



May 7, 2015

To: SVIA Board of Directors

From: Gina Mitchell, President

Re: April 12<sup>th</sup> Board of Directors Meeting

SVIA's Board of Directors met on April 12<sup>th</sup> at the Ritz Carlton at Key Biscayne, Florida. The following Board members and SVIA staff attended the meeting. Additionally, a list of all the SVIA members who registered for the meeting is also provided.

**Board Members Attending:**

LeAnn Bickel, Invesco Advisers, Inc.  
Nick Gage, Galliard Capital Management, Inc.  
Brett Gorman, PIMCO  
Susan Graef, The Vanguard Group  
Aruna Hobbs, MassMutual Financial Group (ex-officio)  
James King, Prudential Financial  
Steve Kolocotronis, Fidelity Investments  
Robert Madore, T. Rowe Price  
Gina Mitchell, SVIA  
Helen Napoli, New York Life Investment Management LLC  
Thomas Schuster, Metropolitan Life Insurance Company  
Marijn Smit, Transamerica Stable Value Solutions  
Russell Smith, Aetna Inc.

**Board Members Unable to Attend:**

Joseph Fazzino United Technologies Corporation  
Joseph Veeneman IBM Retirement Funds

**SVIA Staff Attending:**

Zach Gieske

**SVIA Members Registered for the Meeting:**

Robin Andrus, Prudential Financial  
Leonard Aplet, Columbia Management Investment Advisers, LLC  
Mark Auriemma, State Street Bank & Trust Company  
Bradie Barr, Transamerica Stable Value Solutions

John Barrasso, Prudential Financial  
John Bisset, GSAM Stable Value LLC  
Kappie Bogart, Transamerica Stable Value Solutions  
Robert Cahill, GSAM Stable Value LLC  
Anthony Camp, Voya Financial  
Austin Campbell, JPMorgan Chase Bank, N.A,  
Gladys Casas, State Street Bank & Trust Company  
Peter Chappellear, JPMorgan Asset Management  
Karen Chong-Wulff, ICMA Retirement Corporation  
Jeffrey Clark, Prudential Financial  
Andrew Cohen, New York Life Investment Management LLC  
Bill Cole Wellington, Management Company  
Matthew Condos, Voya Financial  
Joe Dionne, JPMorgan Asset Management  
Karen Edgerton, RGA  
Veronica Fallon, GSAM Stable Value LLC  
Robert Ferencz, Sidley Austin LLP  
Terence Finan, Jackson National Life  
John Fischer, Mutual of Omaha  
Marty Fleischman, Mutual of Omaha  
Robert Galusza, Fidelity Institutional Retirement Services Company  
Jignesh Gandhi ,Prudential Financial  
Wayne Gates, Fiduciary Capital Management Inc.  
Mark Gilbert, RGA  
Matthew Gleason, GSAM Stable Value LLC  
Justin Goldstein, JPMorgan Asset Management  
Jeff Graham, MassMutual Financial Group  
Paul Grigely, MassMutual Financial Group  
Ben Gugliotta, T. Rowe Price Associates, Inc.  
Sharon Hoppel, Morley Financial Services, Inc.  
Warren Howe, Metropolitan Life Insurance Company  
Peter Jenks, Metropolitan Life Insurance Company  
Shane Johnston, Morley Financial Services, Inc.  
Gerald Katz, Transamerica Retirement Solutions  
Ryan Krieg, Columbia Management Investment Advisers, LLC  
Michael Leonberger, Invesco Advisers, Inc.  
Mark Ljubich, Metropolitan Life Insurance Company  
Tony Luna, T. Rowe Price Associates, Inc.  
Marc Magnoli, AIG Institutional Markets  
Thomas Manente, Voya Financial  
Carl Marcantonio, Prudential Financial  
Marian Marinack, Federated Investment Management Company  
James McKay, Columbia Management Investment Advisers, LLC  
William McLaren, Lincoln Financial Group  
Antonis Mistras, DuPont Capital Management  
Dave Molin, Fiduciary Capital Management, Inc.  
Jacky Morin, Jackson National Life  
Paul Notte, Metropolitan Life Insurance Company

Martin Palmeri, Bank of Tokyo-Mitsubishi UFJ Ltd.  
Tami Pearse-Byczek, Galliard Capital Management, Inc.  
Gregory Pereiro, Invesco Advisers, Inc.  
Mark Pherson, Transamerica Stable Value Solutions  
Nicole Plourde, Transamerica Stable Value Solutions  
Frederick Ramos, State Street Bank & Trust Company  
Allison Richards, RGA  
Melissa Rowe, State Street Bank & Trust Company  
Steven Schaefer, Bank of Tokyo-Mitsubishi UFJ Ltd.  
Michael Sipper, New York Life Investment Management LLC  
Scott Sokol, Valerian Capital Group  
Kostas Sophias, JPMorgan Chase Bank, N.A,  
Ryan Stevens, RGA  
Matthew Straub, Invesco Advisers, Inc.  
Aziz Syed, John Hancock Investments  
Robert Waldo, Voya Financial  
Gary Ward, Prudential Financial  
Tressa Webb, Fidelity Investments  
David Westbrook, GSAM Stable Value LLC

SVIA's Jim King opened the meeting by introducing the board of directors. He recognized and thanked the Board for their efforts while stressing the importance of the overall membership's participation in achieving the goals and objectives of SVIA. King highlighted SVIA officers for attendees:

- Jim King, Chairman, SVIA Board of Directors.
- Marijn Smit, Communications & Education.
- Steve LeLaurin and Sue Graef, Data & Research.
- 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.

**Fall Elections.** Gina Mitchell encouraged the membership to be involved in SVIA as well as consider running for one of the four open seats in this fall's election. There will be one plan sponsor and three service firm seats open. Joe Veeneman, a plan sponsor with IBM will be finishing his first term and is eligible to run for a second term. Nick Gage, Galliard, a service firm member will be finishing his first term and is eligible to run for a second term. James King, Prudential Retirement, a service firm member will be retiring from Board having served two terms and will serve as ex-officio Chairman. Marijn Smit, Transamerica, a service firm member will be retiring from the Board having served eight years.

**Transition of Officers.** Mitchell noted that SVIA's Board is planning and transitioning for a change in officers. James King will finish his fourth year as Chairman of the Board. He will be serving as an ex-officio member of the Board in January of 2016. Steve Kolocotronis was unanimously elected to serve as Chairman of the Board beginning in 2016. Steve currently serves as a Chairman of the Government Relations Committee. Helen Napoli was elected as Chair of the Government Relations. She will follow Steve and begin her term in 2016. Marijn Smit who has served as Chairman of the Communications and Education Committee will also be

retiring from the Board at the end of 2015. Nick Gage was elected as Chair of the Communications and Education Committee.

**Government Relations.** Steve Kolocotronis, the chairman of the Committee on Government Relations gave an overview of the four major issues before the Committee: regulation of constant NAV funds, the CFTC-SEC stable value study, and the GAO's study of QDIA.

*Money market reform.* Kolocotronis reviewed the SEC's money market reform about the floating NAV as well as the potential liquidity and gate fees. He noted that the implementation date is two years off in October of 2016, which may delay review by stable value managers and plan sponsors until closer to the implementation date.

*CFTC-SEC stable value study.* Kolocotronis noted that the committee continued to concentrate on the CFTC-SEC stable value study even though the study is not a priority with the SEC and CFTC. The Commissioners, which have undergone major changes over the last year continue to have other priorities before the study. Kolocotronis noted while the delay is disappointing, it does not impact stable value since nothing changes for stable value contracts until the Commissions make a definitive decision and that the decision must be prospective. SVIA met in early March with staff from the CFTC Commissioners' offices to keep them update on stable value.

*GAO study of QDIAs.* Kolocotronis told the membership that the Governmental Accountability Office (GAO) was conducting a study of qualified default investment alternatives (QDIAs). The study is broad ranging and reviews all QDIAs, asks fiduciary questions about selection, monitoring, as well as participant information including benchmarks, performance, as well as fees.

During the first phase of the study, GAO interviewed several plan sponsor and investment groups including SVIA. SVIA made four points with the GAO. They were:

- Including stable value as a QDIA gives plan sponsors a principal-preservation investment choice if sponsors determine a conservative safe harbor default is needed.
- Stable value offers competitive risk-adjusted returns compared to the three current QDIAs.
- Stable value is most appropriate for risk adverse participants such as those who need positive savings and investment experience to continue in DC plans, short-tenured plan participants, high turnover plan participants, and those closest to retirement age, as well as those in retirement.
- Adding stable value fulfills the mandate of the Pension Protection Act of 2006 (PPA). The PPA's Section 405 (c) (5) (A) directs the Department to provide guidance on the appropriateness of designating default investments "that include a mix of asset classes consistent with capital preservation or long term capital appreciation, or a blend of both."

GAO indicated that the second phase of the study would be to survey plan sponsors on their views on QDIAs. The survey deadline was January 19<sup>th</sup>. Kolocotronis said the results of GAO's survey and recommendations on QDIAs will be released to Congress and the Administration at the end of 2015.

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

Smit explained that traffic to [www.stablevalue.org](http://www.stablevalue.org) had increased and that 60% of the traffic was due to individual searches. SVIA drives traffic to the website by keeping content fresh as well as referrals from members companies, news articles and reference pages.

Smit noted that SVIA's stable value exert interview campaign, which resulted in 24 videos of topics discussed by SVIA members had been released from January through March on SVIA's You Tube channel and social media. The videos resulted in 1,215 views across all platforms. The most popular videos were: What is a stable value fund? How would a stable value fund benefit my portfolio? Do many defined contribution plans offer stable value?

Smit reported that SVIA's LinkedIn followers had doubled to 526 and Twitter followers had increased to over 600 followers.

*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 SVIA's conferences and issues. He encouraged members to submit articles for *Stable Times*.

**Data and Research.** Sue Graef who chairs the Committee on Data and Research overviewed the Committee's work.

*LIMRA-SVIA Stable Value Sales and Assets Survey.* Graef 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 Second Half of 2014 was recently released. She noted that the survey:

- 3Q & 4Q 2014 total sales (qualified and funding agreements): \$27.8 billion, a decrease of 35% from the same period in 2013.
- Annual 2014 total sales of \$62.9 billion are 25% lower than the year before for companies reporting in both period.
- 3Q & 4Q 2014 new stable value sales: \$8.5 billion a decrease for the common companies of more than 70% from the second half of 2013.
- Annual 2014 stable value sales: \$21.9 billion, an increase of 53% compared with annual common company 2013 sales.
- Companies reported \$124 million in total renewal sales, a decrease of 7% from the second half 2013 sales. (Stable value renewal sales declined 4%).
- The \$9.2 billion in ongoing contributions to existing contracts (qualified and funding agreements) decreased by 7% when calculated on a common company basis from the same period in 2013.
- Stable value assets total \$338.2 from the participating companies. Combined with General Account with Portfolio Guaranteed Rates, total qualified assets amount to more than \$578 billion, a decrease of 3% on a common company basis from the second half of 2013.

*Stable Value Funds' Quarterly Characteristics Survey.* Graef noted that the Quarterly Characteristics survey covers 20 stable value managers. She said that the past two quarters have seen reporting changes in assets by two managers. Adjusting for these reporting changes, assets under management declined by \$6.4 billion from 3Q2014 to the 4Q2014, and \$6.2 billion from 2Q2014 to 3Q2014.

Initially, this survey included only stable value managers who had separate accounts and pooled funds. The Committee is considering expanding the survey to all management segments as well as segmenting the survey by management type.

*Annual Stable Value Funds' Investment and Policy Survey.* Graef observed that SVIA's longest running and most comprehensive survey is the Annual Investment and Policy Survey. The Association has just completed the nineteenth year and is expected to be released in late May. This survey covers different management segments of stable value: individually managed funds, pools and insurance.

Graef reported that the Committee had concentrated its efforts in providing meaningful and timely data to the membership. She noted this meant that much of the data will be broken into categories to allow for more informative comparison. She reminded members that the Committee/Association ensures confidentiality of survey participants. Staff is used to verify the integrity of the data and follow up as necessary. Lastly, the data has and will continue to be used to explain stable value funds to the public.

**Membership and Budget.** Aruna Hobbs who serves as the Chairwoman of the Committee on Membership and Budget as well as the Treasurer and Secretary reported on the Committee's work. Hobbs reminded the Board that the Committee on Membership and Budget's mission was essentially three tasks:

- See that the Association is addressing the major issues and trends within the stable value industry.
- Establish an annual budget and ensure that Association activities fall within those resources.
- Ensure that the Association's dues and value program structure are adequate to support ongoing Association initiatives and are equitable across membership categories.

Hobbs noted that 2015 had been very busy for the Committee on Membership and Budget. She highlighted the following accomplishments:

- Hired Stanton Public Relations & Marketing.
- Implemented new dues structure for service firm members.
- Received unqualified opinion on audited financial statements for 2014.
- Prepared and filed Form 990 for 2014, DC Property as well as DC Foreign Entity Reports.
- Responded and provided guidance on financial and accounting issues.
- Developed 2015 budget with Committee, and Board adopted.
- Collected 75% of 2015 dues in 2014.
- Collected 103% of all 2015 dues as of April 6, 2015.

**Events Planning Committee.** Gina Mitchell, who chairs the Events Planning Committee, reported that attendance appears to have leveled off in 2014 and 2015, with the Fall Forum reaching 200, and the Spring Seminar reaching 166 and 165 for 2014 and 2015 respectively.

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

- LeAnn Bickel, Invesco Advisers, Inc.
- Nick Gage, Galliard Capital Management.
- Matt Gleason, GSAM Stable Value

- Aruna Hobbs, New York Life Investment Management.
- Jim King, Prudential Retirement.
- Tom Manente, ING US (Becoming Voya Financial in 2014)
- Helen Napoli, New York Life Investment Management LLC
- Tom Schuster, MetLife.
- Marijn Smit, Transamerica Stable Value Solutions.

*2015-2017 Schedule.* Mitchell concluded that the next three Fall Forums will be held at the Fairmont in Washington DC and the Spring Seminars for 2015-2017 will be at The Ritz Carlton Key Biscayne in Miami FL, The Ritz Carlton Rancho Mirage in Palm Springs CA, and The Ritz Carlton Half Moon Bay in Half Moon Bay CA, respectively. The dates and room rates are listed below.

- Fall Forum on October 12-15, 2015 at \$304 at the Fairmont in Washington, D.C.
- Spring Seminar on April 3-5, 2016 at \$335 at the Ritz Carlton Rancho Mirage in Palm Springs, CA.
- Fall Forum on October 10-12, 2016 at \$309 at the Fairmont in Washington, D.C.
- Spring Seminar on April 23-25, 2017 at \$300 at the Ritz Carlton Half Moon Bay in Half Moon Bay, CA.
- Fall Forum on October 9-11, 2017 at \$314 at the Fairmont in Washington, D.C.

**Next Meeting.** The next meeting of the board of directors is scheduled for June 22-23 at the Park Hyatt in Washington, D.C.