

UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
RETIREMENT PLAN COMMITTEE
MARCH 27, 2017
MINUTES

I. Call to Order

Avi Stewart called the meeting to order at 11:06 a.m.

II. Roll Call

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

D. Hammond arrived at 11:12 a.m.

Dr. Ruelas-Bischoff departed at 11:29 a.m. and returned at 11:34 a.m.

III. Approval of Agenda

M/S/P (K. Pichler/J. Illuminate) motion to approve the agenda for March 27, 2017.

Motion approved by general consensus.

IV. Approval of Minutes

M/S/P (J. Illuminate/K. Pichler) motion to approve the minutes for November 21, 2016.

Motion approved 2-0-1

V. Chair's Report

Chair, Avi Stewart informed the committee that the USU received quotations from the Auxiliary Organization Association (AOA) benefits broker, Wells Fargo Insurance Services, for active employee and retiree medical benefits. He also informed the members that Lou Filliger, the USU's actuarial consultant, left Demsey-Filliger effective January 01, 2017. Lou signed a non-compete agreement with his former partner, Brian Demsey, which means he is not able to continue business with his former clients such as the USU for three years. The USU has the option to continue its relationship with Demsey-Filliger or obtain quotations from alternative actuarial consultant firms.

VI. Discussion Items

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A. Fourth Quarter 2016 Retirement Plan Review

Financial advisor, Dennis DeYoung, presented the Fourth Quarter 2016 Retirement Plan Review reporting the plans' cash balances, asset allocations, and the FI360 Fiduciary Score Breakdown report as of December 31, 2016.

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

	403(b) Plan	Pension Plan
Cash Balance*	\$2,211,754	\$1,848,751
Asset Allocation – Stocks	73.0%	75.7%
Asset Allocation – Bonds**	27.0%	24.3%

*"The Cash Balance" for the 403(b) plan includes \$67,813 in loans to participants.

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

D. DeYoung noted that during 2016, the S&P 500 Index declined 8.8% in the first 1.5 months of the year; however, by December 31st, 2016, most equity markets, including the S&P 500, were in positive territory and were reaching new all-time highs.

The Federal Reserve raised interest rates by 0.25% to a range of 0.5 to 0.75% after their December meeting. The Federal Reserve could continue to increase interest rates if the economy keeps growing. The Federal Reserve has raised interest rates only twice since the recession in 2008. Risks to the economy include how markets might react to an increase in interest rates, potential inflation, and the political agenda of the Trump administration.

DeYoung then discussed 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 zero to 50 are green; funds 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 zero and the lowest score is 100.

As of December 31, 2016, all funds are in the green zone with the exception of the MainStay Large Cap Growth (score of 62) and the Vanguard Extended Market Index (score of 51) which are in the yellow zone. DeYoung has advised the committee to place those funds on the Watchlist and wait for the first quarter report to see if their scoring has improved.

B. Retirement Health Benefits Plan (RHBP) Update

Chair, Avi Stewart updated the committee on the status of the RHBP since the last meeting.

He reiterated that the overarching goal of improving the RHBP is to design the plan so that the USU pays the health premiums directly to the insurance company on behalf of retirees. The majority of AOA auxiliaries follow this model. The design of the current RHBP is a direct retiree reimbursement model e.g. retirees submit medical receipts for reimbursement.

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The USU received quotations from Wells Fargo Insurance Services for active employee and retiree medical benefits. Wells Fargo offers medical health plans from Anthem and Kaiser, but only Anthem allows active employees and retirees to be on the same plan.

The next step is for our actuarial consultant to update the projected expenses and liabilities of the costs in the current plan, the CalPERS plan, and the AOA plan.

The committee has learned that deciding on the best RHBP option is very complicated since there are so many variables to consider. CalPERS would appear to be a good RHBP choice, but some auxiliaries have left CalPERS to join the AOA plan offered by Wells Fargo Insurance Services.

We will be reaching out to those auxiliaries who have left CalPERS to find out what were the deciding factors in their decision to leave. We will also contact current CalPERS members to learn what they consider to be CalPERS strengths and weaknesses as a retirement plan provider.

VIII. Announcements

None

IX. Adjournment

The meeting was adjourned by Avi Stewart at 12:02 p.m.

Respectfully submitted by,

Jonathan Navarro
Accounting Manager