

KANSAS BOARD OF REGENTS
Retirement Plan Committee

AGENDA

Kansas Board of Regents
Conference Room B
March 15, 2022, at 12:30 p.m.

1. Approve: Minutes from February 8, 2022
2. Introductions:
 - A. TIAA Relationship Manager – Blake Earl
 - B. COBO nominated a new representative for the RPC
3. ACG semi-annual report for the Mandatory and Voluntary Plans – Brad Tollander
 - A. Any recommended fund line-up changes
4. Mandatory and Voluntary Plan Document Review Update– Natalie Yoza
5. RFP for Third-Party Administrative Services
6. Next meeting TBD, September 2022 from 12:30 – 3:00

KANSAS BOARD OF REGENTS
Retirement Plan Committee (RPC)
MINUTES
February 8, 2022

The February 8, 2022, meeting of the Kansas Board of Regents Retirement Plan Committee was called to order at 1:00 p.m.

Members Participating in person:

Debbie Amershek, PSU

Jeff Dewitt, KU

Dipak Ghosh, ESU

President Steve Scott, PSU

Jay Stephens, KSU

Madi Vannaman, KBOR

Regent Harrison-Lee, Rick LeCompte and Stacey Snakenberg were not able to participate. Participating from Advanced Capital Group were consultants Brad Tollander and Justin Dorsey. Also participating, from TIAA: Chris Godwin, Senior Director Product Management, and Brock Noel, Managing Director, Client Relationships; and from Voya, John O'Brien, Regional Vice President, and Cindy Delfelder, Relationship Manager; and from the Board Office: Natalie Yoza, Associate General Counsel.

Minutes

President Scott moved, with the second of Jay Stephens, that the minutes from the October 19, 2021, meeting be approved. The motion carried.

Act on recommendation to amend TIAA, Voya and PlanWithEase contracts

The RPC recessed into executive session at 1:05 p.m. for 35 minutes to seek and receive legal advice regarding contract negotiations which would be deemed privileged in the attorney-client relationship and the purpose is to protect the attorney/client privilege. Members of the RPC, along with staff affiliate Madi Vannaman and associate General Counsel Natalie Yoza participated. The open meeting resumed at 1:40 p.m.

Dipak Ghosh moved, with the second of Debbie Amershek, to authorize execution of the cybersecurity amendments to the PlanWithEase contract as negotiated by Board staff and the Board's outside counsel. The motion carried.

Jay Stephens moved, with the second of Dipak Ghosh, to recommend to the Board of Regents that it approve the amendments to the TIAA recordkeeping agreements related to cybersecurity and the reduced revenue requirements as negotiated by Board staff and the Board's outside counsel. Jeff DeWitt amended the motion to add a caveat that a subcommittee will be established to review to look deeper at the fees to ensure they are and remain competitive. The motion carried.

Jeff DeWitt moved, with the second of Dipak Ghosh, to recommend to the Board of Regents that it approve the amendments to the Voya recordkeeping agreements related to cybersecurity and the reduced revenue requirements as negotiated by Board staff and the Board's outside counsel. The motion carried.

Act on recommendation to establish a subcommittee to review Plan fees and expenses

As fiduciaries, the RPC and the Board have a duty to monitor the reasonableness of fees, which includes assessing:

- TIAA and Voya revenue requirements;
- Fund Expense Ratios;
- Other contracts (ACG, Ice Miller);
- Board expenses; and
- Part of this is looking at the allocation of those expenses.

Jeff DeWitt moved, with the second of Dipak Ghosh, to establish a standing subcommittee on Plan fees that will meet as requested by the Retirement Plan Committee Chair. To accommodate changing RPC membership, the RPC Chair can assign committee members to the subcommittee. The motion carried.

Next RPC meeting:

The next regular RPC meeting is scheduled for March 15, 2022, beginning at 12:30 p.m.

Act on Seeking a Request for Proposal for Multiple Vendor Coordinator Services

Summary and Staff Recommendation

Under federal law, the Board, as Plan Sponsor is required to ensure 403(b) plan compliance. Both the Board's Mandatory and Voluntary Plans have multiple vendors, requiring some additional coordination because some responsibilities cannot be delegated to the recordkeepers as they either require aggregate data from all the vendors or they require employer data. Since 2009, the Board has used a third-party service offered by Voya called PlanWithEase.com (PWE) to provide this coordination. Given the age of the contract and potential changes in the marketplace, Board staff recommend that the Retirement Plan Committee issue a Request for Proposal for these vendor coordination services through the State's Procurement Office. The RPC would need to appoint at least three representatives to serve on the Procurement Negotiation Committee.

Background Information

In 1962, the Kansas Board of Regents Mandatory Retirement Plan was established under Internal Revenue Code Section 403(b) to provide retirement benefits to employees who meet certain statutory requirements, *i.e.*, benefits-eligible faculty and unclassified staff at the six Regents institutions and the Board office. In 1974, the Board's Voluntary Retirement Plan was established under Section 403(b) to provide eligible employees an optional retirement plan for elective deferrals.

Historically, public schools, public institutions of higher education, and other tax-exempt organizations under 501(c)(3) that are eligible to sponsor 403(b) plans treated 403(b) plans as contracts between employees and vendors, and the employer's responsibility was limited to facilitating salary deferrals. In 2007, the Internal Revenue Service issued 403(b) regulations that clarified that the plan sponsors were responsible for 403(b) compliance. Those regulations took effect in January 2009.

The Board took multiple actions to comply with the new regulations, including adopting written Plan Documents, establishing the Retirement Plan Committee, reducing the number of approved Plan vendors, and contracting with PlanWithEase.com (PWE) to provide third-party administrative services to assist with multiple vendor coordination.

Today, the Board has two approved vendors for the Mandatory and Voluntary Retirement Plans—TIAA and Voya. The Board also has several former vendors, *i.e.*, vendors that were deselected under the Mandatory or Voluntary Plan after January 1, 2005. Coordination with former vendors is required if the vendor continues to have Plan assets. While some responsibilities can be delegated to the recordkeepers, multivendor coordination services are required when either aggregate data from all the vendors or employer data is required. This includes coordination of the following services:

- Loan and hardship distribution approvals for the Voluntary Plan;
- Distribution approvals based on severance from employment, phased retirement, or disability; and
- Qualification Domestic Relations Orders.

To the extent possible, it would also be beneficial to have vendor coordination of minimum required distribution compliance.

The RFP Process

To begin the bid process, the RPC would need to establish a subcommittee to serve as the Procurement Negotiating Committee (PNC). All PNC members will need to sign a non-disclosure agreement. Board staff will submit the Request for Proposal (RFP) specifications and a list of potential vendors.

The State Procurement Officer would post the RFP and coordinate responses to questions from vendors. The PNC would make a recommendation to the RPC and the contract can be negotiated. Once the final selection is made, the Procurement Office finalizes the contract for signature.

Staff Recommendation:

The Plans have not sought bids for these services or otherwise explored changes in the marketplace since PWE began providing the services in 2009. To ensure due diligence, Board staff recommend that the RPC approve issuance of an RFP and establish a PNC of at least three members.