



April 14, 2010

To: SVIA Board of Directors

Re: Action Items from April 11<sup>th</sup> Meeting

From: Gina Mitchell, SVIA

SVIA's Board of Directors met on April 11<sup>th</sup> at the Four Seasons in Palm Beach prior to SVIA's Fifth Spring Seminar. All but three members of the Board were in attendance. Ed Adams, David Starr and Sharon Parkes were unable to attend the meeting. Board members who attended the meeting were: Tony Camp, Pete Chappellear, Jordan Culp, Terry Finan, Doris Fritz, Warren Howe, Jim King, Steve LeLaurin, Marc Magnoli, Marijn Smit, and Michael Wyatt. Several SVIA members also attended the Board meeting. That list is attached.

SVIA Board Members and Officers. SVIA's Board of Directors and new officers were introduced to all those attending the April meeting. SVIA's officers are:

- Marc Magnoli as Chairman;
- James King as Chairman of the Committee on Communications and Education;
- Steve LeLaurin as Chairman of the Committee on Data and Research;
- Gina Mitchell as Chair of the Committee on Events (meetings);
- Tony Camp as Chairman of the Committee on Government Relations;
- Doris Fritz as Chair of Membership & Budget, and also Treasurer and Secretary.

Financial Engines. Principals from Financial Engines: Renny Worsfold and Christopher Jones reviewed how stable value is modeled in their advice program. They discussed some obstacles that they have encountered in adding advice to 401(k) plans that also have a stable value fund. The Board agreed to continue the dialogue with Financial Engines on advice and to discuss ways to improve the process for 401(k) plans that have stable value funds to add Financial Engines as an advice provider.

Stable Value Index. Peter Chappellear discussed how JPMorgan had begun working with Barclays to develop a stable value index and how that discussion had expanded to an index that might be useful for all stable value funds. He noted that Barclays would like the input of SVIA members. Barclays agreed to host a seminar in New York in early May for Association members as a way to encourage this dialogue and get broad input on how to make such an index most useful and applicable to the broad stable value community.

Communications & Education. Jim King, the Chairman of the Communications and Education Committee reported that two reporters were covering the Spring Seminar. They were Marina Cole with *Pensions & Investments* and Neil Anderson with the *401(k) Wire*. Additionally, he noted that free lance writer Randy Myers was also covering the seminar on behalf of SVIA. Randy's articles would be

published in SVIA's biannual publication, *Stable Times*. King explained that Marina Cole was covering the conference to help her get up to speed on a broad array of stable value issues to better prepare her to serve as a moderator for a sponsored webcast and supplement section on stable value funds in *P&I*.

Data & Research. Steve LeLaurin, the Chairman of the Data and Research Committee reported that SVIA now had three major survey efforts. He reported that the LIMRA-SVIA Stable Value Sales and Assets Survey had wrapped up its last half of 2009 survey. He noted that SVIA brings the bank issuers to this survey.

LeLaurin noted that SVIA's Stable Value Characteristics Survey had now covered five periods and 27 stable value managers. The quarterly survey covers: credit quality, crediting rates, duration, assets under management and market to book ratios. The survey now covers \$451 billion in assets, which is an increase of 12% from December 2008 to December 2009.

SVIA's 14<sup>th</sup> Annual Stable Value Investment and Policy Survey covering assets as of December 31, 2009 was also underway. SVIA was waiting for three important industry participants to wrap up the survey. The survey and its report should be completed by the end of May as long as the remaining responses are provided. This survey is SVIA's most comprehensive survey and covers four management segments: Life insurance, external management/separate accounts, internally-managed, and commingled and pooled funds.

Government Relations. Tony Camp, the Chairman of the Government Relations Committee reported on two initiatives before the Committee. One was derivatives reform, which is a major component of The Wall Street Transparency and Accountability Act of 2010 (S.3217). Camp reported that the definition of a swap was so broad that it could be interpreted to include some stable value funds. He noted that SVIA had worked with counsel to develop language that would clarify that stable value funds fell outside of the bill's definition. This clarification removed stable value funds from other provisions that would prove onerous to pension funds, banks and insurance companies. Camp noted that this was a major issue for the Association and encouraged SVIA members to reach out to their Senators and 401(k) clients to urge the Senate to incorporate SVIA's language to clarify that stable value funds/products did not fall under the definition of a swap.

Camp noted that the General Accountability Office was looking at stable value fund restrictions as part of its overview of 401(k) assets that may have restrictions on participants' ability cash out or move investments in and out of their 401(k) plan. Senator Herbert Kohl (D-WI), who chairs the Select Committee on Aging, had requested the study after the market crashed in the last quarter of 2010. Camp asked SVIA members to provide information that explained market-value events to plan sponsors and plan participants.

Membership & Budget. Doris Fritz, the Chairwoman of the Committee on Membership & Budget overviewed SVIA's 2009 audit. She reported that the SVIA received an unqualified opinion and that in the management report, Larsen Allen, SVIA's auditors, recommended two changes. They urged the SVIA to add an offsite or Internet back-up of the Association's computer system, and to consolidate and formalize SVIA's procedures memorandum into a policy statement.

Fritz gave a membership report noting that membership was on target. She noted that SVIA had picked up new members from the City of Milwaukee, Raytheon, Aviva Investors, Wellington and Putnam. However, the renewal by three members: Natixis, Hartford and Blackrock remained uncertain.

Fritz gave an overview of SVIA revenue and expenses for 2010. She noted that the information was decidedly favorable. SVIA had been conservative in its revenue estimates and very realistic on the expense side. She pointed out that the Fifth Spring Seminar received an overwhelmingly positive response, with attendance exceeding 130 people. She noted this was the first time SVIA had oversold its room block and required an overflow hotel.

Lastly, Fritz reported that the Association's 990 Taxes would be prepared by Larsen Allen and that they needed to be filed in June.

Capacity Working Group. Marijn Smit reported on the activities of the Capacity Working Group. He noted that the work of the various subgroups had largely concluded. These groups had concentrated on identifying issues, information and potential providers that could help expand capacity in the stable value market. He noted that a few providers had entered the wrap market and the separate account market.

Smit reported that a small group was continuing to work on contract terms and best practices. He noted that this group was intentionally kept small in order to effectively draft and develop these issues. Smit circulated a draft of the best practices for the input of the Board. He asked that the Board provide comments as to the direction and substance of the draft rather than edit the working draft. He asked that comments be provided directly to him before the end of April.

Events. Gina Mitchell reported that the Fifth Spring Seminar was the best received Seminar to date. Despite concerns about the economy, the Seminar had exceeded last year's attendance of 85 people, which had become the Seminar's attendance target. The Seminar had 133 registrants and had collected revenues in excess of \$176,000.

Mitchell reported that 24 institutions from both the West and East Coast submitted proposals to host the 2011 Spring Seminar. Based on a variety of criteria, the proposals were narrowed down to two: the Four Seasons at Palm Beach and the Boulders Resort and Golden Door Spa. The Board agreed to give their preferences as to the locations after the Seminar. Additionally, the Board asked that other locations outside of Arizona be considered because of concerns that the state's new immigration enforcement policy could have a chilling effect on attendance.

Mitchell reminded the Board that the SVIA's Fall Forum and Annual Membership Meeting would be held on November 17-19<sup>th</sup>, Wednesday to Friday, at the Fairmont Hotel this year. The room rate is \$269.

New York Life. The Board welcomed Aruna Hobbs return to the stable value business at New York Life. Hobbs announced that New York Life will be providing additional capacity to stable value by launching a new separate account business.

Approved Minutes. The Board unanimously approved the January 2010 action items.

Attachment: SVIA Members Attending the April 2010 Board Meeting

SVIA Members in Attendance at April 11, 2010 Board of Directors' Meeting:

Leonard	Aplet	Columbia Management
Pamela	Asbury	Genworth Financial
Mark	Auriemma	State Street Bank & Trust
Le Ann	Bickel	INVESCO Advisers, Inc.
Jeffrey	Clark	Prudential Financial
David	Cruz	New York Life Investments
Jon	Debow	JPMorgan Asset Management
John	Fischer	Mutual of Omaha
Julie	Fisher	State Street Bank & Trust Company
Marty	Fleischman	Mutual of Omaha
Nick	Gage	Gallard Capital Management
Lara	Gilman	Fidelity Investments
Steve	Horner	Putnam Investments
Vicki	Jared	INVESCO Advisers, Inc.
Joan	Larsen	Prudential Financial
Mark	Ljubich	Bank of America
Richard	Manewal	John Hancock Financial Services
William	McCloskey	Prudential Financial
Robert	McEvitt	Fiduciary Capital Management
James	McKay	Ameriprise Financial Inc.
William	McLaren	Prudential Financial
Jessica	Mohan	JPMorgan Chase Bank, N.A,
Jacky	Morin	Jackson National Life

Paula	Novick	Galliard Capital Management
Laura	Powers	Powers Consulting
Dan	Riley	NISA Investment Advisors LLC
Leela	Scattum	Galliard Capital Management
Steven	Schaefer	Babson Capital Management
Jeff	Stein	Bank of America
Joseph	Veeneman	IBM Retirement Funds
Tressa	Webb	Fidelity Investments
Robert	Whiteford	Bank of America