



Stable Value Investment Association

memorandum

to: SVIA Board of Directors

from: Nick Caggia

date: June 20, 2002

re: Action Items – NY Board Meeting

cc: Gina Mitchell

The SVIA Board of Directors met at the offices of JPMorgan Fleming in New York City, NY, on June 6, 2002. In attendance were the following: Chairman Eric Kirsch, Deutsche Asset Management; Don Butt, Qwest Asset Management; Rick Cook, GE Financial Assurance; Robert Fox, CIRS; Wendy Cupps, Pacific Investment Management Company; Mark Devine, AT&T Investment Management; Bill Gardner, Dwight Asset Management; Wayne Gates, John Hancock Financial Services; Bob Madore, T. Rowe Price; Jim McDevitt, State Street Bank and Trust; Jim McKay, American Express; Gina Mitchell, SVIA; Al Turco, Pepe & Hazard. Also in attendance were ; John Milberg, Pacific Life; Gwen Collick and Nick Caggia, SVIA.

Asset Allocation Models

SVIA is still working to educate asset allocation modelers about the appropriate way to represent stable value. Association staff and members have been meeting with and attempting to meet with Morningstar, Ibbotson, mPower, and Financial Engines. Bill Gardner has already met with Morningstar and will soon meet with mPower.

Stable Value Poll

Mathew Greenwald and Associates has finished a preliminary report based on the survey that SVIA commissioned earlier this year. Board members will soon receive a copy of this preliminary report. SVIA will release a final report to the media and legislators on Capitol Hill around the July 4th holiday in order to have the greatest impact.

Mission and Environmental Assessment Task Force

John Milberg presented a report on the progress of the task force. In his report, John outlined eight different issues that were identified as important by more than one segment of the task force: demographic trends, the rising rate environment, the need to expand the market, a paradigm shift, the declining number of market participants, advice models, performance measurement, and the “retailization” of 401(k) plans. He suggested to the Board that, in order to refine the list of issues important to the SVIA, a survey be sent to the full membership. He offered to send the survey using Zoomerang, an internet survey tool, at no cost to SVIA. The responses to this survey would be compared to the task force’s results. The task force would reconvene to discuss remedies/solutions. A final report on the status of the task force would be made at the October Board meeting in Washington.

Performance Measurement Task Force

Vicky Paradis and Iain McAra updated SVIA on efforts to have stable value recognized by AIMR. While stable value is on the AIMR “radar screen,” it is not a top priority. Once AIMR begins discussions on

stable value, the process will likely take six months. The Association will send a letter to AIMR urging them to take up this issue. SVIA members are also encouraged to write to AIMR to ensure that the issue becomes a priority.

Membership Committee Update

Rick Cook announced the Board that the membership targets have been met and will be exceeded with current commitments. A suggestion was made to include benefits of value program membership with membership invoice, which go out this November for 2003 dues.

2002 Board Elections

Al Turco, Board Secretary, reviewed SVIA bylaws with regard to SVIA Board Elections. Nomination forms for this year's elections will be sent after the July 4th holiday. Six slots are available this year (four service providers and two plan sponsors). Those nominated for service provider slots must get 10% of available nominations to become a candidate. Plan sponsor members simply must be nominated to become a candidate.

Chair-elect. Bill Gardner reminded the Board that it needed to consider who would become the Chair after Eric Kirsch's term expires in 2003. Board members interested in the position should contact Eric or Gina for more information.

Government Relations

Jim McKay delivered an update on SVIA government relations efforts. He reported that the Senate Finance Committee will be marking-up pension reform legislation in the near future. GR committee members will continue to meet with legislators and educate them about stable value.

SVIA Annual Survey

Board members agreed to set a goal of completing the SVIA Survey prior to the GICs Conference next year to permit the membership to use and discuss the data at that event.

2002 National Forum

Keynote speakers for the National Forum include Mark Shields, Mathew Greenwald, David P. Kelly, Moshe Arye Milevsky, and Peter Ricchiuti. In addition to keynotes, the Planning Committee is working to finalize the remainder of the program. Other activities at the National Forum include a billiards tournament, a "Fun Run" and walking tours around Washington, and a pick-up basketball game. Programs outlining the National Forum will be distributed to the membership by mid June.

SVIA Website

SVIA has contracted with a new provider to update the website. The online Directory has been updated and is now available. Changes will also be made to the front page to make it more inviting, including making the "Member's Login" prominent on the front page.

FAS 133

A new draft update has been released, which reaffirms 94-4. The public comment period ends on July 1. SVIA, Aegon, and Invesco plan to send comments.