

VII. STANDING COMMITTEES**B. Finance, Audit and Facilities Committee**UW Retirement Plan and Voluntary Investment Program – Approve Fund Review Committee ChangesRECOMMENDED ACTION

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents approve changes to the Fund Review Committee (the Committee) language of both the UW Retirement Plan (UWRP) Plan Document Section 5.2 and Section 5.4 of the UW Voluntary Investment Program (VIP).

EXPLANATION OF PROPOSED CHANGES

Section 5.2 of the UW Retirement Plan Document and Section 5.4 of the UW Voluntary Investment Program authorize a joint UWRP and VIP Fund Review Committee. The language is the same in both plans.

The Fund Review Committee is advisory to the UW Provost/Executive Vice President, and is charged with review of the investments and investment structure offered in both the UWRP and VIP. During the recent Investment Advisor Request for Proposal evaluation process, the Committee received assistance from staff of the UW Treasury Office and the Office of the Vice Provost for Planning and Budgeting. The Committee believes that permanent addition of representatives of these organizations will add significantly to the depth of expertise on which they can draw.

The Committee currently includes representatives of participant groups (faculty, professional staff and librarians) as well as UW administration. The proposed language would add three additional voting members; one additional faculty member, as requested by the Faculty Council on Benefits and Retirement; one representative of the UW Treasury Office; and one representative from the office of the Vice Provost for Planning and Budgeting. In addition the language which currently provides for just one non-voting representative for both Central Washington University (CWU) and Western Washington University (WWU) is updated to recognize one non-voting representative from each university. UW partners with CWU and WWU to achieve economies in consulting fees for all the institutions.

In addition to the above, the language of the Section has been modified to reflect more accurate investment terminology and to reflect changes to member titles.

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B. Finance, Audit and Facilities Committee

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The current Fund Review Committee language reads as follows:

Fund Review Committee.

(a) **Responsibility.** The Fund Review Committee is a standing body responsible for reviewing the performance of Fund Sponsors and Funding Vehicles available through the University of Washington Retirement Plan (UWRP) and Voluntary Investment Program (VIP). The Committee will also evaluate and recommend whether new Fund Sponsors or Funding Vehicles should be added and whether existing Fund Sponsors or Funding Vehicles should be removed.

If a Funding Vehicle or Fund Sponsor is removed, it shall not be available for subsequent contributions except as otherwise prescribed by the Committee. In addition, the Committee may determine that existing accumulations shall be transferred to one or more other Funding Vehicles specified by the Committee.

The Committee, in coordination with the UW Benefits and WorkLife Office, is to determine the frequency of the performance reviews. In evaluating existing Fund Sponsors and Fund Vehicles, the Committee will monitor and review performance data, analyze participants' comments, requests and concerns, and conduct public meetings on proposed changes. Draft recommendations of the Committee will be presented to and discussed with the Faculty Council on Retirement, Insurance and Benefits. Final recommendations for changes are to be submitted to the Executive Vice President.

The UW Benefits and WorkLife Office shall provide support for the Committee's activities. The Committee may also appoint such advisors and adopt such guidelines, policies or procedures as it deems appropriate.

(b) **Membership.** The Committee shall be appointed by, and serve at the pleasure of, the Executive Vice President of UW, who will consult with the Faculty Council on Retirement, Insurance and Benefits in selecting the members. The membership shall include the following representatives and officials:

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- One representative of the Faculty Council on Retirement, Insurance and Benefits
- One or more representatives of the Faculty, as recommended by the Faculty Senate Executive Committee
- One representative of the Librarians, as recommended by the Association of Librarians of the University of Washington
- One representative of the Professional Staff, as recommended by the Professional Staff Organization
- One UWRP participant representing the Classified or Contract Classified Staff, as recommended by the Vice President, Human Resources
- One retired UWRP representative, as recommended by the UW Retirement Association
- Ex officio, voting members:
 - UW Director of Benefits & WorkLife
 - UW Treasurer, Board of Regents
- Nonvoting members:
 - Representative from a four year institution of higher education in the State of Washington other than the University of Washington.

In appointing members, those groups recommending members and the Executive Vice President shall seek to identify individuals who have expertise in the areas of tax and pension law for 403(b) or similar retirement plans, or of finance, investment, or economics.

The Executive Vice President shall designate the Chair of the Committee. Term of office for members shall be staggered, three year terms. The Committee shall meet as often as it deems appropriate, but not less than every six months. The Chair of the Committee may appoint such committee officers, advisors and subcommittees as needed.

The proposed change to Section 5.2 of the UWRP and Section 5.4 of the VIP reads as follows:

Fund Review Committee.

(a) **Responsibility.** The Fund Review Committee is a standing body responsible for reviewing the performance of Fund Sponsors and Investment Options available through the University of Washington

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Retirement Plan (UWRP) and Voluntary Investment Program (VIP). The Committee will also evaluate and recommend whether new Fund Sponsors or Investment Options should be added and whether existing Fund Sponsors or Investment Options should be removed.

If an Investment Option or Fund Sponsor is removed, it shall not be available for subsequent contributions except as otherwise prescribed by the Committee. In addition, the Committee may determine that existing accumulations shall be transferred to one or more other Investment Options specified by the Committee.

The Committee shall meet as often as it deems appropriate, but not less than every six months. In evaluating existing Fund Sponsors and Investment Options, the Committee will monitor and review performance data, consider participants' comments, requests and concerns. Draft recommendations of the Committee will be presented to and discussed with the Faculty Council on Benefits and Retirement; the Professional Staff Organization and the Association of Librarians of the University of Washington. Final recommendations for changes will be submitted to the Provost and Executive Vice President.

The UW Benefits and WorkLife Office shall provide support for the Committee's activities. The Committee will assist in the selection of an Investment Consultant and adopt an Investment Policy Statement to guide their recommendations.

(b) **Membership.** The Committee shall be appointed by, and serve at the pleasure of, the Provost and Executive Vice President of UW, who will consult with the Faculty Council on Benefits and Retirement, the Professional Staff Organization and the Association of Librarians of the University of Washington in selecting committee members to represent their constituents. The membership shall include the following voting representatives and officials:

- One representative of the Faculty Council on Benefits and Retirement;
- Two or more representatives of the Faculty, as recommended by the Faculty Senate Executive Committee;
- One representative of the Librarians, as recommended by the Association of Librarians of the University of Washington;

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- One representative of the Professional Staff, as recommended by the Professional Staff Organization;
- One representative of the UW Treasury Office as recommended by the UW Treasurer;
- One representative of the Office of Planning and Budgeting as recommended by the Vice Provost for Planning and Budgeting;
- One Voluntary Investment Program (VIP) participant representing the Classified or Contract Classified Staff, as recommended by the Vice President, Human Resources
- One retired UWRP representative, as recommended by the UW Retirement Association;
- Ex officio, voting members:
 - UW Human Resources - Executive Director of Benefits & WorkLife
 - UW Treasurer, Board of Regents
- Nonvoting members:
 - One representative each from Human Resources at Central Washington University and Western Washington University.

In appointing members, those groups recommending members and the Executive Vice President shall seek to identify where possible, individuals who have expertise in the areas of tax and pension law for 403(b) or similar retirement plans, or of finance, investment, or economics.

The Provost and Executive Vice President shall designate the Chair of the Committee. Members shall serve staggered, three year terms. The Chair of the Committee may appoint such committee officers, advisors and subcommittees as needed.

REVIEW AND APPROVAL:

The language of this proposed change was drafted by the Fund Review Committee; reviewed and endorsed by standing committees representing Plan participants including the Faculty Council on Benefits and Retirement; Faculty Senate Executive Committee; the Board of the Professional Staff Organization; and the Association of UW Librarians.