



April 25, 2016

To: SVIA Board of Directors

From: Gina Mitchell, President

Re: April 3rd Board of Directors Meeting

SVIA's Board of Directors met on April 3rd at the Ritz Carlton Rancho Mirage in Rancho Mirage, California. 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:

Bradie Barr, Transamerica

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 (ex-officio)

Steve Kolocotronis, Fidelity Investments

Robert Madore, T. Rowe Price

Gina Mitchell, SVIA

Thomas Schuster, Metropolitan Life Insurance Company

Russell Smith, Aetna Inc.

Gary Ward, Prudential Financial

Keith Watson, Textron

Board Members Unable to Attend:

Joseph Fazzino United Technologies Corporation

SVIA Staff Attending:

Zach Gieske

SVIA Members Registered for the Meeting:

	Last Name	Company
Helen	Akparanta	Transamerica Stable Value Solutions
Gregory	Anselmi	Transamerica Stable Value Solutions
Leonard	Aplet	Columbia Threadneedle Investments
John	Barrasso	Prudential Financial
Kappie	Bogart	Transamerica Stable Value Solutions
Robert	Cahill	GSAM Stable Value LLC
Anthony	Camp	Voya Financial
Colin	Carey	State Street Bank & Trust Company
Robert	Chan	Fidelity Investments
Peter	Chappelear	JPMorgan Asset Management
Ling	Chiu	Invesco Advisers, Inc.
Karen	Chong-Wulff	ICMA Retirement Corporation
David	Cohen	John Hancock Investments
Matthew	Collins	Bank of Tokyo-Mitsubishi UFJ Ltd.
Matthew	Condos	Voya Financial
Sandra	Costa	Fiduciary Capital Management, Inc.
Cynthia	Cristello	New York Life Investment Management LLC
Jim	Diskin	Prudential Financial
Robert	Ferencz	Sidley Austin LLP
Terence	Finan	Jackson National Life
John	Fischer	Mutual of Omaha
Mark	Gilbert	RGA
Jennifer	Gilmore	Invesco Advisers, Inc.
Justin	Goldstein	JPMorgan Asset Management
David	Graham	Pacific Life Insurance Company
Jeffrey	Graham	MassMutual Financial Group
Sean	Griffin	State Street Bank & Trust Company
Paul	Grigely	MassMutual Financial Group
Elizabeth	Heffernan	Fidelity Institutional Retirement Services
Sharon	Hoppel	Morley Financial Services, Inc.
Terry	Hotchkiss	Principal Financial Group
Peter	Jenks	Metropolitan Life Insurance Company
Shane	Johnston	Morley Financial Services, Inc.
Ryan	Krieg	Columbia Threadneedle Investments
Mark	Ljubich	Metropolitan Life Insurance Company
Lacey	Lockward	Prudential Financial
Cheryl	Lynch	Jennison Associates LLC
Marc	Magnoli	AIG Financial Products
Carl	Marcantonio	Prudential Financial
James	McKay	Columbia Threadneedle Investments

William	McLaren	Lincoln Financial Group
Jessica	Mohan	Bank of Tokyo-Mitsubishi UFJ Ltd.
Michael	Montanez	The Vanguard Group
Jacky	Morin	Jackson National Life
Paul	Notte	Metropolitan Life Insurance Company
Robert	O'Keefe	Sidley Austin LLP
William	O'Reilly	Prudential Financial
Kristine	Pavelchak	Fiduciary Capital Management, Inc.
Gregory	Pereiro	Invesco Advisers, Inc.
Mark	Pherson	Transamerica Stable Value Solutions
Maya	Pillai	Prudential Financial
Frederick	Ramos	State Street Bank & Trust Company
Eric	Sandquist	Mutual of Omaha
Steven	Schaefer	Bank of Tokyo-Mitsubishi UFJ Ltd.
Michael	Sipper	New York Life Investment Management LLC
Scott	Sokol	Valerian Capital Group
Chris	Solimine	Voya Financial
Kostas	Sophias	JPMorgan Chase Bank, N.A.
Ryan	Stevens	RGA
Robert	Waldo	Voya Financial
Tressa	Webb	Fidelity Investments
Jason	Wu	Bank of Tokyo-Mitsubishi UFJ Ltd.
Dmitry	Yakimchuk	State Street Bank & Trust Company

SVIA's Steve Kolocotronis 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. Kolocotronis highlighted SVIA officers for attendees:

- Steve Kolocotronis, Chairman, SVIA Board of Directors
- Jim King, Past Chairman, SVIA Board of Directors.
- Bradie Barr, Communications & Education.
- Nick Gage, Government Relations.
- Sue Graef, Data & Research.
- Aruna Hobbs and LeAnn Bickel, Co-Chairs, Finance Subcommittee.
- Gina Mitchell, Events.

Kolocotronis 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 three open seats in this fall's election. There will be one plan sponsor and two service firm seats open. Russell Smith, a plan sponsor with Aetna will be finishing his first term and is eligible to run for a second term. Tom Schuster, MetLife, a service firm member will be finishing his first term and is eligible to run for a second term. Helen Napoli, New York Life, a service firm member retired and resigned from the Board effective April 1, providing the second service firm seat for the fall election.

Additionally, Aruna Hobbs will be retiring from the Board having served six years on the Board, with the last two years in an ex-officio position.

Transition of Officers. Mitchell introduced Steve Kolocotronis as the Chairman of the Board beginning in 2016 for two years. Steve served as a Chairman of the Government Relations Committee previously. With Helen Napoli's retirement, the Board elected new officers in February. Nick Gage was elected Chairman of the Government Relations Committee. Bradie Barr was elected as Chair of the Communications and Education Committee. LeAnn Bickel was elected as the incoming Chair of the Finance Subcommittee (Treasurer/Secretary), which Aruna Hobbs currently serves. Having Bickel and Hobbs serve together this last year will permit a smooth transition from Hobbs to Bickel.

Government Relations. Nick Gage, 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. Gage 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 very close: October of 2016, which may increase consultants and plan sponsors focus on stable value funds.

CFTC-SEC stable value study. Gage 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. Gage noted that the study's delay 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.

Stable value litigation. Gage noted that stable value funds had become the focus of litigation like many other asset classes. Similar to other ERISA litigation, the litigation focuses on fees and performance as well as alleging fiduciary breaches. Most of the litigation has just been brought forward and has yet to be heard by various courts. The Government Relations Committee is monitoring the litigation. He noted that this issue will be discussed in the Spring Seminar.

GAO study of QDIAs. Gage reported that the Governmental Accountability Office (GAO) had conducted a study of qualified default investment alternatives (QDIAs). The study concluded that the "While the PPA encouraged adoption of QDIA as through the creation of safe harbor plan designs, some plan sponsors find the final DOL regulations to be unclear, especially with regard to the consideration of participant ages when selecting a QDIA, the extent of fiduciary protection, and the flexibility to allow innovations in QDIA products. This lack of clarity could lead some plan sponsors to make suboptimal choices when selecting plan's default investment and could have long-lasting negative effects on participants' retirement savings."

DOL Fiduciary Rules. Gage concluded by reporting that it was anticipated that the DOL fiduciary rules would be finalized shortly. He noted that the Spring Seminar included a session that would provide an update on the rules.

Committee on Communications & Education. Bradie Barr 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*.

Barr explained that traffic to 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 member companies, news articles and reference pages.

Barr asked SVIA members to provide ideas as well as information that could be posted on SVIA's website. Posting of members' reports compliments a firm's message and provides additional exposure for those looking for stable value and related information.

Stable Times. Barr 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. She encouraged members to submit articles for *Stable Times*.

Stable Value Fact Sheet. Barr reported that a Working Group of Sue Graef, Aruna Hobbs, Nick Gage, Steve Kolocotronis, Gina Mitchell were finalizing a fact sheet that compared stable value funds and money market funds. The purpose of the fact sheet is to educate plan sponsors and consultants on the differences between the two options by demonstrating stable value's strengths. She asked that members use the fact sheet to supplement and reaffirm their messages as well as outreach with consultants and plan sponsors.

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 and banks. 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 2015 was recently released on March 28th.

Stable Value Funds' Quarterly Characteristics Survey. Graef noted that the Quarterly Characteristics survey covers 12 life insurance companies, 16 pooled funds and 14 individually managed funds. Importantly, the quarterly survey now covers all the Annual Survey participants as well as a handful of additional members. It is also split into the same three categories as the Annual Survey: individually managed funds, pooled funds and life insurance directly sold. The quarterly survey now covers \$777 billion in stable value assets as of the end of 4Q2015, which represents 12% of the \$6.3 trillion reported by ICI as the total U.S. defined contribution assets.

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 twentieth 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.

Data for Educational Efforts. Graef noted that the Committee had discussed what data should be used to educate the public and other key constituents on stable value. It was noted that having a single number for

crediting rate or return was problematic since it did not adequately represent the industry and had been construed as a benchmark, which all SVIA communications caution against. The Committee felt strongly that crediting rate or return, assets under management and duration were important to explain stable value and as such should be included for the three management structures of stable value: individually managed, pooled funds and life insurance in SVIA information.

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:

- Reviewed SVIA Investment Policy Statement as well as SVIA investment and reserves.
- Augmented internal risk controls.
- Received unqualified opinion on audited financial statements for 2015.
- Responded and provided guidance on financial and accounting issues.
- Changed oversight committee to a Finance Subcommittee comprised of Board members.
- Collected 100% of all 2016 dues as of March 31, 2016.

Events Planning Committee. Gina Mitchell, who chairs the Events Planning Committee, reported that attendance appears to have leveled off for the Fall Forum and the Spring Seminar respectively. The Fall Forum over the past two years had held steady at 200 people. The Spring Seminar is now running between 165 to 155 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.
- Bradie Barr, Transamerica Stable Value Solutions.
- Nick Gage, Galliard Capital Management.
- Matt Gleason, GSAM Stable Value.
- Aruna Hobbs, New York Life Investment Management.
- Jim King, Prudential Retirement.
- Tom Manente, Voya Financial.
- Helen Napoli, New York Life Investment Management LLC
- Tom Schuster, MetLife.

2016-2020 Schedule. Mitchell concluded that the next five Fall Forums will be held at the Fairmont in Washington DC and the 2017 Spring Seminar will be held at the Ritz Carlton Half Moon Bay in Half Moon Bay CA, respectively. The dates and room rates are listed below.

- 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.
- Fall Forum on October 8-10, 2018 at \$319 at the Fairmont in Washington, D.C.
- Fall Forum on October 14-16, 2019 at \$324 at the Fairmont in Washington, D.C.
- Fall Forum on October 12-14, 2020 at \$329 at the Fairmont in Washington, D.C.

2018-2020 Spring Seminar. Mitchell reported that over 24 proposals had been received for SVIA's Spring Seminar for 2018-2020. She noted that five proposals had the features that were important to SVIA. Contract negotiations were underway, which would most probably narrow the group to the three needed with the expectation that the Seminar dates and locations would be finalized by the end of May.

Next Meeting. The next meeting of the board of directors is scheduled for June 13-14 at the Fairmont Hotel in Washington, D.C.