



To: SVIA Board of Directors

Re: Action Items from October 9th Board Meeting

From: Gina Mitchell, SVIA

The Board met on October 9th at the Fairmont Hotel in Washington, D.C. The following members were in attendance.

Board Members Attending:

Bradie	Barr	Transamerica Stable Value Solutions
LeAnn	Bickel	Invesco Advisers, Inc.
Cindy	Cristello	New York Life
Joe	Fazzino	UTC
Nick	Gage	Galliard Capital Management, Inc.
Brett	Gorman	PIMCO
Susan	Graef	The Vanguard Group
Steve	Kolocotronis	Fidelity Investments
Robert	Madore	T. Rowe Price Associates, Inc.
Gina	Mitchell	SVIA
Tom	Schuster	Metropolitan Life Insurance Company
Russell	Smith	Aetna Inc.
Keith	Watson	Textron
Gary	Ward	Prudential Financial

SVIA Staff Attending:

Zach	Gieske	SVIA
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Members Attending:

Julian	Potenza	Fidelity Investments
David	DeBiase	Fidelity Investments
Jason	Fields	Transamerica
Jesse Austin	Campbell	JPMorgan Chase Bank, N.A.
Rob	Galusza	Fidelity Institutional Retirement Services Company
Sandy	Shao	Transamerica Stable Value Solutions Inc.
Sai	Raman	AIG Institutional Markets
Peter	Chabot	BlackRock
Gregory	Pereiro	Invesco Advisers, Inc.
Tom	Felago	Wellington Management Company
William	McLaren	Lincoln Financial Group
Douglas	Barry	Standish Mellon Asset Management Company
Jignesh	Gandhi	Prudential Financial
Timothy	Grove	Prudential Financial
Robert	O'Keefe	Sidley Austin LLP
David	Molin	Fiduciary Capital Management, Inc.
Allison	Richards	RGA
Jacky	Morin	Jackson National Life

Terry	Hotchkiss	Principal Financial Group
Aziz	Syed	Lincoln Financial Group
Yijing	Robertson	IBM Retirement Funds
Colin	Carey	State Street Bank
James	McKay	Columbia Threadneedle Investments
Steve	Horner	Putnam Investments
Bill	Gardner	Morley Capital Management
Antonis	Mistras	DuPont Capital Management
Jordan	Culp	DuPont Capital Management
Matthew	Gleason	GSAM Stable Value, LLC
Karen	Chong-Wulff	ICMA Retirement Corporation
Dan	Riley	NISA Investment Advisors, LLC
Jennifer	Gilmore	Invesco Advisers, Inc.
Jennifer	Chenu	Prudential Financial
Mark	Ljubich	Metropolitan Life Insurance Company
Paul	Notte	Metropolitan Life Insurance Company
Lori	Radford	Invesco Advisers, Inc.
Michael	Sipper	New York Life Investment Management LLC
Kostas	Sophias	JPMorgan Chase Bank, N.A.
John	Fischer	Mutual of Omaha
David	Berg	PIMCO
Marc	Magnoli	AIG Institutional Markets
Terence	Finan	Jackson National Life
Teresa	Reynolds	RGA
Karen	Edgerton	RGA
Mark	Gilbert	RGA
Angela	Demling	Invesco Advisers, Inc.
Patricia	Selim	The Vanguard Group
Marty	Fleischman	OneAmerica
Justin	Goldstein	JPMorgan Asset Management
Joe	Dionne	JPMorgan Asset Management
Tom	Manente	Great-West Financial
Jeff	Graham	MassMutual Financial Group
Cheryl	Lynch	Jennison Associates LLC
Paul	Grigely	MassMutual Financial Group
Robert	Windisch	Voya Financial
Chris	Solimine	Voya Financial
David	Cruz	New York Life Investment Management LLC
Tressa	Webb	Fidelity Investments
John	Hubenschmidt	RGA
Kappie	Bogart	Transamerica Stable Value Solutions Inc.
Mark	Pherson	Transamerica Stable Value Solutions Inc.
Renne	Marsjanik	Transamerica Stable Value Solutions Inc.
Gregory	Anselmi	Transamerica Stable Value Solutions Inc.
Helen	Akparanta	Transamerica Stable Value Solutions Inc.
Ron	Stahl	Columbia Threadneedle
Shane	Johnston	Morley Capital Management
David	Vincent	Voya Financial
John	Moroney	Voya Financial
David	Graham	Pacific Life Insurance Company
David	Cohen	John Hancock Investments
John	Barrasso	Prudential Financial
Leonard	Aplet	Columbia Threadneedle Investments

Steve Kolocotronis with Fidelity Investments and Chairman of SVIA's Board of Directors called the meeting to order and welcomed those in attendance.

The membership was introduced to SVIA officers as well as ex-officio members. SVIA officers and ex-officio members are:

- LeAnn Bickel, Treasurer and Chair of the Finance Subcommittee
- Bradie Barr, Chair of Communications and Education
- Nick Gage, Chair of Government Relations
- Sue Graef, Chair of Data and Research (ex-officio 2018-2020)
- Steve Kolocotronis, Chairman of the Board (2016-2019) elected to second term that extends through 2019 (ex-officio 2018-2020)
- Gina Mitchell, Chair of Events
- Brett Gorman (ex-officio 2018-2020)

Ex-Officio Members. Ex-officios are unanimously appointed by the Board. They are also non-voting members. Others from their organization can run and even serve on the Board. The last time an ex-officio member as well as Board member served on the Board was Jim King, a past chairman and Gary Ward who was elected to the Board. Ex-officio members can serve up to three years.

The Board appointed Susan Graef, Brett Gorman and Steve Kolocotronis as ex-officio members in April.

Approval of Action Items. The Board unanimously approved the action items from its April and June meeting.

Retiring from SVIA Board. The SVIA Board of Directors recognized Joe Fazzino from UTC since he was retiring and/or stepping off the Board. Joe had served two terms as a plan sponsor member. He initiated SVIA's plan sponsor roundtable, which is limited to SVIA plan sponsor members. The Board as well as the membership thanked Joe for his service and recognized his contributions with a gift.

Elections for three-year term starting Jan 1, 2018 and concluding Dec 31, 2020. The membership was reminded there will be an election immediately following the Fall Forum for five Board seats. For plan sponsors, the Bylaws require that a plan sponsor must be nominated and affirmed by the membership. For service firm members, they must receive at least 3 or 10% of all voting members. This year service firm candidates needed six nominations to become a candidate.

There are five candidates running for the four service firm seats. Two candidates are running for a second term. They are LeAnn Bickel from Invesco and Bob Madore from T. Rowe Price. The three candidates running for a first term are Kostas Sophias, JPMorgan Chase; Shane Johnston, Morley and David Berg, PIMCO. Sara Smithson from Raytheon was nominated and has agreed to serve as the plan sponsor member.

The election will take place electronically starting Wednesday, October 12 and will run until October 20.

Communications and Education Committee. Bradie Barr from Transamerica, the Chair of the Committee reported that the Committee has two main bodies. She noted that the Media Team focuses on messages the Association wants to get out as well as responding to press. The Stable Times Editorial Board reviews and recruits articles for the Association's biannual publication that focuses on SVIA work and issues as well as conferences and surveys.

Barr noted that the Committee circulates news on stable value as well as maintains and oversees the website.

The Committee also creates stable value fact sheets on topics such as stable value and money market funds and is currently working on a stable value products fact sheet.

The Committee initiated quarterly updates from all the Committee Chairmen on Association activities this year. This initiative was just launched and most will receive the third update. She noted that the response has been very positive from the membership.

Barr noted that the Committee was working with Data and Research on an effort to provide more meaningful and uniform data to Morningstar for Morningstar's stable value fund fact sheets.

Barr noted that the membership had been surveyed on the website in May. Seven percent of membership responded. They said that survey data was most important to them. Government relations followed. Stable value news was third most important to the membership. Finally, Barr noted that the Association anticipated website revision and would like to form a working group to see how the Association can make the website more meaningful to membership and individual investors. She asked for anyone who was interested to let her know so that they can be part of this effort.

Data and Research Committee. Sue Graef from The Vanguard Group and Chair of the Data and Research Committee highlighted the three major Association surveys:

- The Annual Stable Value Investment and Policy Survey that covers \$821 billion in stable value assets. It has the participation of twelve life insurance companies; 15 pooled funds and 15 individual managers.
- The Quarterly Stable Value Characteristics Survey also covers \$821 billion in stable value assets. Twelve life companies, 15 pooled funds and 15 individual managers participate in this survey.
- The SVIA LIMRA Sales and Assets Survey covers 18 issuers.

Graef noted that the Previously "Life Co. Full Service" prior to 2015, which was once called "Life Insurance Directly Sold" would now be re-titled to "Insurance Company General and Separate Accounts" as this more accurately describes the offering.

Graef highlighted the Stable Value AUM Report, which was first released on May 25th covering the 3Q4Q2016. It lists stable value managers by name and their assets under management. Twenty managers with \$365.44 billion in assets participated in the report. The report is only distributed to participating companies.

Graef reported that feedback from a survey on the membership on data found "survey fatigue." Despite the fatigue, members asked that revised AUM report data collection be a checkbox on the Quarterly Characteristics Survey allowing companies to opt-in using already-reported data.

Membership Use of Survey Data. Steve Kolocotronis noted that data continues to be the most valued by the membership. He asked that the Board review data policy as well as discuss what data is available in the public arena. He reminded the membership that data from surveys and reports are an exclusive benefit of SVIA membership. As an exclusive benefit of membership, use of the data for external purposes (client meetings, conferences, etc.) requires the express permission of the Association.

Vanguard's Sue Graef, Chair of the Committee on Data and Research added that none of the data should be used for benchmarking. She stressed that such use would have a chilling effect on survey participation. She stressed that the survey and even the data itself is in a continuous process of refinement to provide consistent and meaningful data. Currently, survey data does not permit meaningful comparisons since some data points do not enjoy robust participation and some data points are too new for comparison. Finally, members remain concerned about the

misinterpretation of data as has been seen in litigation and the press.

Graef highlighted data that is available for public consumption. It includes: AUM, crediting rate, duration, and credit quality. These data points include average, weighted average, max and min.

Graef concluded the discussion on SVIA surveys and data by stressing that the Committee is constantly reviewing and encouraged other members who are interested to join and work with the Committee.

Morningstar Data and Fact Sheet Project. Sue Graef reported that the Morningstar data and fact sheet project was a joint effort between Committee on Data and Research and the Committee on Communications and Education. Graef highlighted that previous templates used for stable value were inadequate. SVIA membership was surveyed to come to a consensus on what data points were relevant for a stable value fact sheet. Based on this information, a working group held a call with Morningstar's Manager of Fact Sheets & Custom Reporting to educate them on stable value and share the membership's views.

Graef noted that the group learned that Morningstar is currently in the process of revamping their data collection. She stressed that SVIA needed industry consensus on what data was required. This expanded communications with Morningstar included members of Morningstar's data team and held an educational discussion to cover the basics of stable value and better explain the differences in stable value management. SVIA's working group developed two templates based on membership survey information and provided them to Morningstar. The templates focused on participating and non-participating products. Morningstar is currently reviewing the proposal as part of their revised data collection efforts.

Committee on Government Relations. Nick Gage from Galliard Capital and the Chair of the Committee on Government Relations highlighted the following issues that the Committee was following.

- The DOL Fiduciary Rules. He noted an update at Fall Forum would be provided by Antony Cimino and Morgan Lewis.
- A disclosure template that had been used by some of the membership.
- NAIC Risk-Based Capital Factors. He reminded the membership that a letter had been filed urging more analysis and study.
- Form 5500 Disparity with Financial Reporting for Employee Benefit Plans
- Dodd-Frank and the Stable Value Study. He noted that a detailed update on financial reform will be presented by Antony Cimino
- Stable Value Litigation. Gage noted that an extensive update by Sidley Austin's Mark Blocker will be given at the Fall Forum.
 - Tax Reform. Gage stressed that SVIA supported the retention of DC tax-deferred savings or opposing Rothification of DC plans, which had been stripped from current tax proposals.

Finance Subcommittee. LeAnn Bickel from Invesco serves as Treasurer and Chair of the Finance Subcommittee. She reported that their work is continuous. The Subcommittee reviews Association finances as well as compliance with the Investment Policy monthly. Bickel noted that SVIA assets are broadly diversified across six banks in twelve accounts. Since the merger of United and Cardinal Bank, SVIA opening two new accounts with Amalgamated and BB&T to stay compliant with Investment Policy.

Bickel reported that SVIA received an unqualified opinion on audited financial statements for 2016. She said that SVIA was compliant and up to date for 2016 since it had prepared and filed DC Property, DC Foreign Entity and, DC Sales

and Internet Report. The Association had also filed Form 990 and Form 5500.

Bickel said that SVIA had collected 100% of 2017 Dues by March 31, 2017. She noted that SVIA started the 2018 Dues Collection in August 2017. As of September 25, the Association has collected \$86,000 in 2018 dues. She also reported that Bank of Tokyo has announced their exit from stable value so they will no longer be a member.

Committee on Events. SVIA's Gina Mitchell serves as Chair of the Committee on Events. She reported that attendance for the Fall Forum this year is a little down compared to last year: 189 versus 197, mainly because of a rash of cancellations this past week, which is not typical. However, revenue is up: \$243,000 versus \$233,000. The reason for the increase in revenue is that more non-members attended this year's event.

For the past two years, the Spring Seminar has been in California and attendance has been stable at 154. Revenue has been vastly different \$202,000 in 2016 versus \$176,000 in 2017.

Next year, SVIA will be in Orlando at the Four Seasons, which is East Coast so we should see a pick up. The meeting date is April 29-May 1, 2018. Mitchell noted that it appears that Florida and Arizona at least in past years are bigger draws than California.

The Fall Forums will be at the Fairmont through 2021 beginning on Columbus Day, Monday, and concluding on Wednesday.