

MEETING NOTES

To: Kalamazoo Valley Community College Optional Retirement Plan Committee

Re: October 10, 2017 Meeting Notes

Attendees:

Brian Lueth
Susan Matlis
David Lynch
Tim Farrow
Dori Drayton (PMFA)
Jeremy Tollas (PMFA)
Jeff Wagner (PMFA)

Absent:

Louise Anderson

Notes:

PMFA Plan Review – Presented by Dori Drayton, Jeremy Tollas, and Jeff Wagner

PMFA began by outlining their role as an independent consultant and fiduciary in relation to the Committee and the Plan. They emphasized that they would be working alongside the Committee to ensure that all fiduciary responsibilities related to the Plan are met.

PMFA provided a summary of the relevant fiduciary responsibilities including creating an investment policy statement, maintaining diversified investments, using professional money managers, managing expenses, monitoring managers and providers, and avoiding conflicts of interest. They went on to summarize their five step process to meet the above responsibilities and explained that today's meeting would be covering most of step one, "Analyze Current Position".

PMFA discussed current trends in the higher education retirement planning industry relating to vendors, fees, participant education, plan design, compliance, and the hiring of independent fiduciaries. They highlighted items including moving away from proprietary investment options with withdrawal restrictions, vendor consolidation, and fee transparency.

PMFA reviewed the current structure of the Plan, its investment, current fees, and performance. They noted that there was a very large number of investment options, nearly all of which are variable annuity contracts managed by the Plan's two providers, TIAA – CREF and VALIC. The Plan's investment options also include proprietary fixed accounts with withdrawal restrictions at each provider. Plan fees and net-of-fee performance had to be estimated due to a lack of transparency from the providers.

PMFA concluded with a discussion of individual contracts versus group contracts and how they could impact the Plan. A group contract structure generally allows for access to a large universe of investments, more fiduciary control over assets, the ability to "map" assets from one manager to another if needed, greater transparency, lower fees, increased service from providers, and fewer

proprietary investment requirements. PMFA recommended that the plan moves to a group contract structure, either at TIAA-CREF or another provider, and will begin the process to acquire provider quotes.

Action Items

The next meeting will be held on November 7th at 1:30.

PMFA will request quotes from other providers to compare to the Plan's current fees.