



Retirement Plan Committee Minutes
November 10, 2022
via MS Teams

Participants: DeAndra Ballard, Colleen Banter, Bill Bell, Rick Cosier, Janine Gulbranson, David Janes, Scott Seidle, Candace Shaffer, Blair Webb

Unable to participate: Kathy O'Brien, Steve Turner

This was the regularly scheduled meeting of the Retirement Plan Committee for the defined contribution plans of Purdue University.

Mr. Bell welcomed committee members and reviewed the agenda.

Anthony DeCesaris, Michael Plazzi and Jeff Clark of Vanguard participated to provide information on Retirement Trends and Plan Sponsor Trends. Their presentation was provided to the committee members prior to the meeting. Please let Mr. Bell know if there are follow-up items and he can make the connection with Vanguard.

- Comments from Mr. Webb
 - Vanguard remains a stable firm that has a focus on providing low-cost investment options to their clients.
 - Vanguard Target Date Funds (Tier 1 Investments) are constructed to help improve investor outcomes, rebalancing automatically as investors approach retirement age. Vanguard is the largest provider of Target Date funds in the industry. While the funds are performing as expected, 2021 had modest underperformance given Vanguard funds have a bigger emphasis on diversification with ex-US equity exposure, which underperformed in 2021. Over the longer term, the funds remain in the top quartile.
 - The Tier 2 passive investment funds are performing as expected.
 - As it relates to the trends presented in the second part of the presentation, our team put together some of the following takeaways after reviewing the Vanguard "How America Saves 2022" earlier this year.
 - The average number of investments options was 27.5. Fund offerings has decreased when the Target Date Fund series is counted as a single fund (Note: when counting each Target Date Fund as a separate investment fund offering, the total number of offerings may appear to increase as a result of younger participants coming into the Plan and older participants remaining in Plan as a function of remaining in the workforce longer).
 - *Purdue's plan includes 29 investment options*

- The number of funds used by a participant has declined as popularity and use of Target Date Funds as a default option has increased.
 - *Purdue's plan has seen participation in Tier One consistently remain greater than 60%; while participation in Tier Three, the Plan's actively managed fund options, has seen a steady decrease over time.*
- Equity offerings include both index and actively managed funds with strategies ranging across U.S. funds (large-, mid-, small- capitalization) as well as one or more international funds.
 - *Purdue's plan is in line with this observation. Specifically, Tier Three Fund offerings range from broad equity strategies in both the value and growth segments including small/mid cap equity, broad international equity as well as emerging market equity, and real estate to name a few. Tier Two Fund offerings are streamlined across both equity and fixed income strategies.*
- Sector focused funds, when offered, are used less frequently by participants.
 - *Purdue's plan is in line with this observation. Asset dispersion among Tier Three Funds, indicates higher participation among broad U.S. equity and fixed income strategies versus more nuanced strategies (e.g., high-yield bond, EuroPacific equity etc.).*

The Committee reviewed and approved the April 26, 2022, minutes.

Ms. Gulbranson provided the HR update on administrative and engagement activities, which included articles and news shared through Purdue Today and the Healthy Boiler Newsletter. In addition, the following administrative matters were discussed.

- New Vanguard funds added: 2015 Fund as of 7/8/22 and 2070 Fund effective 7/15/22.
- PAA Retirement Plans terminated 6/10/22.
- Fidelity demonstrations for University Smart Start Program and Automated Required Minimum Distribution Service.
- Projects:
 - Review administrative/investment management practices of the Police Officer and Firefighter's Pension Plan.
 - Review legacy retirement plans to consolidate/reduce pre-2011 accounts where possible.
 - Retirement Plan – Provisions/Enhancements for 2023-24
 - Expand Roth In-Plan Conversion provision to active employees participating in the Purdue 403(b) Voluntary plan
 - Review in-service distribution and loan provisions
 - Consider addition of Roth contribution option to 457(b) Voluntary plan
 - Evaluate 403(b) Base plan's 3-year waiting period waiver criteria
- Employee Feedback received:
 - Implement age 59½ in-service distribution provision within employer plans.
 - Consider lower-risk investment options (e.g., large-cap value fund, short-term bond fund, money market fund).
 - Update fund lineup to include access to the Brighthouse Financial Shield Level Annuity Suite.

Mr. Webb reviewed the retirement plan dashboard as of September 30, 2022, noting \$2.2 billion was invested within the retirement platform's four-tier structure. Approximately 62% of participants invest in Tier 1 target date funds; 17% in Tier 2 passive index funds; 11% in Tier 3 actively managed funds, including the MetLife Stable Value Option'; and 10% in Tier 4 through the brokerage window. The dashboard provided included expense ratios, share class, calendar year-to-date, 1, 3 and 5-year performance for the Tier 1, 2 and 3 investment funds.

Mr. Webb reviewed three active managers with the committee: Blackrock Emerging Markets, American Funds Europacific Growth, and Dodge & Cox International Stock. There are no recommended changes for any of these three managers, as they have had no major changes or issues. Mr. Webb reviewed the CRM Small/Mid Cap Value as a follow-up to discussions at the April 2022 meeting at which time there had been a meaningful decline in assets under management. CRM overflows have stabilized and no further action is recommended at this time. The Office of Investments is continually evaluating all managers, but the reviews with the Committee provide the opportunity to dig a little deeper and review a selected group of managers in greater detail.

Meetings for April and November 2023 are being scheduled. Members with special topics for future meetings should forward the suggested items to Mr. Bell.