

UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
RETIREMENT PLAN COMMITTEE
NOVEMBER 21, 2016
MINUTES

I. Call to Order

The meeting was called to order by Avi Stewart at 3:33 p.m.

II. Roll Call

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

Dennis DeYoung departed at 4:18 p.m.

III. Approval of Agenda

M/S/P (J. Illuminate/H. Murtuza) motion to approve the agenda for November 21, 2016.

Motion approved by general consensus.

IV. Approval of Minutes

M/S/P (H. Murtuza/J. Illuminate) motion to approve the minutes for August 24, 2016.

Motion approved 2-0-1

V. Chair's Report

Chair, Avi Stewart informed the committee about the presentation Dennis DeYoung and Julio Rivera from the Standard gave during the all staff meeting on November 15, 2016. The presentation covered the basics of the 403(b) and pension retirement plans.

VI. Discussion Items

A. Third Quarter 2016 Retirement Plan Review

Financial Advisor, Dennis DeYoung, presented the third 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 September 30, 2016.

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
RETIREMENT PLAN COMMITTEE
NOVEMBER 21, 2016
MINUTES**

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

	403(b) Plan	Pension Plan
Cash Balance*	\$2,069,916	\$1,884,355
Asset Allocation – Stocks	71.2%	76.5%
Asset Allocation – Bonds**	28.8%	23.5%

**The Cash Balance for the 403(b) plan includes \$95,385 in loans to participants.*

***The Asset Allocation – Bonds category includes the Stable Asset Fund.*

Dennis noted that The Stable Asset Fund (SAF) is now a retirement plan investment option. The annualized return for this asset was at 1.69% as of September 30, 2016.

Dennis also noted that the Nuveen Real Estate Securities I had a negative return of 1.41% for the third quarter and Janus Global Life Sciences had a year-to-date negative return of 4.47%. He added that the funds in the plan have low expense ratios.

The next topic Dennis discussed was the FI360 Fiduciary Score Breakdown 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 to 50 are green; funds rated with scores from 51-74 are yellow; and funds with scores from 75 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 September 30, 2016, all funds have green rating meaning they are meeting most of the criteria for this quarter; therefore, no funds are on the Watchlist.

The question was raised why was isn't the SAF included in the FI360 Fiduciary Score Breakdown report. The reason is because the SAF is not a publicly traded fund; it is a proprietary fund that is an annuity contract that only The Standard offers to clients.

B. Retirement Plan Expenses

The committee reviews plan expenses every six months utilizing the Fee Benchmark Report to compare the USU's total plan expenses with the total plan expenses of similar, average-sized plans.

The first benchmark report takes into account only those plan expenses paid by plan participants. Plan participants are responsible for paying the Standard's 0.80% asset-based fee and the fee charges by each fund in the investment lineup. The USU's total plan expenses are 1.21% compared to 1.43% for the average plan, a positive variance of 22 basis points.

The second benchmark report takes into account expenses paid by both plan participants and the USU. The USU pays the financial advisor fee (Dennis DeYoung) and the third party administrator fees (The Ryding Company) on behalf of plan participants. The USU's total plan expenses are 1.55% compared to 1.43% for the average plan, a negative variance of 12 basis points.

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
RETIREMENT PLAN COMMITTEE
NOVEMBER 21, 2016
MINUTES**

The USU's retirement plan expenses compare favorably with the average plan because the USU's plan expenses are approximately in the midpoint between the 25th and 75th percentiles when compared to the average plan.

Retirement Health Benefits Plan Update

Chair, Avi Stewart updated the committee on the current status of the Retirement Health Benefits plan. The projected expense and liability for each plan as of June 30, 2030 is summarized in the following table:

Postretirement Plan	Projected Annual Expense by 6/30/2030	Projected Annual Liability by 6/30/2030
Current RHBP	\$0	\$0
Cigna with Dental	\$351,057	\$2,336,254
CalPERS with Dental	\$363,612	\$2,092,153

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 may 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.

However, another option the USU will be considering (in addition to CalPERS) is Wells Fargo Financial Services. Wells Fargo offers complete employee benefits packages (medical, dental, and vision) to CSU auxiliary active employees and retirees through the Auxiliary Organizations Association (AOA). The USU is preparing to send census information to Wells Fargo so the USU can receive cost estimates on employee benefit packages which will be compared to the costs for the Cigna and CalPERS options.

Hifza Murtuza was concerned that there might be some reputational risk using Wells Fargo to provide employee benefits due to the improprieties that have occurred in the Wells Fargo banking division. Joe will follow up with Mitzi Baum, Wells Fargo Account Executive, to determine if the improprieties that occurred in the banking division have spilled over into the insurance division.

Joe Illuminate stated he was not aware of any improprieties that have occurred in the insurance division and that the USU has not experienced any negative experiences from the banking division (Wells Fargo has provided banking services to the USU for more than five years).

VII. Action Items

A. Pension Plan Amendment

M/S/P (K. Pichler/J. Illuminate) motion to accept the amendment to Section 1.12 "Compensation", subsection (d) is deleted in its entirety and replaced with the following language to read:

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
RETIREMENT PLAN COMMITTEE
NOVEMBER 21, 2016
MINUTES**

(d) excluding double time; vacation taken as cash; vacation payout; personal advance; telephone allowance; telephone equipment; severance; moving expenses; meals; and non-taxable SDI.

Adjustments to compensation such as telephone advances and telephone equipment that were excluded from total compensation for purposes of computing plan participants' pension contribution were not specifically listed as adjustments to compensation in the plan document.

VIII. Announcements

None

IX. Adjournment

The meeting was adjourned by Avi Stewart at 4:35 p.m.

Respectfully submitted by,

Jonathan Navarro
Accounting Manager