

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
RETIREMENT PLAN COMMITTEE
AUGUST 24, 2016
MINUTES**

I. Call to Order

The meeting was called to order by Avi Stewart at 3:06 p.m.

II. Roll Call

Present	Absent	Guests
Debra Hammond, Executive Director (voting)	Jonathan Navarro, Executive Secretary (non-voting)	Dennis DeYoung, Certified Financial Planner (by telephone)
Joe Illuminate, Associate Director, A&F (voting)	Kristen Pichler, Human Resources Officer (voting)	
Hifza Murtuza, Student Board Representative (voting)	Thelmari Raubenheimer, Board Chair (non-voting)	
Shelly Ruelas-Bischoff, Associate Vice President of Student Life Student Affairs (voting)		
Avi Stewart, Committee Chair (voting)		

Dr. Ruelas-Bischoff arrived at 3:10 p.m.

III. Approval of Agenda

M/S/P (H. Murtuza/D. Hammond) motion to approve the agenda for August 24, 2016.

Motion approved by general consensus.

IV. Approval of Minutes

M/S/P (D. Hammond/H. Murtuza) motion to approve the minutes for June 07, 2016.

Motion approved by general consensus

V. Chair's Report

Chair, Avi Stewart stated he is very pleased to be serving as chair of the committee

VI. Discussion Items

A. Second Quarter 2016 Retirement Plan Review

Financial Advisor, Dennis DeYoung (via telephone) presented the second quarter 2016 retirement plan review starting with a review of the plans' cash balances, asset allocations, and the FI360 Fiduciary Score Breakdown report as of June 30, 2016.

The following table summarizes the cash balances and assets allocations of the 403(b) and pension plans:

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
RETIREMENT PLAN COMMITTEE
AUGUST 24, 2016
MINUTES**

	403(b) Plan	Pension Plan
Cash Balance*	\$2,060,651	\$1,681,036
Asset Allocation - Stocks	73.2%	76.2%
Asset Allocation – Bonds**	26.9%	23.8%

*The cash balance for the 403(b) plan includes \$113,985 in participant loans

**The Asset Allocation – Bonds category includes money market fund investments

Dennis noted that the performance of the stock markets have been up for the fiscal year. He pointed out volatility of the stock markets in June has been at its lowest level in several years.

The next topic Dennis discussed was the FI360 report which rates all the investment options in the two retirement plans using a color scoring methodology to determine if the investments are meeting the eleven FI360 Fiduciary Score criteria. Funds with scores from 0-50 are green; funds with scores from 51-75 are yellow; and funds with scores from 76 to 100 are red. The highest score a fund can receive is 0 and the lowest score a fund can receive is 100.

As of June 30, 2016, the Vanguard Extended Market fund was the only fund in the yellow zone with a score of 53. All other funds in the investment lineup were in the green zone.

Any funds with either a red or yellow score is put on a Watchlist. If the fund continues in the yellow or red zones in subsequent quarters, the committee will determine if the fund should be replaced with a similar fund that is in the green zone. Any changes in the investment lineup would be based on a recommendation from Financial Advisor Dennis DeYoung.

B. Retirement Plan Committee Orientation

Chair, Avi Stewart presented an orientation which is meant to explain the fundamentals of the Retirement Plan Committee. His presentation included the following topics:

1. Purpose of the Committee
2. Responsibilities of the Committee as outlined in the Committee Code
3. The makeup of the committee (voting and non-voting members)
4. Fiduciary responsibilities of Committee members
 - a. The concept of being a fiduciary
 - b. Fiduciary legal liability
 - c. Limiting fiduciary legal liability
5. USU Retirement Plan partners who are co-fiduciaries along with the Retirement Plan Committee members and the Board of Directors.

C. Retirement Health Benefits Plan Update

At the June 07, 2016 meeting, the expense and liability projections for the Retirement Health Benefits Plan (RHBP), the Cigna with dental plan, and the CalPERS with dental plan were discussed. The projected expense and liability for each plan as of June 30, 2030 is summarized in the following table:

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
RETIREMENT PLAN COMMITTEE
AUGUST 24, 2016
MINUTES**

Postretirement Plan	Projected Annual Expense by 6/30/2030	Projected Annual Liability by 6/30/2030
Current RHBP	\$152,184	\$0
Cigna with Dental	\$418,610	\$1,869,894
CalPERS with Dental	\$477,968	\$2,784,329

The projections were prepared by Lou Filliger, the USU's actuarial consultant. The expense and liability projections assumes an annual prefunding of \$300,000.

The Cigna with Dental Plan could no longer be a viable option since there are no guarantees that Cigna or any other subsequent health insurance provider would continue to allow USU retirees to remain on the same plan as active employees until Medicare eligible.

Lou Filliger is in the process of updating the computation of the projected expenses and liabilities for the current RHBP, the Cigna with Dental plan, and the CalPERS with Dental plan.

The next step in this process would be to decide to remain on the current plan or switch to Cigna or CalPERS. Once this decision is made, the committee would simultaneously begin to revise the RHBP policy and start the process to join the CSU auxiliary Voluntary Employee Beneficiary Association (VEBA). The VEBA is the vehicle by which the USU would annually provide the \$300,000 to prefund the RHBP.

VII. Action Items

A. 2016-17 Retirement Plan Committee Goals

M/S/P (D. Hammond/H. Murtuza) motion to accept the 2016-17 Retirement Plan Committee goals as presented.

The following goals were presented to the Committee:

No.	GOAL
1	Decide if the USU's Retirement Health Benefits Plan (RHBP) should be converted from an employee reimbursement plan to a plan where the USU would pay medical and dental health premiums directly to the health insurance company on behalf of retirees and their eligible partners (December 2016)
2	Revise the USU's Retirement Health Benefits Policy (June 2017)
3	Join the CSU Auxiliary Voluntary Employee Beneficiary Association (VEBA)* (June 2017)

The above goals are a continuation from fiscal year 2015-16.

Goal 1 would be accomplished by the USU joining either the CalPERS (California Public Employees' Health Retirement System) or Cigna with dental plans where active employees and retirees are on the same medical plan. However, the Cigna with Dental Plan option may no longer be

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
RETIREMENT PLAN COMMITTEE
AUGUST 24, 2016
MINUTES**

viable since there are no guarantees that Cigna or any other subsequent health insurance provider would continue to provide this benefit.

The committee could also consider keeping the current plan along with the implementation of the CalPERS plan.

Goals 2-3 are dependent on completing goal 1. A change in the RHBP would require a revision of the USU's RHBP Policy. Changing the RHBP would also allow the USU to join the CSU Voluntary Employee Beneficiary Association (VEBA).

The VEBA members are CSU auxiliaries. The VEBA is an organization which hires investment professionals to earn higher rates of return on dollars set aside to pay retiree medical health benefits.

The VEBA allows auxiliaries to prefund retirement medical benefits and to reduce the actual postretirement expense and liability recorded in the USU's accounting records. Lower postretirement expense frees up financial resources to be allocated for other organizational priorities.

Motion passes 4-0-0

VIII. Announcements

Dr. Ruelas-Bischoff recognized Chair, Avi Stewart for his ability to articulate his knowledge of the USU's retirement plans in his first meeting as Chair.

IX. Adjournment

The meeting was adjourned by Avi Stewart at 4:13 p.m.

Respectfully submitted by,

Joseph Illuminate
Associate Director, USU Accounting & Finance