

UNIVERSITY OF LOUISVILLE

Modernizing Investment Fund Options in Retirement Savings Plans



AGENDA

- I. UofL Retirement Oversight Committee
- II. Retirement Consultant CAPTRUST
- III. Common Terms and Definitions
- IV. UofL History and Current State
- V. Best Practices in Retirement Savings Plans
- VI. Investment Fund Considerations
- VII. What's Not Changing
- VIII. Next Steps



I. UofL Retirement Oversight Committee



CAPTRUST

UOFL RETIREMENT OVERSIGHT COMMITTEE

Background:

- Established in 2022
- Recommended by President and approved by Board of Trustees
- Role is to:
 - Serve as fiduciary to oversee retirement savings plans in best interest of participants
 - Monitor current plan for regulatory compliance, plan costs and features, ensure competitive as plans compare to industry best practices and other higher education institutions

Data as of 12/31/2021



UOFL RETIREMENT OVERSIGHT COMMITTEE

UofL Retirement Committee Overview:

- ROC committee members include:
 - Provost
 - VP Finance CFO
 - Senior VP and General Counsel
 - VP Human Resources
 - VP Risk Management
 - Audit & Compliance
 - Senior Director Total Rewards
 - Director of Endowment and Gift Operations
 - Representatives from Faculty Senate, Staff Senate and Retiree Assn.
- In July 2023, ROC approved an Investment Policy Statement on how UofL will choose and monitor investment funds on a regular basis
- For professional assistance, UofL engaged CAPTRUST as their retirement plan consultant in 2021

II. Retirement Consultant CAPTRUST



CAPTRUST

ABOUT CAPTRUST



38-year
operating history



Culture
of employee ownership



1,554
Employees in 90 offices



More than 3,500
institutional clients



\$900 billion
Total client assets



98%
Client retention
(average since 2019)

Ranked #1 registered investment advisory firm in the U.S.*

*Source: *Financial Advisor* magazine, 2016-2023. Category: Assets \$1 billion and over. Data as of 12/31/2023

WHO DOES CAPTRUST SERVE?

DEPTH OF EXPERIENCE

CAPTRUST has provided consulting to public higher education clients since 2004. CAPTRUST currently serve more than **84** public higher education clients, representing **440** plans with more than **\$140.8 billion** in client assets. Their depth of experience translates into a deep understanding of peers and the unique challenges higher education plan sponsors face.

REPRESENTATIVE CLIENT LIST

- Clemson University
- Eastern Michigan University
- Ferris State University
- Florida Gulf Coast University
- Florida Gulf Coast University Foundation, Inc.
- Florida Polytechnic University
- George Mason University
- Montana State University Foundation, Inc.
- Montgomery County Community College
- Temple University - of the Commonwealth System of Higher Education
- University of Arkansas System
- University of Central Florida
- University of Cincinnati
- University of Kentucky

Representative clients were selected to illustrate the broad diversity of the firm's client base by size, type, and industry. This list should not be construed as an endorsement, reference, or comment from representative clients regarding the quality of investment advice CAPTRUST provides.

Data as of 03/31/2024



CAPTRUST CONSULTANT TO UOFL ROC

Our Team:

Tim Irvin is an institutional retirement plan advisor based in New York City, NY.

- Tim is focused on the retirement needs of several of CAPTRUST's large defined contribution plan clients. He partners with clients in all aspects of the due diligence process, including investment analysis, plan design, compliance, regulatory, and process changes. Additionally, he works to address all levels of vendor and participant issues and works to ensure the successful delivery of vendor services including fund array changes, outsourcing, and participant communication and education.
- Tim has over ten years of experience in providing retirement plan consulting and client management services. Tim received his Bachelor of Science degree in finance from Villanova University, and his Master of Business Administration degree from New York University.



TIM IRVIN CFP®, QKA, CPFA®, AIF®, CHSA



Senior Financial Advisor



646.839.8245



tim.irvin@captrust.com

III. Common Terms and Definitions



CAPTRUST

COMMON TERMS DEFINED

Term	Definition
Plan Sponsor	<ul style="list-style-type: none">• The employer (UofL) who provides and manages a retirement savings plan for employees.
Recordkeeper	<ul style="list-style-type: none">• A retirement plan recordkeeper (Fidelity, TIAA) is bookkeeper of the retirement plan and provides a website, online tools, customer service, account statements and investment education.
Mutual Fund	<ul style="list-style-type: none">• The fund pools assets from many individuals to invest in stocks, bonds, etc.
Fund Manager	<ul style="list-style-type: none">• A professional investment company that creates and offers funds for investors to purchase and contribute to.
Annuity	<ul style="list-style-type: none">• Only offered by TIAA, these either provide a guaranteed or variable income and provide steady income for life.
Target Date Fund	<ul style="list-style-type: none">• A diversified investment in a single fund that adjusts automatically over time becoming more conservative as the participant ages. These provide a “set it and forget it” approach.
Index Fund	<ul style="list-style-type: none">• A type of investment that attempts to track the performance of a benchmark or market index, like the S&P 500. These investments tend to be low cost.
Actively Managed Fund	<ul style="list-style-type: none">• A type of investment where a portfolio manager or management team actively selects investments to try and outperform a benchmark or market index.
Self Directed Brokerage Account	<ul style="list-style-type: none">• An optional window where participants can select investments that are not included in the core lineup. These funds are not monitored by the ROC or CAPTRUST.



IV. Uo fL History and Current State



CAPTRUST

UOFL 403(B) HISTORY AND CURRENT STATE

Overview:

- UofL has not made major changes in investment fund options since 1990's/2000's
- At that time, “more” was considered better
 - More recordkeepers, up to four or six
 - More investment funds, 100's
- Each recordkeeper was also a funds manager and offered only their own funds
- At UofL, Fidelity currently offers 154 Fidelity only funds, TIAA offers 20 TIAA funds



V. Best Practices in Retirement Savings Plans



CAPTRUST

GENERAL BEST PRACTICES

Fiduciary Best Practices

- A streamlined investment fund lineup that avoids participant confusion or overload
- “Open Architecture” to offer best-in-class funds beyond just proprietary funds from the recordkeeper
- Choose funds for long term fit and purpose
- Offer adequate variety of distinct asset classes and high-quality, low-cost funds
- Monitor funds performance on regular basis through a consistent review process

Participant Experience

- Minimize selection confusion and redundant funds
- Provide range of investment options across multiple asset classes and the risk/return spectrum
- Limit number of funds choices to around 20 funds
- Minimize frequency for future fund changes
- Include actively managed and index fund investment options
- Include target date funds
- Add brokerage window for investor flexibility and choosing funds beyond the core lineup



GENERAL BEST PRACTICES (CONTINUED)

Investment Fund Evaluation Performed by ROC and CAPTRUST Consistent with UofL Investment Policy Statement

Qualitative Factors Considered

- Organizational Stability of Fund Company
- Fund Personnel – management and analysts
- Staff turnover
- Fund performance based on current markets
- Management explanations

Quantitative Factors Considered:

- Fund Performance relative to benchmarks and peers
- Fund Costs and Expenses
- Risk Measures
- Manager Tenure
- Investment style purity

VI. Investment Fund Considerations



CAPTRUST

PROPOSED ASSET CLASS MENU FOR UOFL

- **Target Date funds:** A pre-made diversified portfolio with risk based on participant age. The portfolio adjusts as one ages.
- **Index funds** – Passively managed at lower costs
- **Actively Managed funds** – Personally managed with intent to outperform index funds
- **Self-Directed Brokerage Window** – Allows purchase of thousands of other funds

ALLOCATION TIER		PASSIVE/INDEX TIER	ACTIVE TIER	OTHER
ASSET CLASSES	• Target Date fund	<ul style="list-style-type: none"> • Intermediate Term Bond • Domestic Large Cap • Domestic Mid Cap • Domestic Small Cap • International 	<ul style="list-style-type: none"> • Fixed Income • Intermediate Term Bond • Large Cap Value, Large Cap Growth • Mid Cap Value, Mid Cap Growth • Small Cap Value, Small Cap Growth • International Large Cap 	• Self-Directed Brokerage Account

VII. What's Not Changing



CAPTRUST

WHAT IS NOT CHANGING?

Overview:

- Retirement Savings Plan design
- Eligibility rules
- UofL Contribution Amounts
- Recordkeepers – Fidelity and TIAA

Data as of 12/31/2021



VIII. Next Steps



CAPTRUST

NEXT STEPS

1. Present to Leaders of Stakeholder Groups
2. Finalize UofL Investment Fund Menu for Fidelity and TIAA
3. Allow Recordkeepers to begin revising their systems
4. Announce Future Investment funds menu late Jan. 2025
5. Educate participants on transition process February-March 2025
6. Implement Proposed Funds Lineup in April 2025



QUESTIONS?