

May 29, 2018

To: SVIA Board of Directors
From: Zach Gieske, SVIA
Re: Action Items from April 29, 2018 Meeting

The SVIA Board of Directors met on April 29 at the Ritz Carlton in Orlando, Florida. The following individuals were in attendance:

Board Members Attending:

<u>First Name</u>	<u>Last Name</u>	<u>Company</u>
Bradie	Barr	Transamerica Stable Value Solutions Inc.
David	Berg	PIMCO
LeAnn	Bickel	Invesco Advisers, Inc.
Cindy	Cristello	New York Life
Nick	Gage	Galliard Capital Management, Inc.
Brett	Gorman	PIMCO
Shane	Johnston	Morley Capital Management
Steve	Kolocotronis	Valerian
Robert	Madore	T. Rowe Price Associates, Inc.
Gina	Mitchell	SVIA
Thomas	Schuster	Metropolitan Life Insurance Company
Russell	Smith	Aetna Inc.
Sara	Smithson	Raytheon
Kostas	Sophias	JP Morgan Chase Bank, N.A.
Gary	Ward	Prudential Financial
Keith	Watson	Textron

SVIA Staff:

Zach	Gieske	SVIA
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SVIA Members Attending:

<u>First Name</u>	<u>Last Name</u>	<u>Company</u>
Gregory	Anselmi	Transamerica Stable Value Solutions Inc.
Leonard	Aplet	Columbia Threadneedle Investments
John	Barrasso	Prudential Financial
Kappie	Bogart	Transamerica Stable Value Solutions Inc.
Robert	Cahill	GSAM Stable Value, LLC
Peter	Chabot	BlackRock
Karen	Chong-Wulff	ICMA Retirement Corporation
Jeffrey	Cimini	Voya Financial

<u>First Name</u>	<u>Last Name</u>	<u>Company</u>
David	Cohen	John Hancock Investments
Jessica	Cole	Invesco Advisers, Inc.
Matt	Condos	Lincoln Financial Group
Jonathan	Crudo	New York Life
Jordan	Culp	DuPont Capital Management
David	DeBiase	Fidelity Investments
Jeff	Deetsch	Invesco Advisers, Inc.
Angela	Demling	Invesco Advisers, Inc.
Joe	Dionne	JPMorgan Asset Management
Karen	Edgerton	RGA
Jason	Fields	Transamerica
Terence	Finan	Jackson National Life
John	Fischer	Mutual of Omaha
Marty	Fleischman	OneAmerica
Jignesh	Gandhi	Prudential Financial
Wayne	Gates	Public Financial Management, Inc.
Mark	Gilbert	RGA
Jennifer	Gilmore	Invesco Advisers, Inc.
Justin	Goldstein	JPMorgan Asset Management
Jeff	Graham	MassMutual Financial Group
David	Graham	Pacific Life Insurance Company
Paul	Grigely	MassMutual Financial Group
Timothy	Grove	Prudential Financial
Linda	Helper-Corley	Standish Mellon Asset Management Company
Aruna	Hobbs	MassMutual Financial Group
Terry	Hotchkiss	Principal Financial Group
John	Hubenschmidt	RGA
Erin	Kioulzopoulos	Pacific Life Insurance Company
Gregory	Liechty	Columbia Threadneedle Investments
Mark	Ljubich	Metropolitan Life Insurance Company
Marc	Magnoli	AIG Institutional Markets
Kara	Marr	RGA
James	McKay	Columbia Threadneedle Investments
William	McLaren	Lincoln Financial Group
Glen	Miles	State Street Bank & Trust Company
Antonis	Mistras	DuPont Capital Management
Michael	Montanez	The Vanguard Group
Jacky	Morin	Jackson National Life
John	Moroney	Voya Financial
Michael	Nguyen	Virginia College Savings Plan
Paul	Notte	Metropolitan Life Insurance Company
Robert	O'Keefe	Sidley Austin LLP

<u>First Name</u>	<u>Last Name</u>	<u>Company</u>
Gregory	Pereiro	Invesco Advisers, Inc.
Lori	Radford	Invesco Advisers, Inc.
Dan	Riley	NISA Investment Advisors, LLC
Patricia	Selim	The Vanguard Group
Ron	Stahl	Columbia Threadneedle Investments
David	Starr	PFM Asset Management
Michael	Swink	Virginia College Savings Plan
Aziz	Syed	Lincoln Financial Group
David	Vincent	Voya Financial
Sean	Walker	Fidelity Management & Research, Co.
Robert	Windisch	Voya Financial
Mark	Wojciak	Prudential Financial
Xin	Zhou	ICMA Retirement Corporation

Gina Mitchell, SVIA's President, and Steve Kolocotronis, SVIA's Chairman of the Board of Directors opened the meeting by introducing SVIA's Board of Directors and its officers:

- Bradie Barr, Transamerica, Chair of Communications and Education.
- LeAnn Bickel, Invesco, Treasurer and Chair of the Finance Subcommittee.
- Nick Gage, Galliard, Chair of Government Relations.
- David Berg, PIMCO, Chair of Data and Research.
- Gina Mitchell, SVIA, Chair of Events.

Board Elections. Gina Mitchell reported that there will be three service firm seats and two plan sponsor seats up for election this fall:

Service Firm

- Bradie Barr, Transamerica (eligible for reelection)
- Gary Ward, Prudential (eligible for reelection)
- Nick Gage, Galliard

Plan Sponsor

- Russell Smith, Aetna (eligible for reelection)
- Keith Watson, Textron (eligible for reelection)

Mitchell noted that some succession planning will be required as the chairs of both the Communications and Education and Government Relations Committees have terms which are expiring, and the latter is not eligible to run for reelection.

The number of board members has also dropped by one as Sue Graef, previous Chair of the Data and Research Committee, has retired from Vanguard and resigned her ex-officio status.

Mitchell and Kolocotronis thanked Sue Graef, who was not in attendance, for her many years of service on the SVIA Board and as Chair of the Data and Research Committee.

Mitchell and Kolocotronis encouraged service firm members and plan sponsors to consider running for the board to fill the open seats.

Communications and Education Committee. Transamerica's Bradie Barr gave an update on the committee's recent efforts. She announced the completion of the committee's project to create a plain-language fact sheet covering the different segments of the stable value market in order to educate advisors, consultants, and sales people. The fact sheet covers individually managed accounts, pooled funds, and insurance company general and separate accounts. Barr noted that the sheet was released in February 2018 and was updated prior to the meeting using data from the recently released Annual Investment and Policy Survey covering 2017.

Barr reported that the website revision project has progressed and that SVIA began sending out proposals to web development firms. She asked that if any members know of development firms they would like included in the RFP process to please notify the committee. By way of background she noted that the last full website revision was done in 2012/2013 and that the primary goal is to update the software the website is currently running on while also making a number of improvements to the organization of the website. She encouraged anyone who is interested in joining the website working group to notify the committee.

Committee on Data and Research. PIMCO's David Berg introduced himself as the new chair of the Data and Research Committee following Sue Graef's retirement. He updated the membership on the status of the committee's efforts to work with Morningstar in order to create improved stable value fact sheets and noted that communication with Morningstar was ongoing.

Berg discussed the committee's project to survey the membership on what data may be possible to release on an individual basis. He noted that the committee surveyed all voting members to gauge their opinions on individual data being released on either an unnamed or named basis and that there was a generally favorable response to the release of unnamed data on an individual basis. He reported that the committee's current recommendation is an enhancement to the Quarterly Characteristics Survey to disclose individual information on a no-name basis provided only to SVIA members but that discussions were ongoing.

Berg announced the completion of SVIA's first Plan Sponsor Survey covering 2017. He reported that this survey was launched with the help of UTC's Joe Fazzino and was overseen by Textron's Keith Watson. SVIA asked a number of plan sponsors for characteristics about their funds then compiled the data and provided it back on a no-name basis only to those plans who participated. Berg encouraged members to see if their clients would like to participate in the survey.

Berg also reported that the committee has assigned a working group to evaluate the information that is being collected on insurance company products and to make recommendations for changes to the surveys.

Government Relations Committee. Galliard's Nick Gage reported on the Government Relations Committee. He noted that on December 22nd the Tax Cuts and Jobs Act was signed into law and tax incentives for retirement savings plans were left unchanged. While the legislation does include an expansion of the 529 plan program he anticipated little impact on the industry.

Gage reported on the DOL Fiduciary Rule and noted that on March 15th the Appeals Court for the Fifth Circuit concluded that the Department of Labor overstepped its authority with the fiduciary rule and overturned the rule in a split decision in *Chamber of Commerce v. U.S. Department of Labor*. It is unclear whether the Department of Labor will appeal the ruling. He noted that the SEC was working on their own rules governing investors' relationships with broker-dealers and investment advisers and that they requested comments within 90 days.

He also overviewed the Automatic Retirement Plan Act of 2017 that was introduced to the House of Representatives on December 1, 2017 which would expand the defined contribution plan market by requiring employers to offer a plan.

Gage reported to the membership that there were two developments in regards to stable value litigation. On February 22, 2018 the dismissal of *Ellis vs. Fidelity Management Trust Co.* was affirmed by the 1st U.S. Circuit Court of Appeals and on March 26, 2018 the dismissal of *Barchock v. CVS Health Corp.* was also affirmed by the 1st U.S. Circuit Court of Appeals.

Gage announced that the SVIA is currently working to re-engage with the SEC/CFTC in order to seek a favorable resolution to the stable value study.

Finance Subcommittee Report. Invesco's LeAnn Bickel, Chair of the Subcommittee and Association's Treasurer, reported on membership and finances. Bickel reported at the board meeting that 100% of 2018 dues had been collected as of March 31, 2018. She noted that the Finance Subcommittee recently revised SVIA Investment Policy Statement to permit periodic non-compliance caused by cashflows, as long as variances provide needed cash flow and benefits of variance outweigh the costs. Bickel reported that the subcommittee had reviewed SVIA's investments and reserves and SVIA had reinvested reserved in a 1-year United CD with the following activity upcoming: \$101,505.86 with United Bank at 0.30% expiring August 8, 2018, \$163,078.92 with Synchrony at 1.39% expiring September 18, 2018, and \$60,059.52 with United Bank at 0.20% expiring November 2018.

Bickel reported that SVIA received an unqualified opinion on audited financial statements for 2017 from Rubino and Company, who also prepared and filed SVIA's DC Property, DC Foreign Entity and, DC Sales and Internet Report. She noted that they also prepared SVIA's Form 990, which is due May 15, 2018.

Committee on Events. SVIA's Gina Mitchell reported on the Events Committee. She thanked the committee for their good work and noted that the 2018 Spring Seminar in Orlando set a new record for the conference with 173 attendees. The 2018 Fall Forum will be held on October 8-10 at the Fairmont Hotel in Washington DC.

Mitchell noted that the 2019 Spring Seminar resort would be in Marana Arizona at the Ritz Carlton Dove Mountain and that space for SVIA's meeting was booked through 2020. She invited suggestions for future resort meeting locations from the membership.