met Life\* (will run for another term), Tom Obsitnik, Eli Lilly Tami Pearse, Deutsche Bank.

2000 Slate of Candidates. The following individuals are running for the six open seats on the Board.

Plan Sponsor (two seats):

Nat Duffield, Halliburton

Nathan Sax, Lucent

Robert Toomey, SCRS

Dave VanBenschoten, General Mills

Service Firm (four seats):

Peter Brigando, New York Life

Rick Cook, GE

JoAnne Davis, State Street

Aruna Hobbs, AEGON

Jeff Norris, Met Life

Vicky Paradis, JP Morgan

Steve Schaefer, Allstate