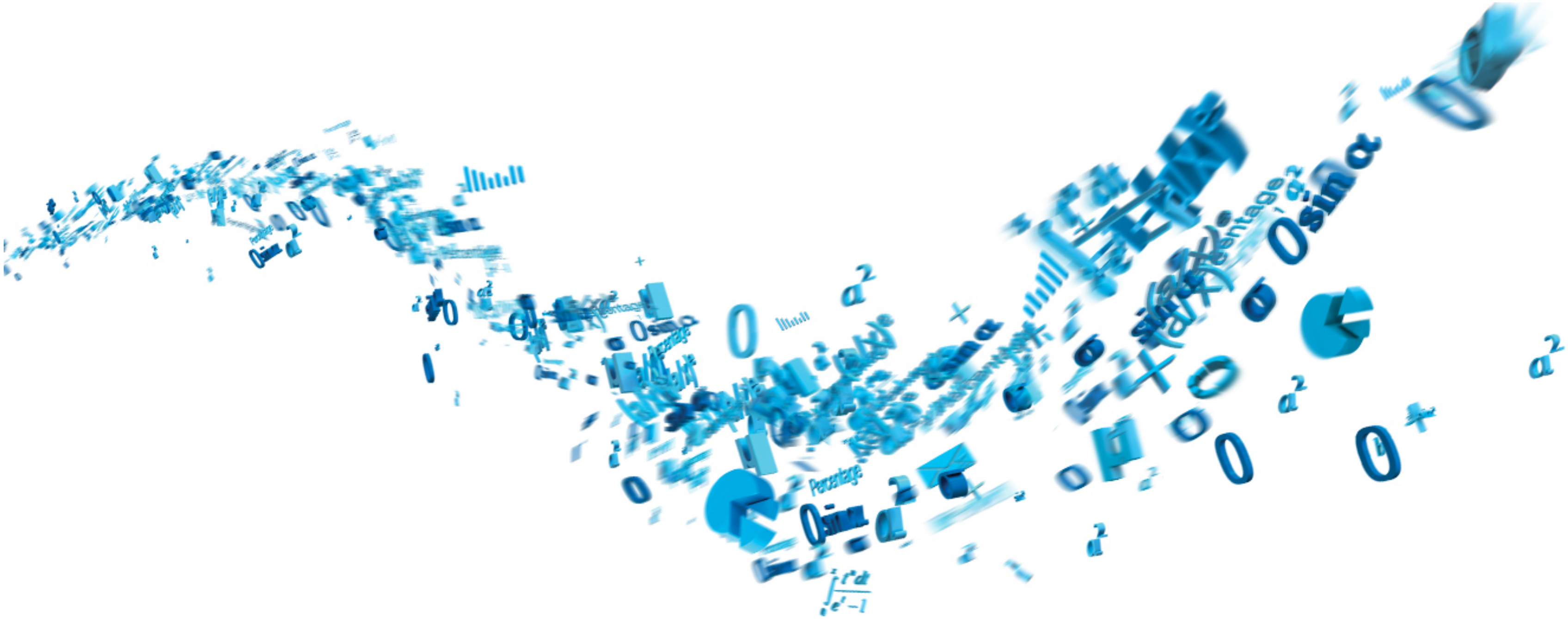

Nevada System of Higher Education
Fourth Quarter 2018 Discussion Guide

February 12, 2019

Investment advice and consulting services provided by Aon Hewitt Investment Consulting, Inc., an Aon Company.

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Discussion Topics

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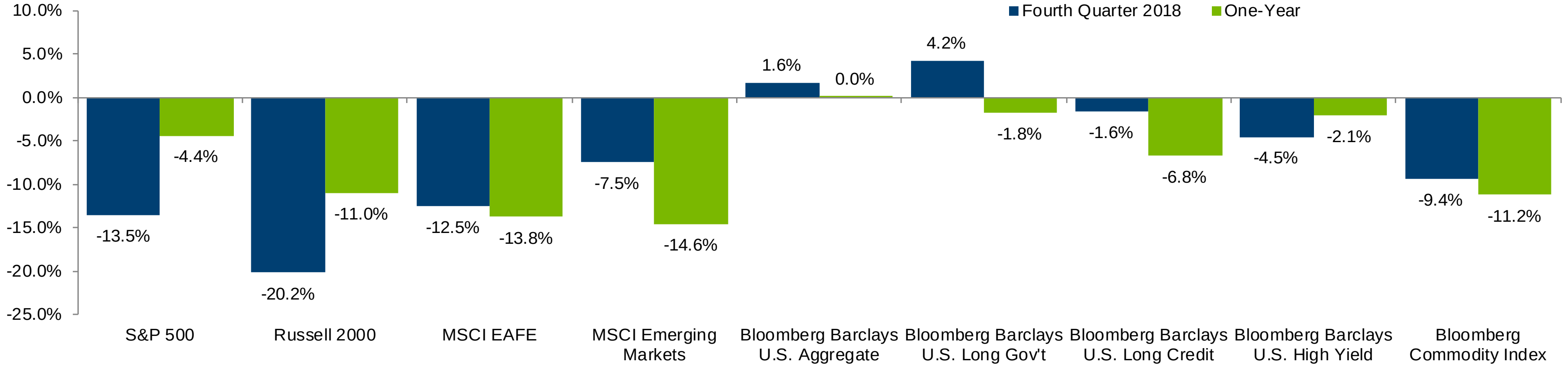
Discussion Topics

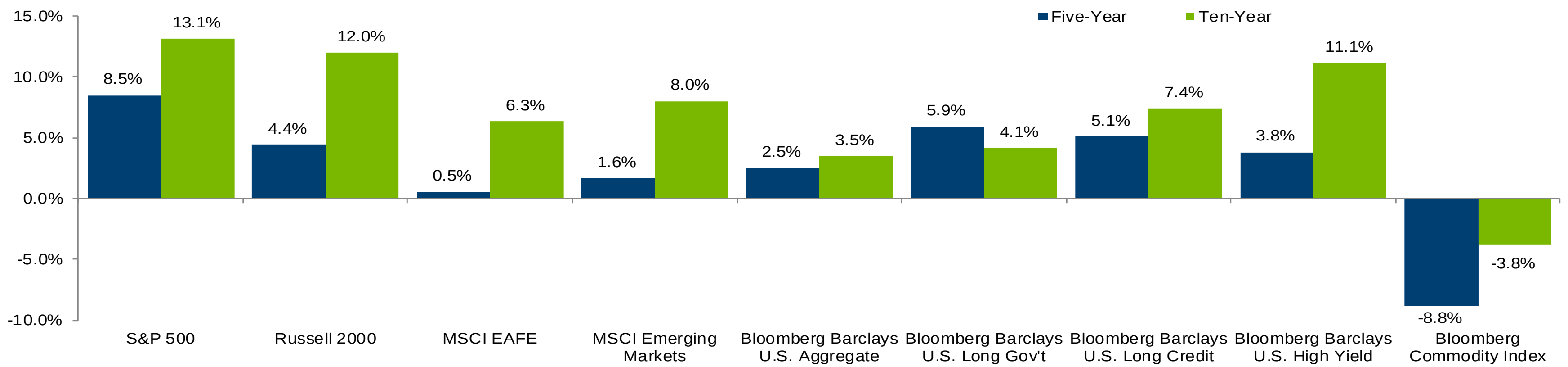
Market Highlights

SHORT TERM RETURNS
AS OF 12/31/2018



Source: Russell, MSCI, Bloomberg Barclays, Bloomberg

LONG TERM ANNUALIZED RETURNS
AS OF 12/31/2018



Source: Russell, MSCI, Bloomberg Barclays, Bloomberg

Market Highlights

Returns of the Major Capital Markets

Period Ending 12/31/2018

	Fourth Quarter	1-Year	3-Year[1]	5-Year[1]	10-Year[1]
Equity					
MSCI All Country World IMI	-13.28%	-10.08%	6.49%	4.17%	9.74%
MSCI All Country World	-12.75%	-9.42%	6.60%	4.26%	9.46%
Dow Jones U.S. Total Stock Market	-14.36%	-5.30%	8.92%	7.86%	13.22%
Russell 3000	-14.30%	-5.24%	8.97%	7.91%	13.18%
S&P 500	-13.52%	-4.38%	9.26%	8.49%	13.12%
Russell 2000	-20.20%	-11.01%	7.36%	4.41%	11.97%
MSCI All Country World ex-U.S. IMI	-11.88%	-14.76%	4.39%	0.85%	6.97%
MSCI All Country World ex-U.S.	-11.46%	-14.20%	4.48%	0.68%	6.57%
MSCI EAFE	-12.54%	-13.79%	2.87%	0.53%	6.32%
MSCI EAFE (Local Currency)	-12.20%	-10.99%	2.62%	3.81%	7.50%
MSCI Emerging Markets	-7.47%	-14.58%	9.25%	1.65%	8.02%
Fixed Income					
Bloomberg Barclays Global Aggregate	1.20%	-1.20%	2.70%	1.08%	2.49%
Bloomberg Barclays U.S. Aggregate	1.64%	0.01%	2.06%	2.52%	3.48%
Bloomberg Barclays U.S. Long Gov't	4.16%	-1.79%	2.63%	5.90%	4.15%
Bloomberg Barclays U.S. Long Credit	-1.64%	-6.76%	4.87%	5.08%	7.40%
Bloomberg Barclays U.S. Long Gov't/Credit	0.78%	-4.68%	4.03%	5.37%	5.88%
Bloomberg Barclays U.S. TIPS	-0.42%	-1.26%	2.11%	1.69%	3.64%
Bloomberg Barclays U.S. High Yield	-4.53%	-2.08%	7.23%	3.83%	11.12%
Bloomberg Barclays Global Treasury ex U.S.	1.94%	-0.89%	3.34%	0.42%	1.42%
JP Morgan EMBI Global (Emerging Markets)	-1.19%	-4.61%	4.74%	4.18%	7.79%
Commodities					
Bloomberg Commodity Index	-9.41%	-11.25%	0.30%	-8.80%	-3.78%
Goldman Sachs Commodity Index	-22.94%	-13.82%	0.50%	-14.52%	-5.78%
Hedge Funds					
HFRI Fund-Weighted Composite[2]	-5.76%	-4.49%	3.03%	2.17%	4.94%
HFRI Fund of Funds[2]	-4.85%	-3.92%	1.34%	1.42%	3.13%
Real Estate					
NAREIT U.S. Equity REITS	-6.73%	-4.62%	2.89%	7.90%	12.12%
NCREIF NFI - ODCE	1.76%	8.35%	8.24%	10.41%	7.00%
FTSE Global Core Infrastructure Index	-3.67%	-0.91%	9.40%	6.84%	9.74%
Private Equity					
Burgiss Private iQ Global Private Equity[3]	NA	17.51%	12.00%	13.67%	9.75%

MSCI Indices show net total returns. All other indices show gross total returns.

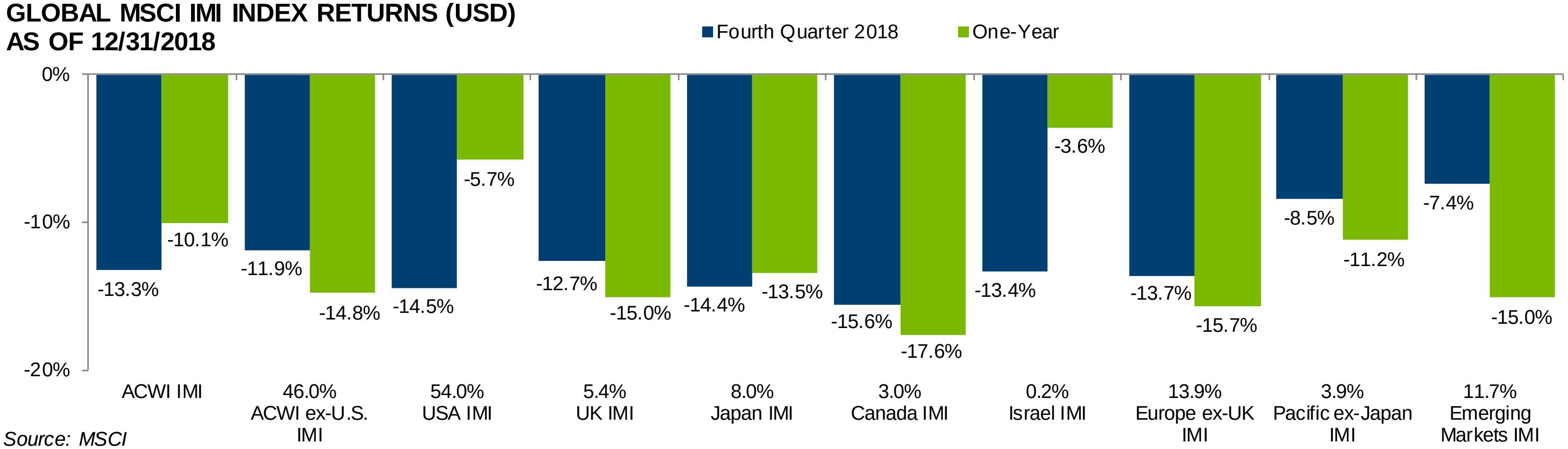
[1] Periods are annualized.

[2] Latest 5 months of HFR data are estimated by HFR and may change in the future.

[3] Burgiss Private iQ Global Private Equity data is as at September 30, 2018

Global Equity Markets

GLOBAL MSCI IMI INDEX RETURNS (USD)
AS OF 12/31/2018

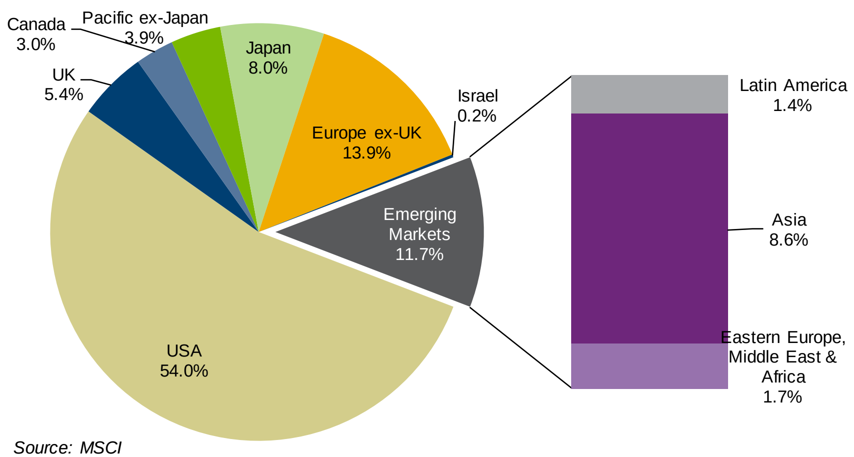


Source: MSCI

- Global equities were rocked by rising concerns of slowing global growth and trade wars during the fourth quarter of 2018. Economic releases continued to underwhelm with measures of economic activity reflecting a slowing global growth environment. In local currency terms, the MSCI AC World Investable Market Index returned -13.1% while U.S. dollar strength led to a slightly lower return of -13.3% in U.S. dollar terms.
- Falling oil prices and poor performance from Canadian financials, combined with a weakening of the Canadian dollar on the back of a more dovish stance from the Bank of Canada, resulted in the Canadian equity market being the weakest performer over the quarter.
- Emerging market equities outperformed relative to their developed market peers. This is despite the ongoing U.S.-China trade saga and building concerns over global growth. In Brazil, the election win for Jair Bolsonaro came as a surprise and was welcomed by markets due to his party's pro-market focus and reform agenda. From a sector perspective, financial stocks were the main outperformers with a comparatively small decline of -0.9% over the quarter.

Global Equity Markets

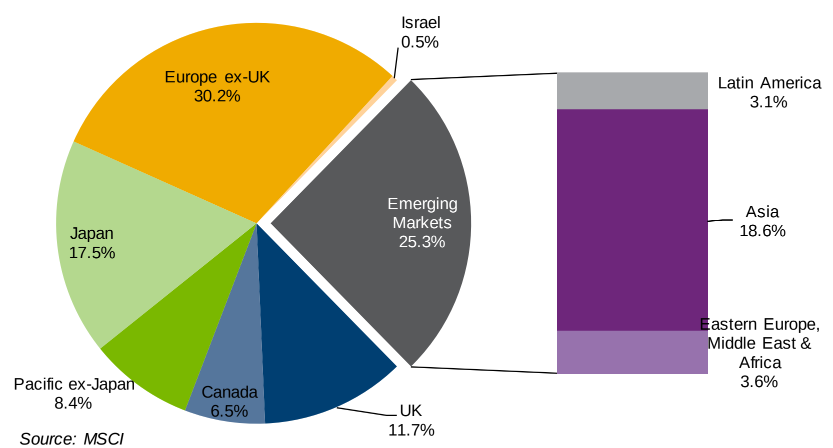
MSCI ALL COUNTRY WORLD IMI INDEX
GEOGRAPHIC ALLOCATION AS OF 12/31/2018



Source: MSCI

- The two exhibits on this slide illustrate the percentage that each country/region represents of the global and international equity markets as measured by the MSCI All Country World IMI Index and the MSCI All Country World ex-U.S. IMI Index, respectively.

MSCI ALL COUNTRY WORLD EX-U.S. IMI INDEX
GEOGRAPHIC ALLOCATION AS OF 12/31/2018



Source: MSCI

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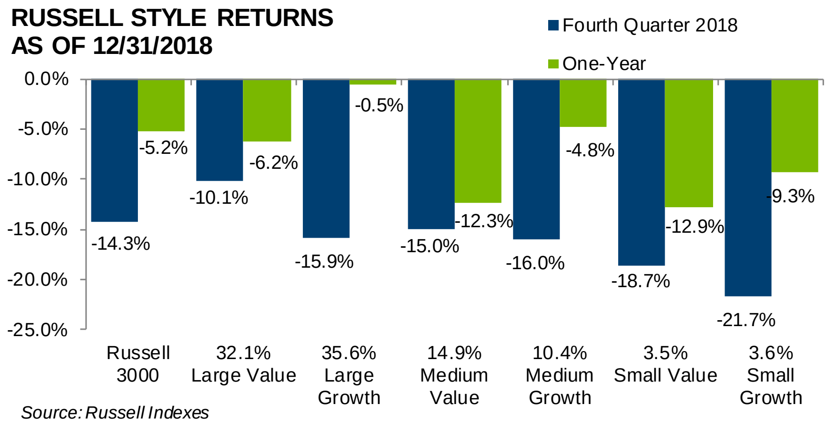
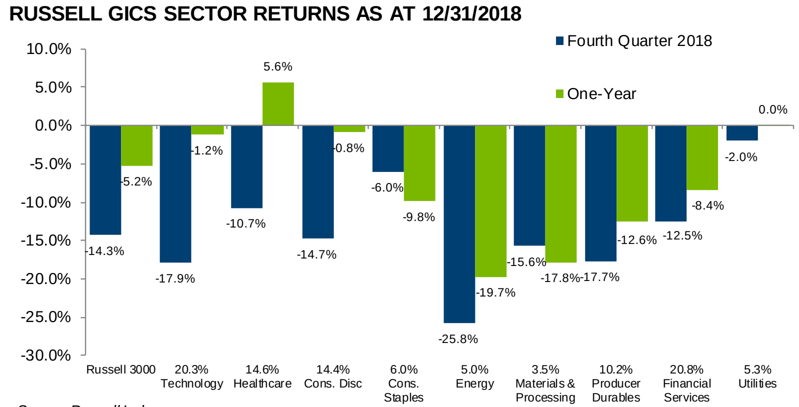
U.S. Equity Markets



Source: Russell Indexes

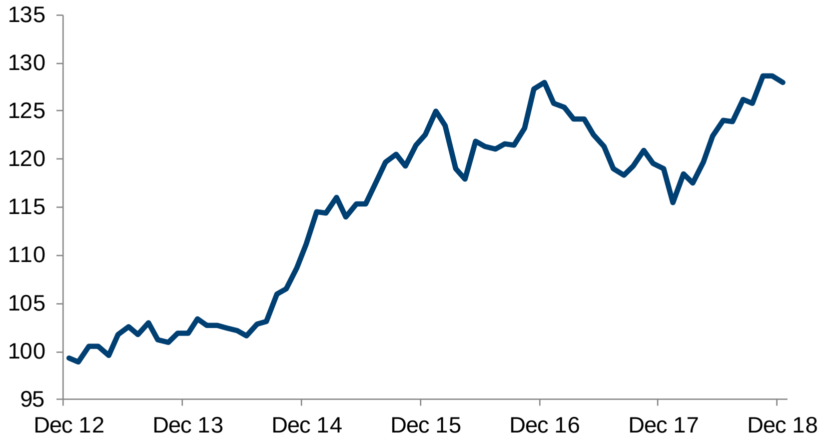


Source: Russell Indexes

- Up until November 2018, U.S. equities had generated high-single digit returns. However, all the gains were reversed towards the end of the fourth quarter. The Dow Jones Total Stock Market Index dropped by 14.4% in the fourth quarter, translating into an overall 5.3% decline for the year. Most notably, information technology stocks, which had been such a strong driver for the U.S. market, moved sharply lower over the quarter. Earnings growth expectations, particularly in the technology sector where optimism was perhaps excessive, were revised down.
- The Russell 3000 Index declined 14.3% during the fourth quarter and 5.2% over the one-year period.
- All sectors generated negative returns during the quarter. In particular, energy (-25.8%) and information technology (-17.9%) were the worst performing sectors during the fourth quarter of 2018.
- Performance was negative across the market capitalization spectrum over the quarter. In general, small cap stocks underperformed both medium and large cap stocks. Growth stocks underperformed their value counterparts during the fourth quarter of 2018. Over the last 12 months, value stocks continued to significantly lag their growth stock equivalents.

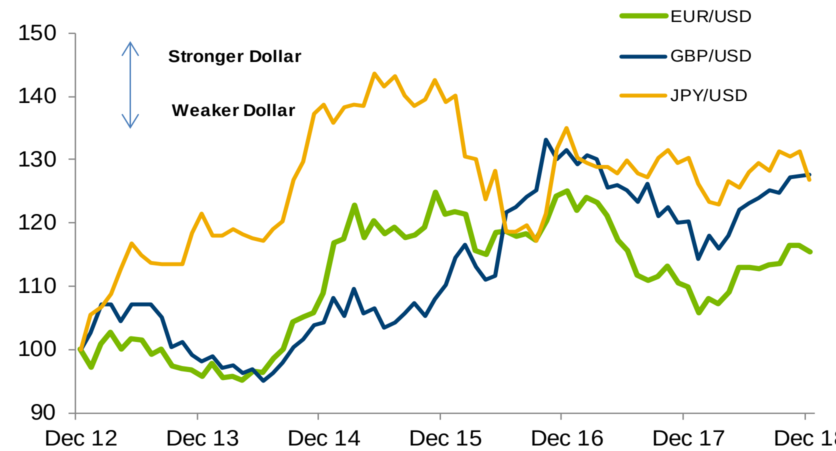
Currency

TRADE WEIGHTED U.S. DOLLAR INDEX (1973 = 100)



Source: Federal Reserve

U.S. DOLLAR RELATIVE TO EUR, GBP AND JPY REBASED TO 100 AT 12/31/2012

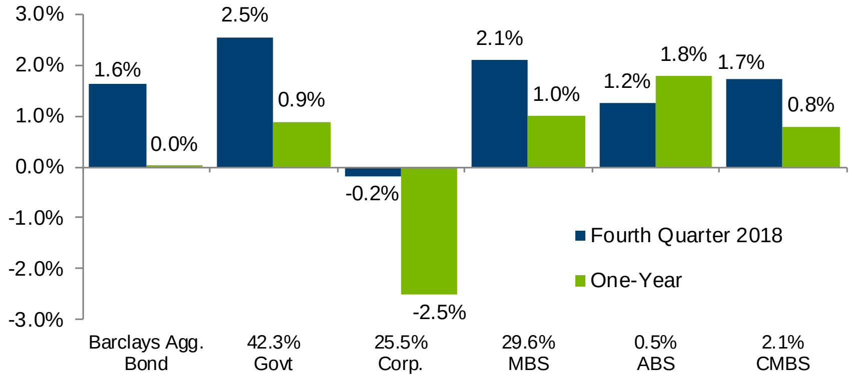


Source: Factset

- The U.S. dollar continued on an upward trend as it rose 1.8% on a trade-weighted basis over the quarter.
- Benefiting from the relative strength of the U.S. economy and tightening monetary policy, the U.S. dollar appreciated against most major currencies with the exception of the Japanese yen, which appreciated strongly across the board – benefiting from the risk-off environment.
- With time ticking precariously down to March 29th (the day in which the UK leaves the EU, subject to no extension or removal of Article 50) and no resolution in sight, sterling was generally weak.
- Both the Bank of England and Bank of Japan kept their monetary policy unchanged at their respective meetings during the fourth quarter of 2018. In Europe, the ECB confirmed that it would end its quantitative easing program at its December meeting despite a weakening in European economic data.

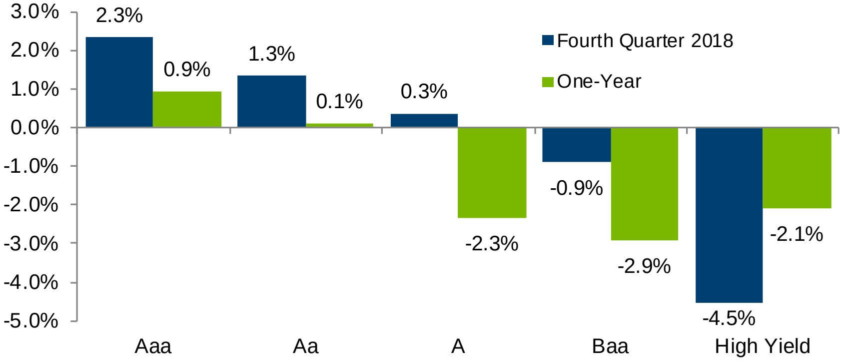
U.S. Fixed Income Markets

BLOOMBERG BARCLAYS AGGREGATE RETURNS BY SECTOR AS OF 12/31/2018



Source: FactSet

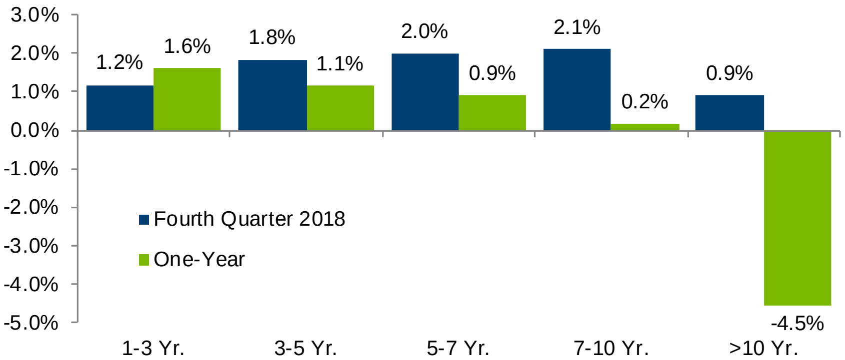
BLOOMBERG BARCLAYS AGGREGATE RETURNS BY QUALITY AND HIGH YIELD RETURNS AS OF 12/31/2018



Source: FactSet

- The Bloomberg Barclays U.S. Aggregate Bond Index rose over the quarter. Government bonds were the best performer at 2.5% whilst corporate bonds were the worst performer at -0.2%.
- Performance was positive across all investment-grade credit qualities, with the exception of Baa bonds which fell 0.9%. High yield bonds fell the most at -4.5%. In investment grade bonds, Aaa bonds was the major outperformer with a return of 2.3%.
- Intermediate maturity bonds outperformed short and long maturity bonds over the quarter. Intermediate maturity bonds returned 1.8-2.1% while short and long maturity bonds returned 1.2% and 0.9% respectively in Q4 2018.

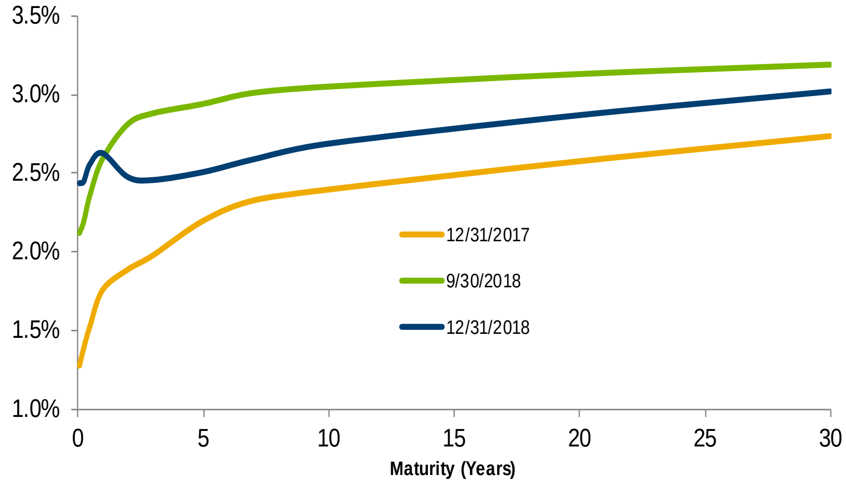
BLOOMBERG BARCLAYS AGGREGATE RETURNS BY MATURITY AS OF 12/31/2018



Source: FactSet

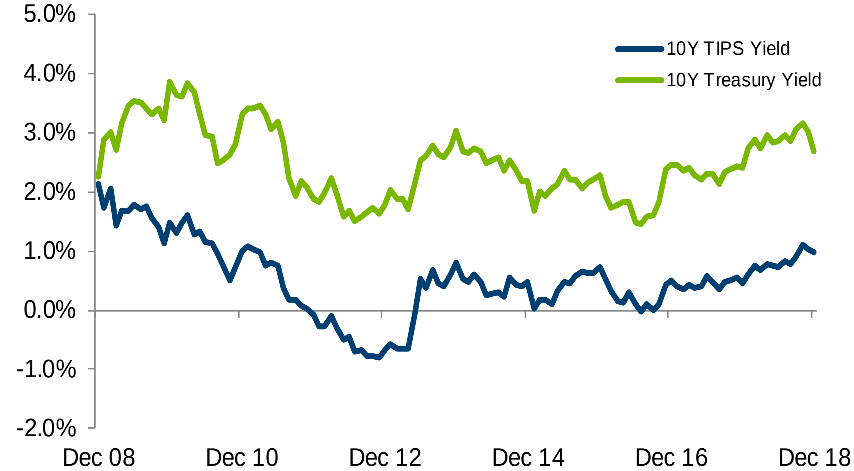
U.S. Fixed Income Markets

U.S. TREASURY YIELD CURVE



Source: U.S. Department of Treasury

U.S. 10-YEAR TREASURY AND TIPS YIELDS



Source: U.S. Department of Treasury

- The U.S. nominal yield curve continued to flatten during the fourth quarter. Amidst rising short-end yields and falling long-end yields, the U.S. yield curve flattened the most since 2007 and the spread between the U.S. 2-year and 5-year treasury yields dropped below zero for the first time since 2007. The spread between the 2-year and 10-year yields also touched its lowest level since 2007. The spread between 10-year and 2-year yields ended the quarter at just 21bps.
- The 10-year U.S. Treasury yield ended the quarter at 2.69%, 36 bps lower than at the start of the quarter in which the U.S. Federal Reserve (Fed) hiked its federal funds rate by 25 bps to a range of 2.25-2.5%. While starting the quarter with a more hawkish stance and indicating that several more hikes would be needed in the future, the Fed later back-tracked with comments intimating U.S. rates are not far from reaching the Fed's neutral rate estimate.
- The 10-year TIPS yield rose by 7 bps over the quarter and ended the period at 0.98%.

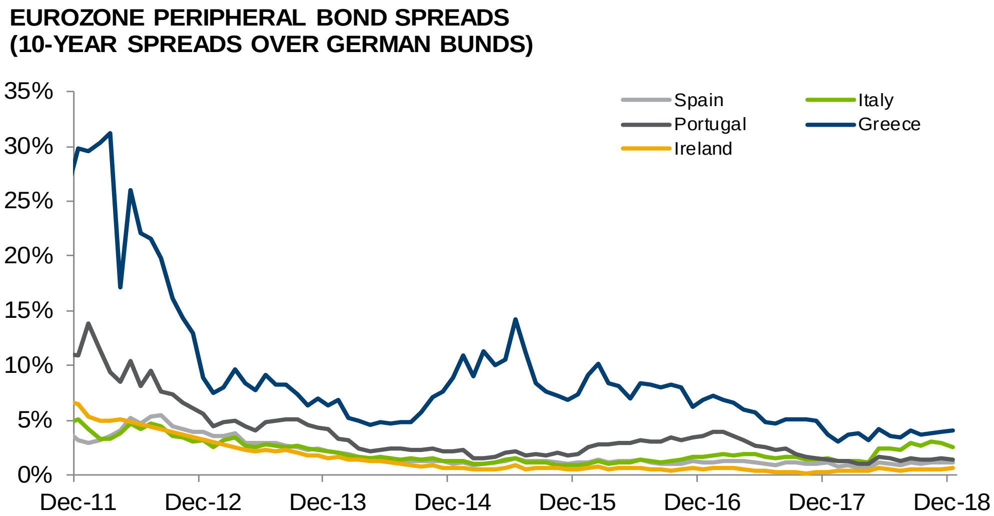
Credit Spreads

Spread (bps)	12/31/2018	9/30/2018	12/31/2017	Quarterly Change (bps)	1-Year Change (bps)
U.S. Aggregate	54	39	36	15	18
Long Gov't	2	2	2	0	0
Long Credit	200	153	139	47	61
Long Gov't/Credit	113	90	83	23	30
MBS	35	28	25	7	10
CMBS	86	60	62	26	24
ABS	53	38	36	15	17
Corporate	153	106	93	47	60
High Yield	526	316	343	210	183
Global Emerging Markets	330	273	215	57	115

Source: FactSet, Bloomberg Barclays

- During the fourth quarter, spreads over U.S. Treasuries generally widened across all maturities. Much of the move occurred in December as investors sought to switch to less-risky assets, such as U.S. treasuries, as fears over tightening financial conditions and ongoing global trade tensions took over.
- High yield bond spreads widened the most over the quarter, widening by 210 bps, followed by global emerging market bonds spreads which widened by 57 bps. Unlike the 2015/6 high yield shakeout, spread widening was not dominated by poor returns from the energy sector but was more widespread.

European Fixed Income Markets

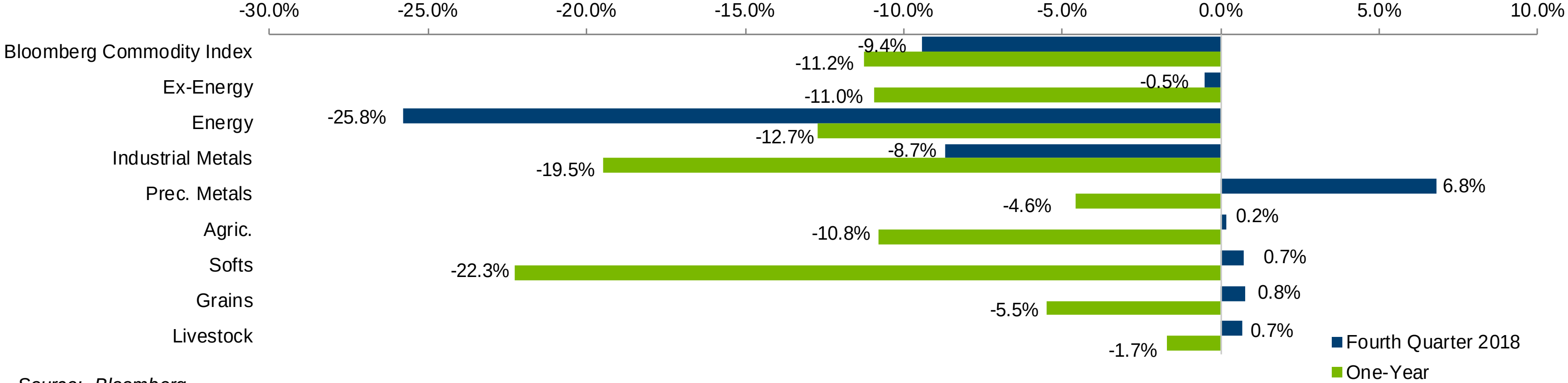


Source: Factset

- Bond spreads over 10-year German bunds rose across the eurozone (except for Italy). The European Central Bank (ECB) kept its policy rate unchanged but ended their quantitative easing program which has seen trillions of euros used to purchase European debt and cheapen financing in the bloc.
- Italian government bond yields fell by 43bps to 2.75% over the quarter as the Italian Government succumbed to the European Commission and lowered its budget target to 2.04% instead of the initially proposed 2.4%. At their peak, spreads between 10-year Italian and German bonds briefly reached their highest level since 2013 at 319 bps.
- Portuguese sovereign bond yields fell by 16bps to 1.71% supported by Moodys' upgrade of the country's credit rating to investment grade.
- Greek government bond yields rose by 21 bps to 4.35% as fears grew over the ability of the Greek banks to reduce their large portfolios of bad debt and tensions increased between the ruling Syriza party and their coalition partner, Independent Greeks (Anel), over a naming deal with neighboring Macedonia.

Commodities

COMMODITY RETURNS
AS OF 12/31/2018

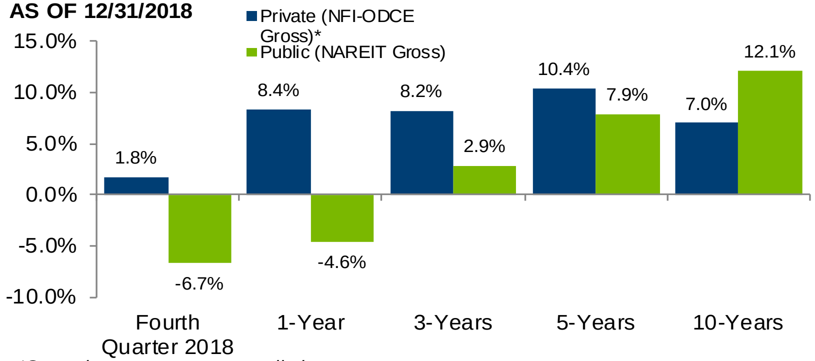


Source: Bloomberg
Note: Softs and Grains are part of the wider Agriculture sector

- Commodities fell significantly during the fourth quarter of 2018 with the Bloomberg Commodity Index returning -9.4%.
- Energy was the worst performing sector over the quarter with a return of -25.8% as crude oil prices fell sharply. The agreement to cut crude oil production by OPEC and Russia late in the quarter was not enough to stymie tumbling crude oil prices, brought lower by U.S. inventories rising faster than expected, a slowdown in the Chinese economy, the unexpected waiver on Iranian oil importer sanctions and of course the weaker outlook for global growth. The price of Brent crude oil fell by 35.0% to $54/bbl and the price of WTI crude oil fell by 38.0% to $45/bbl.
- Precious metals was the best performing sector in the fourth quarter of 2018 with a return of 6.8%. The price of gold increased 7.3% to $1,278.30/oz as investors moved towards “safe-haven” assets.
- The agriculture sector returned 0.2% over the quarter. Within the agriculture sector, softs and grains returned 0.7% and 0.8% respectively.

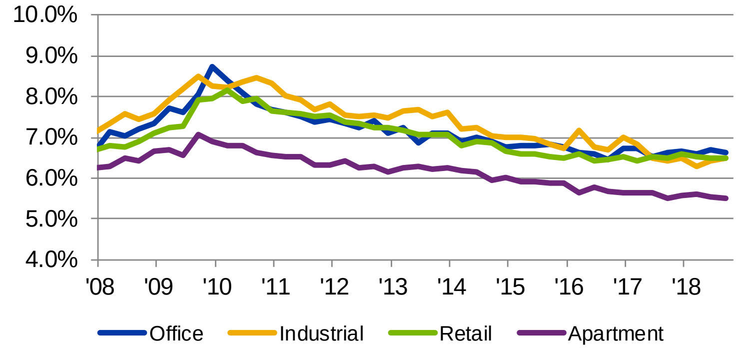
U.S. Commercial Real Estate Markets

PRIVATE VS. PUBLIC REAL ESTATE RETURNS AS OF 12/31/2018



**Second quarter returns are preliminary*
Sources: NCREIF, Factset

CAP RATES BY SECTOR



Sources: RCA, Aon

- U.S. Core real estate returned 1.76%* over the fourth quarter, equating to 8.4% total gross return year-over-year, including a 4.2% income return. Net income growth is expected to be the larger driver of the total return on a go forward basis given the current point of the real estate cycle.
- Global property markets, as measured by the FTSE EPRA/NAREIT Global Developed Real Estate Index, fell 5.5% (USD) in aggregate during the fourth quarter, declining 4.7% for the full year. Sector weakness was largely attributed to a broader equity market decline in Q4 (MSCI World Index down 13.3%) due to a host of macro concerns which resulted in a broad-based sell-off which also negatively impacted listed real estate share prices. Asia/Pacific was the top performing region with a slight loss of 0.3%, followed by North America declining 5.9% and Europe which fell 10.0%. The U.S. REIT markets (FTSE NAREIT Equity REITs Index) declined 6.7% in the fourth quarter, falling 4.6% for 2018. The sector declined 8.2% in December alone, which was generally on par with the broader US equity market (S&P 500 lost 9.0%). While the 10-year U.S. Treasury bond yield fell to 2.7% after starting the quarter above 3.0%, the movement was unable to support REIT share prices. As of quarter end, the U.S. REIT dividend yield stood of 4.6%.
- According to RCA, through August 2018 the U.S. property market has experienced price growth of 7.7% year-over-year across major sectors. Further, transaction volume was up 46% over the same period.
- Return expectations have normalized, with go forward expectations in line with historical norms. Rising interest rates have led to asset value correction fears across various asset classes. However, according to Preqin, there remains a record amount of dry powder ($295 billion) in closed-end vehicles seeking real estate exposure, which should continue to lend support to valuations and liquidity in the commercial real estate market.
- Aon prefers investments that offer relatively strong rental income growth, or value-add potential with near-term income generation prospects. It is critical to identify sub-sector and sub-market driven themes in the current environment; unlike the last 6-7 year period, as assets are no longer trading at deep discounts to replacement value. Real estate investments should seek levers of NOI growth that are not predicated on continued market uplift. For example, an investment thesis can focus towards sectors benefiting from secular changes (e.g. Industrial and e-commerce), acquiring in-place rents below current market terms, and improving operational efficiency.

*Indicates preliminary NFI-ODCE data gross of fees

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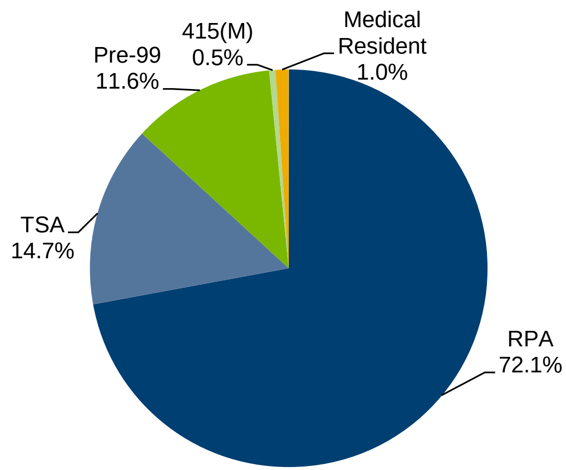
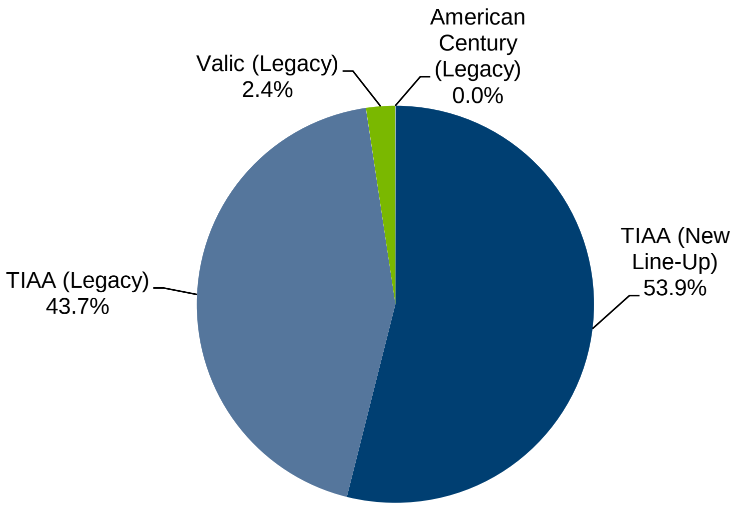
Discussion Topics

Asset Allocation

Assets by Plan
As of December 31, 2018



Assets by Vendor
As of December 31, 2018



As of 12/31/2018

Plan	RPA		TSA		Pre-99		415(M)		Medical Resident		Total	
	$	%	$	%	$	%	$	%	$	%	$	%
TIAA (New Line-Up)	$ 1,264,281,766	58.8%	$ 272,201,881	61.9%	$ 36,708,474	10.6%	$ 14,215,328	91.7%	$ 22,313,482	71.7%	$ 1,609,720,931	53.9%
TIAA (Legacy)	$ 845,264,406	39.3%	$ 147,909,231	33.6%	$ 309,544,233	89.3%	$ 1,280,694	8.3%	$ 155,999	0.5%	$ 1,304,154,562	43.7%
Valic (Legacy)	$ 42,134,024	2.0%	$ 19,699,787	4.5%	$ -	0.0%	$ -	0.0%	$ 8,672,349	27.8%	$ 70,506,161	2.4%
American Century (Legacy)	$ -	0.0%	$ -	0.0%	$ 263,819	0.1%	$ -	0.0%	$ -	0.0%	$ 263,819	0.0%
Total	**$ 2,151,680,197**	**100.0%**	**$ 439,810,899**	**100.0%**	**$ 346,516,526**	**100.0%**	**$ 15,496,022**	**100.0%**	**$ 31,141,830**	**100.0%**	**$ 2,984,645,474**	**100.0%**
Other Assets*											$ 2,125,226	0.1%
Grand Total	**$ 2,151,680,197**	**72.0%**	**$ 439,810,899**	**14.7%**	**$ 346,516,526**	**11.6%**	**$ 15,496,022**	**0.5%**	**$ 31,141,830**	**1.0%**	**$ 2,986,770,700**	**100.0%**

*Other Assets includes Loans and TIAA-CREF Money Market.

Source: TIAA

Tier I(a) Watch List

Tier I (a)

	1. Underperformed During Trailing 5 Years	2. Underperformed in 3 of 4 Trailing Calendar Quarters	3. Diverged from Strategy and/or Portfolio Characteristics	4. Adverse Change in Portfolio Manager	5. Weak Manager Research Rating	6. Significant Organizational Change	Watch List Status			
							4th Quarter 2018	3rd Quarter 2018	2nd Quarter 2018	1st Quarter 2018
Vanguard Target Retirement Income Trust Plus	No	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2015 Trust Plus	No	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2020 Trust Plus	No	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2025 Trust Plus	No	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2030 Trust Plus	No	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2035 Trust Plus	No	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2040 Trust Plus	No	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2045 Trust Plus	No	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2050 Trust Plus	No	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2055 Trust Plus	No	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2060 Trust Plus	No	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2065 Trust Plus*	No	No	No	No	No (Buy)	No				

Negative tracking of greater than 0.2% constitutes underperformance for the Plan's target date retirement funds.

- **Notes on Table:** Changes in Watch List designations from the previous quarter are highlighted in red.
- **Yellow-Level Watch List.** An investment fund goes on the Watch List with a yellow designation when two of the above occur, or when item numbers 4, 5, or 6 occur.
- **Orange-Level Watch List**. An investment fund goes on the Watch List with an orange designation when it has been on the yellow watch list for two consecutive quarters or when three of the above occur.
- **Red-Level Watch List.** An investment fund goes on the Watch List with a red designation when it has been on the orange watchlist for two consecutive quarters or when four of the above occur. When an investment fund is placed on the Watch List with a red designation, a formal fund review will be conducted and a recommendation for action will be made.

* Since-inception returns were used since this fund does not have a trailing five-year return.

Tier I Watch List

Tier I

	1. Underperformed During Trailing 5 Years	2. Underperformed in 3 of 4 Trailing Calendar Quarters	3. Diverged from Strategy and/or Portfolio Characteristics	4. Adverse Change in Portfolio Manager	5. Weak Manager Research Rating	6. Significant Organizational Change	Watch List Status			
							4th Quarter 2018	3rd Quarter 2018	2nd Quarter 2018	1st Quarter 2018
Vanguard Target Retirement Income - Instl.	No	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2015 - Instl.	No	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2020 - Instl.	No	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2025 - Instl.	No	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2030 - Instl.	No	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2035 - Instl.	No	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2040 - Instl.	Yes	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2045 - Instl.	Yes	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2050 - Instl.	Yes	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2055 - Instl.	Yes	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2060 - Instl.	Yes	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2065 - Instl.*	Yes	No	No	No	No (Buy)	No				

Negative tracking of greater than 0.2% constitutes underperformance for the Plan's target date retirement funds.

- **Notes on Table:** Changes in Watch List designations from the previous quarter are highlighted in red.
- **Yellow-Level Watch List.** An investment fund goes on the Watch List with a yellow designation when two of the above occur, or when item numbers 4, 5, or 6 occur.
- **Orange-Level Watch List**. An investment fund goes on the Watch List with an orange designation when it has been on the yellow watch list for two consecutive quarters or when three of the above occur.
- **Red-Level Watch List.** An investment fund goes on the Watch List with a red designation when it has been on the orange watchlist for two consecutive quarters or when four of the above occur. When an investment fund is placed on the Watch List with a red designation, a formal fund review will be conducted and a recommendation for action will be made.

* Since-inception returns were used since this fund does not have a trailing five-year return.

Tier II Watch List

Tier II

	1. Underperformed During Trailing 5 Years	2. Underperformed in 3 of 4 Trailing Calendar Quarters	3. Diverged from Strategy and/or Portfolio Characteristics	4. Adverse Change in Portfolio Manager	5. Weak Manager Research Rating	6. Significant Organizational Change	Watch List Status 4th Quarter 2018	3rd Quarter 2018	2nd Quarter 2018	1st Quarter 2018
Vanguard Total Bond Market Index Fund	No	No	No	No	No (Buy)	No				
Vanguard Total Stock Market Index Fund	No	No	No	No	No (Buy)	No				
Vanguard Institutional Index Fund	No	No	No	No	No (Buy)	No				
Vanguard FTSE Social Index Fund	Yes	No	No	No	No (Buy)	No				
Vanguard Extended Market Index Fund	No	No	No	No	No (Buy)	No				
Vanguard Total International Stock Index	No	No	No	No	No (Buy)	No				
Vanguard Developed Market Index Fund	No	No	No	No	No (Buy)	No				
Vanguard Emerging Markets Stock Index Fund	No	No	No	No	No (Buy)	No				
Vanguard Federal Money Market Fund	No	No	No	No	No (Buy)	No				
T. Rowe Price Stable Value Common Trust Fund A*	Yes	No	No	No	No (Buy)	No				
TIAA Traditional - RC	No	No	No	No	No (Buy)	No				
TIAA Traditional - RCP	No	No	No	No	No (Buy)	No				
PIMCO Total Return Fund	No	No	No	No	No (Buy)	No				
DFA Inflation-Protected Securities	No	No	No	No	No (Buy)	No				
American Century High Income	Yes	No	No	No	No (Buy)	No				
T. Rowe Price Instl. Large Cap Growth Fund	No	No	No	No	No (Buy)	No				
Diamond Hill Large Cap	No	Yes	No	No	No (Buy)	No				
William Blair Small/Mid Cap Growth Fund	No	No	No	No	No (Buy)	No				
DFA U.S. Targeted Value	Yes	No	No	No	No (Buy)	No				
Dodge & Cox Global Stock Fund	Yes	Yes	No	No	No (Buy)	No				
Harding Loevner International Equity Instl.	No	No	No	No	No (Buy)	No				
MFS International Value Fund	No	No	No	No	No (Buy)	No				
Cohen & Steers Instl Realty Shares	No	No	No	No	No (Buy)	No				

Negative tracking of greater than 0.1% for domestic equities and fixed income or 0.3% for non-U.S. equities constitutes underperformance for the Plan's index funds.

- **Notes on Table**: Changes in Watch List designations from the previous quarter are highlighted in red.
- **Yellow-Level Watch List.** An investment fund goes on the Watch List with a yellow designation when two of the above occur, or when item numbers 4, 5, or 6 occur.
- **Orange-Level Watch List.** An investment fund goes on the Watch List with an orange designation when it has been on the yellow watch list for two consecutive quarters or when three of the above occur.
- **Red-Level Watch List.** An investment fund goes on the Watch List with a red designation when it has been on the orange watchlist for two consecutive quarters or when four of the above occur. When an investment fund is placed on the Watch List with a red designation, a formal fund review will be conducted and a recommendation for action will be made.

* Since-inception returns were used since this fund does not have a trailing five-year return.

Tier I(a) Performance Summary

As of 12/31/2018

	Allocation		Performance(%)												
	Market Value ($)	%	1 Quarter		1 Year		3 Years		5 Years		10 Years	Since Inception		Inception Date
Total Plan	**2,986,770,700**	**100.0**												**03/01/2014**
Tier I (a)	**732,730,094**	**24.5**												**03/01/2014**
Vanguard Target Retirement Income Trust Plus	23,687,626	0.8	-3.2	(30)	-2.0	(20)	3.9	(64)	3.4	(61)		4.5	(79)	09/01/2011
Vanguard Target Retirement Income Trust I			*-3.2*	*(30)*	*-2.0*	*(19)*	*3.9*	*(64)*	*3.4*	*(61)*	*6.0*	*4.5*	*(79)*	
Vanguard Target Retirement Income Trust II			*-3.2*	*(30)*	*-2.0*	*(20)*	*3.9*	*(64)*	*3.4*	*(62)*	*6.0*	*4.4*	*(80)*	
Vanguard Target Income Composite Index			*-3.2*	*(30)*	*-2.0*	*(15)*	*3.9*	*(63)*	*3.5*	*(60)*	*6.1*	*4.6*	*(78)*	
Vanguard Target Retirement 2015 Trust Plus	51,726,120	1.7	-4.7	(30)	-2.9	(18)	4.8	(28)	4.1	(11)		6.2	(14)	09/01/2011
Vanguard Target Retirement 2015 Trust I			*-4.7*	*(29)*	*-2.9*	*(19)*	*4.8*	*(33)*	*4.1*	*(12)*	*7.9*	*6.2*	*(15)*	
Vanguard Target Retirement 2015 Trust II			*-4.7*	*(30)*	*-3.0*	*(22)*	*4.8*	*(35)*	*4.1*	*(13)*	*7.9*	*6.2*	*(17)*	
Vanguard Target 2015 Composite Index			*-4.7*	*(29)*	*-2.9*	*(14)*	*4.9*	*(23)*	*4.2*	*(3)*	*8.0*	*6.3*	*(11)*	
Vanguard Target Retirement 2020 Trust Plus	86,815,343	2.9	-6.5	(86)	-4.2	(64)	5.4	(1)	4.5	(1)		7.0	(1)	09/01/2011
Vanguard Target Retirement 2020 Trust I			*-6.5*	*(88)*	*-4.2*	*(64)*	*5.4*	*(1)*	*4.5*	*(1)*	*8.6*	*7.0*	*(1)*	
Vanguard Target Retirement 2020 Trust II			*-6.5*	*(87)*	*-4.2*	*(64)*	*5.4*	*(1)*	*4.5*	*(1)*	*8.6*	*6.9*	*(1)*	
Vanguard Target 2020 Composite Index			*-6.5*	*(85)*	*-4.1*	*(63)*	*5.5*	*(1)*	*4.6*	*(1)*	*8.7*	*7.1*	*(1)*	
Vanguard Target Retirement 2025 Trust Plus	100,676,512	3.4	-7.7	(57)	-5.0	(42)	5.8	(9)	4.8	(3)		7.5	(11)	09/01/2011
Vanguard Target Retirement 2025 Trust I			*-7.7*	*(58)*	*-5.1*	*(42)*	*5.8*	*(10)*	*4.8*	*(3)*	*9.2*	*7.5*	*(12)*	
Vanguard Target Retirement 2025 Trust II			*-7.7*	*(58)*	*-5.1*	*(42)*	*5.8*	*(10)*	*4.7*	*(3)*	*9.1*	*7.5*	*(14)*	
Vanguard Target 2025 Composite Index			*-7.7*	*(58)*	*-5.0*	*(42)*	*5.9*	*(7)*	*4.9*	*(2)*	*9.3*	*7.6*	*(5)*	
Vanguard Target Retirement 2030 Trust Plus	118,636,536	4.0	-8.8	(49)	-5.7	(40)	6.2	(23)	4.9	(7)		8.0	(13)	09/01/2011
Vanguard Target Retirement 2030 Trust I			*-8.8*	*(49)*	*-5.8*	*(40)*	*6.2*	*(23)*	*4.9*	*(8)*	*9.7*	*8.0*	*(14)*	
Vanguard Target Retirement 2030 Trust II			*-8.8*	*(48)*	*-5.8*	*(40)*	*6.1*	*(23)*	*4.9*	*(9)*	*9.6*	*8.0*	*(15)*	
Vanguard Target 2030 Composite Index			*-8.8*	*(49)*	*-5.7*	*(39)*	*6.2*	*(19)*	*5.0*	*(3)*	*9.8*	*8.2*	*(9)*	
Vanguard Target Retirement 2035 Trust Plus	117,850,285	3.9	-9.9	(39)	-6.5	(31)	6.5	(23)	5.1	(9)		8.5	(13)	09/01/2011
Vanguard Target Retirement 2035 Trust I			*-9.9*	*(39)*	*-6.5*	*(31)*	*6.5*	*(23)*	*5.1*	*(9)*	*10.1*	*8.5*	*(13)*	
Vanguard Target Retirement 2035 Trust II			*-9.9*	*(41)*	*-6.5*	*(32)*	*6.5*	*(23)*	*5.1*	*(10)*	*10.1*	*8.5*	*(13)*	
Vanguard Target 2035 Composite Index			*-9.9*	*(39)*	*-6.5*	*(31)*	*6.6*	*(22)*	*5.2*	*(5)*	*10.3*	*8.6*	*(9)*	

Note: Trust II through October 31, 2017; Trust I through October 25, 2018; Trust Plus thereafter.

Tier I(a) Performance Summary (cont'd.)

As of 12/31/2018

	Allocation		Performance(%)						
	Market Value ($)	%	1 Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Vanguard Target Retirement 2040 Trust Plus	104,287,841	3.5	-11.0 (50)	-7.3 (33)	6.8 (12)	5.2 (6)		8.8 (11)	09/01/2011
Vanguard Target Retirement 2040 Trust I			*-11.0 (49)*	*-7.3 (33)*	*6.8 (12)*	*5.2 (6)*	*10.4*	*8.8 (11)*	
Vanguard Target Retirement 2040 Trust II			*-11.0 (49)*	*-7.3 (34)*	*6.8 (12)*	*5.2 (6)*	*10.3*	*8.8 (12)*	
Vanguard Target 2040 Composite Index			*-11.0 (44)*	*-7.2 (32)*	*6.9 (7)*	*5.4 (4)*	*10.5*	*9.0 (8)*	
Vanguard Target Retirement 2045 Trust Plus	75,086,331	2.5	-11.8 (46)	-7.8 (36)	6.9 (12)	5.2 (7)		8.8 (16)	09/01/2011
Vanguard Target Retirement 2045 Trust I			*-11.8 (47)*	*-7.9 (37)*	*6.8 (13)*	*5.2 (7)*	*10.4*	*8.8 (17)*	
Vanguard Target Retirement 2045 Trust II			*-11.8 (48)*	*-7.9 (37)*	*6.8 (13)*	*5.2 (8)*	*10.3*	*8.8 (19)*	
Vanguard Target 2045 Composite Index			*-11.7 (45)*	*-7.8 (35)*	*7.0 (7)*	*5.4 (5)*	*10.5*	*9.0 (10)*	
Vanguard Target Retirement 2050 Trust Plus	38,658,980	1.3	-11.8 (43)	-7.8 (34)	6.9 (12)	5.2 (9)		8.8 (16)	09/01/2011
Vanguard Target Retirement 2050 Trust I			*-11.8 (43)*	*-7.8 (34)*	*6.9 (13)*	*5.2 (9)*	*10.4*	*8.8 (16)*	
Vanguard Target Retirement 2050 Trust II			*-11.8 (43)*	*-7.8 (34)*	*6.8 (13)*	*5.2 (10)*	*10.3*	*8.8 (17)*	
Vanguard Target 2050 Composite Index			*-11.7 (42)*	*-7.8 (33)*	*7.0 (9)*	*5.4 (5)*	*10.5*	*9.0 (12)*	
Vanguard Target Retirement 2055 Trust Plus	11,885,107	0.4	-11.8 (34)	-7.8 (31)	6.9 (15)	5.2 (13)			09/01/2011
Vanguard Target Retirement 2055 Trust I			*-11.8 (34)*	*-7.8 (31)*	*6.9 (15)*	*5.2 (14)*		*8.8 (25)*	
Vanguard Target Retirement 2055 Trust II			*-11.8 (34)*	*-7.9 (31)*	*6.8 (16)*	*5.2 (14)*		*8.8 (25)*	
Vanguard Target 2055 Composite Index			*-11.7 (32)*	*-7.8 (30)*	*7.0 (9)*	*5.4 (7)*		*9.0 (20)*	
Vanguard Target Retirement 2060 Trust Plus	3,409,702	0.1	-11.8 (27)	-7.8 (27)	6.9 (11)	5.2		7.9	04/01/2012
Vanguard Target Retirement 2060 Trust I			*-11.8 (25)*	*-7.8 (28)*	*6.9 (12)*	*5.2*		*7.9*	
Vanguard Target Retirement 2060 Trust II			*-11.8 (29)*	*-7.9 (29)*	*6.8 (13)*	*5.2*		*7.9*	
Vanguard Target 2060 Composite Index			*-11.7 (23)*	*-7.8 (27)*	*7.0 (8)*	*5.4*		*8.0*	
Vanguard Target Retirement 2065 Trust Plus	9,710	0.0	-11.7 (23)	-7.7 (25)				-0.4 (16)	08/01/2017
Vanguard Target Retirement 2065 Trust I			*-11.7 (22)*	*-7.7 (25)*				*-0.4 (15)*	
Vanguard Target Retirement 2065 Trust II			*-11.7 (22)*	*-7.7 (25)*				*-0.4 (16)*	
Vanguard Target 2065 Composite Index			*-11.7 (23)*	*-7.8 (27)*				*-0.3 (14)*	

Note: Trust II through October 31, 2017; Trust I through October 25, 2018; Trust Plus thereafter.

Empower Results®

Tier I Performance Summary

As of 12/31/2018

	Allocation		Performance(%)						
	Market Value ($)	%	1 Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Tier I	**132,794,133**	**4.4**							**02/01/2014**
Vanguard Target Retirement Income - Instl.	10,550,695	0.4	-3.2 (30)	-2.0 (18)	3.9 (64)			3.0 (58)	07/01/2015
Vanguard Tgt Ret Inc;Inv (VTINX)			*-3.2 (30)*	*-2.0 (19)*	*3.8 (64)*	*3.3*	*5.9*	*3.0 (59)*	
Vanguard Target Income Composite Index			*-3.2 (30)*	*-2.0 (15)*	*3.9 (63)*	*3.5*	*6.1*	*3.1 (55)*	
Vanguard Target Retirement 2015 - Instl.	18,711,711	0.6	-4.6 (28)	-2.9 (17)	4.8 (33)			3.5 (23)	07/01/2015
Vanguard Tgt Ret2015;Inv (VTXVX)			*-4.7 (29)*	*-3.0 (20)*	*4.7 (40)*	*4.0*	*7.8*	*3.5 (25)*	
Vanguard Target 2015 Composite Index			*-4.7 (29)*	*-2.9 (14)*	*4.9 (23)*	*4.2*	*8.0*	*3.7 (12)*	
Vanguard Target Retirement 2020 - Instl.	22,591,132	0.8	-6.5 (62)	-4.2 (44)	5.4 (12)			3.9 (4)	07/01/2015
Vanguard Tgt Ret2020;Inv (VTWNX)			*-6.5 (62)*	*-4.2 (47)*	*5.3 (18)*	*4.4*	*8.5*	*3.9 (6)*	
Vanguard Target 2020 Composite Index			*-6.5 (61)*	*-4.1 (41)*	*5.5 (7)*	*4.6*	*8.7*	*4.1 (2)*	
Vanguard Target Retirement 2025 - Instl.	21,111,976	0.7	-7.7 (57)	-5.0 (42)	5.8 (10)			4.1 (7)	07/01/2015
Vanguard Tgt Ret2025;Inv (VTTVX)			*-7.7 (58)*	*-5.2 (43)*	*5.7 (18)*	*4.7*	*9.1*	*4.1 (11)*	
Vanguard Target 2025 Composite Index			*-7.7 (58)*	*-5.0 (42)*	*5.9 (7)*	*4.9*	*9.3*	*4.3 (3)*	
Vanguard Target Retirement 2030 - Instl.	18,064,264	0.6	-8.9 (49)	-5.8 (41)	6.1 (23)			4.3 (23)	07/01/2015
Vanguard Tgt Ret2030;Inv (VTHRX)			*-8.9 (49)*	*-5.9 (42)*	*6.1 (25)*	*4.8*	*9.6*	*4.3 (27)*	
Vanguard Target 2030 Composite Index			*-8.8 (49)*	*-5.7 (39)*	*6.2 (19)*	*5.0*	*9.8*	*4.5 (7)*	
Vanguard Target Retirement 2035 - Instl.	11,132,961	0.4	-10.0 (45)	-6.6 (32)	6.5 (23)			4.4 (25)	07/01/2015
Vanguard Tgt Ret2035;Inv (VTTHX)			*-9.9 (40)*	*-6.6 (32)*	*6.4 (24)*	*5.0*	*10.0*	*4.4 (29)*	
Vanguard Target 2035 Composite Index			*-9.9 (39)*	*-6.5 (31)*	*6.6 (22)*	*5.2*	*10.3*	*4.6 (8)*	

Note: Investor class shares through June 30, 2016; Institutional class shares thereafter.

Tier I Performance Summary (cont'd.)

As of 12/31/2018

	Allocation		Performance(%)						
	Market Value ($)	%	1 Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Vanguard Target Retirement 2040 - Instl.	9,690,873	0.3	-11.0 (54)	-7.3 (34)	6.8 (13)			4.6 (20)	07/01/2015
Vanguard Tgt Ret2040;Inv (VFORX)			*-11.0 (52)*	*-7.3 (36)*	*6.7 (16)*	*5.1*	*10.3*	*4.5 (21)*	
Vanguard Target 2040 Composite Index			*-11.0 (44)*	*-7.2 (32)*	*6.9 (7)*	*5.4*	*10.5*	*4.8 (6)*	
Vanguard Target Retirement 2045 - Instl.	8,940,969	0.3	-11.8 (50)	-7.9 (37)	6.8 (13)			4.6 (20)	07/01/2015
Vanguard Tgt Ret2045;Inv (VTIVX)			*-11.8 (48)*	*-7.9 (37)*	*6.8 (22)*	*5.1*	*10.3*	*4.6 (24)*	
Vanguard Target 2045 Composite Index			*-11.7 (45)*	*-7.8 (35)*	*7.0 (7)*	*5.4*	*10.5*	*4.8 (7)*	
Vanguard Target Retirement 2050 - Instl.	9,110,742	0.3	-11.8 (47)	-7.9 (35)	6.8 (16)			4.6 (19)	07/01/2015
Vanguard Tgt Ret2050;Inv (VFIFX)			*-11.8 (47)*	*-7.9 (36)*	*6.8 (21)*	*5.1*	*10.3*	*4.6 (24)*	
Vanguard Target 2050 Composite Index			*-11.7 (42)*	*-7.8 (33)*	*7.0 (9)*	*5.4*	*10.5*	*4.8 (7)*	
Vanguard Target Retirement 2055 - Instl.	2,566,586	0.1	-11.8 (34)	-7.8 (31)	6.8 (16)			4.6 (22)	07/01/2015
Vanguard Tgt Ret2055;Inv (VFFVX)			*-11.8 (34)*	*-7.9 (34)*	*6.8 (23)*	*5.1*		*4.5 (28)*	
Vanguard Target 2055 Composite Index			*-11.7 (32)*	*-7.8 (30)*	*7.0 (9)*	*5.4*		*4.8 (8)*	
Vanguard Target Retirement 2060 - Instl.	320,251	0.0	-11.8 (35)	-7.9 (33)	6.8 (17)			4.6 (26)	07/01/2015
Vanguard Tgt Ret2060;Inv (VTTSX)			*-11.8 (35)*	*-7.9 (36)*	*6.8 (25)*	*5.1*		*4.5 (29)*	
Vanguard Target 2060 Composite Index			*-11.7 (32)*	*-7.8 (30)*	*7.0 (9)*	*5.4*		*4.8 (8)*	
Vanguard Target Retirement 2065 - Instl.	1,971	0.0	-11.8 (34)	-7.8 (31)				-0.5 (23)	08/01/2017
Vanguard Tgt Ret2065;Inv (VLXVX)			*-11.8 (34)*	*-7.9 (40)*				*-0.6 (25)*	
Vanguard Target 2065 Composite Index			*-11.7 (32)*	*-7.8 (30)*				*-0.3 (15)*	

Note: Investor class shares through June 30, 2016; Institutional class shares thereafter.

Tier II Performance Summary

As of 12/31/2018

	Allocation		Performance(%)						
	Market Value ($)	%	1 Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Tier II	**731,786,154**	**24.5**							**03/01/2014**
Vanguard Total Bond Market Index Fund - Inst.	30,953,888	1.0	1.6 (14)	0.0 (20)	2.0 (57)	2.5 (49)	3.4 (76)	5.0 (28)	10/01/1995
Performance Benchmark			*1.6 (18)*	*-0.1 (24)*	*2.1 (53)*	*2.5 (43)*	*3.5 (75)*	*5.0 (25)*	
Vanguard Total Stock Market Index Fund - Inst.	44,284,716	1.5	-14.3 (54)	-5.2 (58)	9.0 (40)	7.9 (44)	13.3 (38)	6.9 (25)	08/01/1997
Performance Benchmark			*-14.3 (54)*	*-5.2 (58)*	*9.0 (40)*	*7.9 (44)*	*13.3 (38)*	*6.9 (27)*	
Vanguard Institutional Index Fund - Instl. Plus	103,803,983	3.5	-13.5 (22)	-4.4 (13)	9.2 (10)	8.5 (1)	13.1 (1)	6.6 (1)	08/01/1997
S&P 500 Index			*-13.5 (20)*	*-4.4 (7)*	*9.3 (5)*	*8.5 (1)*	*13.1 (3)*	*6.6 (3)*	
Vanguard FTSE Social Index Fund - Inv.	1,487,050	0.0	-13.1 (35)	-3.4 (43)	9.7 (27)	9.1 (25)	14.4 (22)	4.1 (78)	06/01/2000
FTSE 4Good U.S. Select Index			*-13.1 (35)*	*-3.3 (41)*	*9.9 (24)*	*9.3 (23)*	*14.6 (19)*		
S&P 500 Index			*-13.5 (40)*	*-4.4 (49)*	*9.3 (35)*	*8.5 (33)*	*13.1 (41)*	*5.1 (47)*	
Vanguard Extended Market Index Fund - Inst.	33,307,266	1.1	-18.2 (64)	-9.4 (83)	7.5 (56)	5.3 (68)	13.7 (38)	7.7 (49)	08/01/1997
Performance Benchmark			*-18.3 (65)*	*-9.6 (84)*	*7.4 (58)*	*5.2 (69)*	*13.5 (39)*		
Vanguard Total International Stock Index Fund - Inst.	8,469,913	0.3	-11.7 (27)	-14.4 (42)	4.6 (16)	1.0 (20)		3.5 (67)	12/01/2010
Performance Benchmark			*-11.8 (30)*	*-14.6 (44)*	*4.4 (20)*	*1.0 (20)*		*3.5 (67)*	
Vanguard Developed Market Index Fund - Inst.	34,092,702	1.1	-13.1 (51)	-14.5 (42)	3.5 (34)	0.8 (21)		4.7 (30)	02/01/2010
Performance Benchmark			*-13.2 (53)*	*-14.5 (43)*	*3.6 (31)*	*1.0 (20)*		*4.6 (35)*	
Vanguard Emerging Markets Stock Index Fund - Inst.	25,383,279	0.8	-6.3 (34)	-14.5 (34)	7.9 (42)	1.4 (39)	7.5 (51)	6.7 (58)	07/01/2000
Performance Benchmark			*-6.4 (35)*	*-14.5 (33)*	*7.9 (40)*	*1.5 (35)*	*7.8 (46)*	*6.6 (67)*	
Vanguard Federal Money Market Fund - Inv.	27,064,767	0.9	0.5 (21)	1.8 (20)	1.0 (19)	0.6 (20)	0.3 (24)	2.9 (25)	11/01/1989
FTSE 3 Month T-Bill			*0.6 (14)*	*1.9 (16)*	*1.0 (18)*	*0.6 (19)*	*0.3 (22)*	*2.8 (41)*	
T. Rowe Price Stable Value Common Trust Fund A	3,096,005	0.1	0.6 (23)					1.9 (17)	02/01/2018
Hueler Stable Value Index			*0.6 (8)*					*2.1 (4)*	
TIAA Traditional - RC	103,288,616	3.5	1.0 (5)	4.1 (1)	4.2 (1)	4.3 (1)	4.3 (1)	4.5 (1)	08/01/2005
Hueler Stable Value Index			*0.6 (8)*	*2.2 (3)*	*2.0 (1)*	*1.9 (6)*	*2.2 (24)*	*2.9 (21)*	
TIAA Traditional - RCP	75,094,091	2.5	0.8 (6)	3.4 (1)	3.4 (1)	3.5 (1)	3.5 (1)	3.7 (1)	06/01/2006
Hueler Stable Value Index			*0.6 (8)*	*2.2 (3)*	*2.0 (1)*	*1.9 (6)*	*2.2 (24)*	*2.8 (21)*	
PIMCO Total Return Fund - Inst.	20,090,540	0.7	1.4 (31)	-0.3 (36)	2.5 (26)	2.6 (36)	4.7 (33)	7.1	06/01/1987
Blmbg. Barc. U.S. Aggregate			*1.6 (10)*	*0.0 (19)*	*2.1 (55)*	*2.5 (41)*	*3.5 (75)*	*6.2*	
DFA Inflation-Protected Securities Portfolio - I	16,848,200	0.6	0.0 (4)	-1.3 (40)	2.2 (24)	1.7 (10)	3.7 (16)	3.7 (17)	10/01/2006
Blmbg. Barc. Global Inflation-Linked: U.S. TIPS			*-0.4 (25)*	*-1.3 (39)*	*2.1 (28)*	*1.7 (12)*	*3.6 (21)*	*3.6 (23)*	

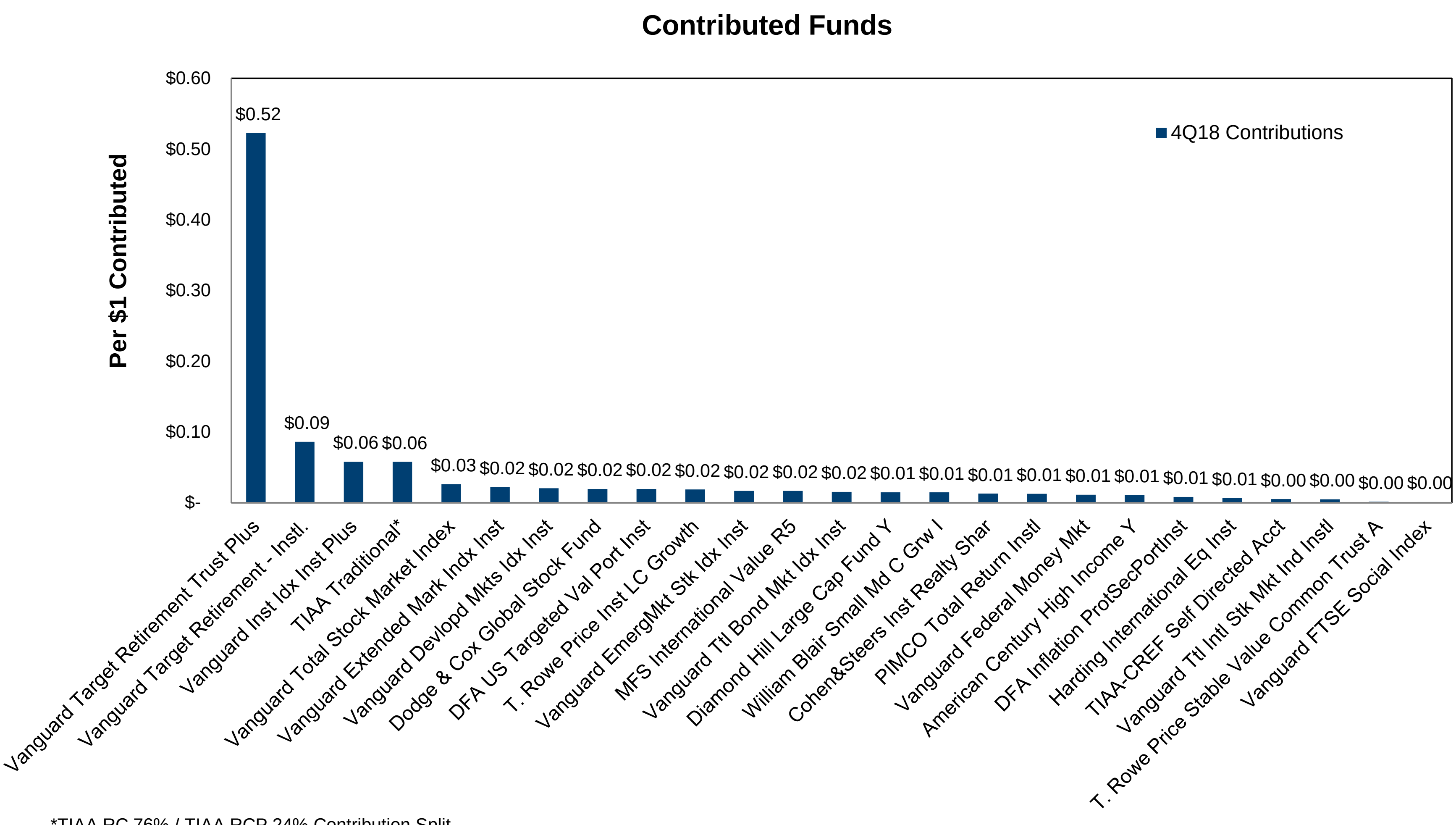
Tier II Performance Summary (cont'd)

As of 12/31/2018

	Allocation		Performance(%)												
	Market Value ($)	%	1 Quarter		1 Year		3 Years		5 Years		10 Years		Since Inception		Inception Date
American Century High Income - Y	20,354,243	0.7	-5.1	(74)	-2.0	(36)	7.1	(10)	3.6	(20)			4.9	(7)	01/01/2013
ICE BofAML US High Yield Master II Constrained			*-4.7*	*(58)*	*-2.3*	*(42)*	*7.3*	*(7)*	*3.8*	*(15)*			*4.4*	*(17)*	
T. Rowe Price Instl. Large Cap Growth Fund	28,451,216	1.0	-12.8	(9)	4.3	(8)	13.9	(2)	12.1	(5)	18.1	(6)	10.0	(2)	11/01/2001
Russell 1000 Growth Index			*-15.9*	*(59)*	*-1.5*	*(62)*	*11.1*	*(22)*	*10.4*	*(21)*	*15.3*	*(24)*	*7.7*	*(40)*	
Diamond Hill Large Cap - Y	21,464,344	0.7	-13.6	(64)	-9.5	(72)	7.7	(36)	6.6	(21)			11.4	(27)	01/01/2012
Russell 1000 Value Index			*-11.7*	*(34)*	*-8.3*	*(49)*	*7.0*	*(57)*	*5.9*	*(47)*			*11.0*	*(39)*	
William Blair Small/Mid Cap Growth Fund - I	23,886,375	0.8	-18.6	(14)	-2.1	(30)	10.4	(27)	8.9	(6)	15.8	(14)	10.1	(6)	01/01/2004
Russell 2500 Growth Index			*-20.1*	*(39)*	*-7.5*	*(71)*	*8.1*	*(59)*	*6.2*	*(38)*	*14.8*	*(30)*	*8.8*	*(26)*	
DFA U.S. Targeted Value - I	28,708,168	1.0	-20.0	(62)	-15.8	(43)	5.4	(41)	2.6	(49)	11.9	(41)	10.2	(14)	03/01/2000
Russell 2500 Value Index			*-17.1*	*(19)*	*-12.4*	*(19)*	*6.6*	*(26)*	*4.2*	*(13)*	*11.6*	*(43)*	*9.2*	*(37)*	
Dodge & Cox Global Stock Fund	27,193,252	0.9	-12.7	(54)	-12.6	(87)	7.5	(29)	4.1	(59)	11.5	(18)	4.4	(63)	05/01/2008
MSCI AC World Index (Net)			*-12.8*	*(55)*	*-9.4*	*(67)*	*6.6*	*(52)*	*4.3*	*(55)*	*9.5*	*(44)*	*3.8*	*(77)*	
Harding Loevner International Equity Instl.	9,737,109	0.3	-15.0	(85)	-14.0	(45)	5.6	(11)	2.6	(17)	8.8	(9)	5.7		06/01/1994
MSCI AC World ex USA Growth (Net)			*-12.2*	*(40)*	*-14.4*	*(47)*	*4.2*	*(32)*	*1.7*	*(25)*	*7.1*	*(30)*			
MFS International Value Fund - R6	25,742,378	0.9	-10.8	(13)	-8.9	(3)	6.5	(1)	5.6	(1)	10.1	(4)	6.4	(1)	06/01/2006
MSCI AC World ex USA Value (Net)			*-10.7*	*(13)*	*-14.0*	*(38)*	*4.7*	*(9)*	*-0.4*	*(81)*	*6.0*	*(69)*	*2.0*	*(73)*	
Cohen and Steers Instl. Realty Shares	18,984,052	0.6	-6.6	(46)	-4.0	(21)	3.0	(32)	8.4	(13)	12.4	(20)	11.2	(8)	03/01/2000
FTSE NAREIT Equity REIT Index			*-6.7*	*(53)*	*-4.6*	*(43)*	*2.9*	*(34)*	*7.9*	*(32)*	*12.1*	*(38)*	*10.7*	*(34)*	
Tier III	**12,410,551**	**0.4**													**03/01/2014**
Mutual Fund Window	12,410,551	0.4													03/01/2014
Orphan Accounts	**1,374,924,543**	**46.0**													
TIAA Orphan Accounts	1,304,154,562	43.7													
VALIC Orphan Accounts	70,506,161	2.4													
American Century Orphan Accounts	263,819	0.0													
Other Assets	**2,125,226**	**0.1**													**03/01/2014**
Loans	914,926	0.0													03/01/2014
Loans Deemed Distributed	620,165	0.0													03/01/2014
Plan Loan Default Fund	590,135	0.0													07/01/2014

Total Plan Contributions

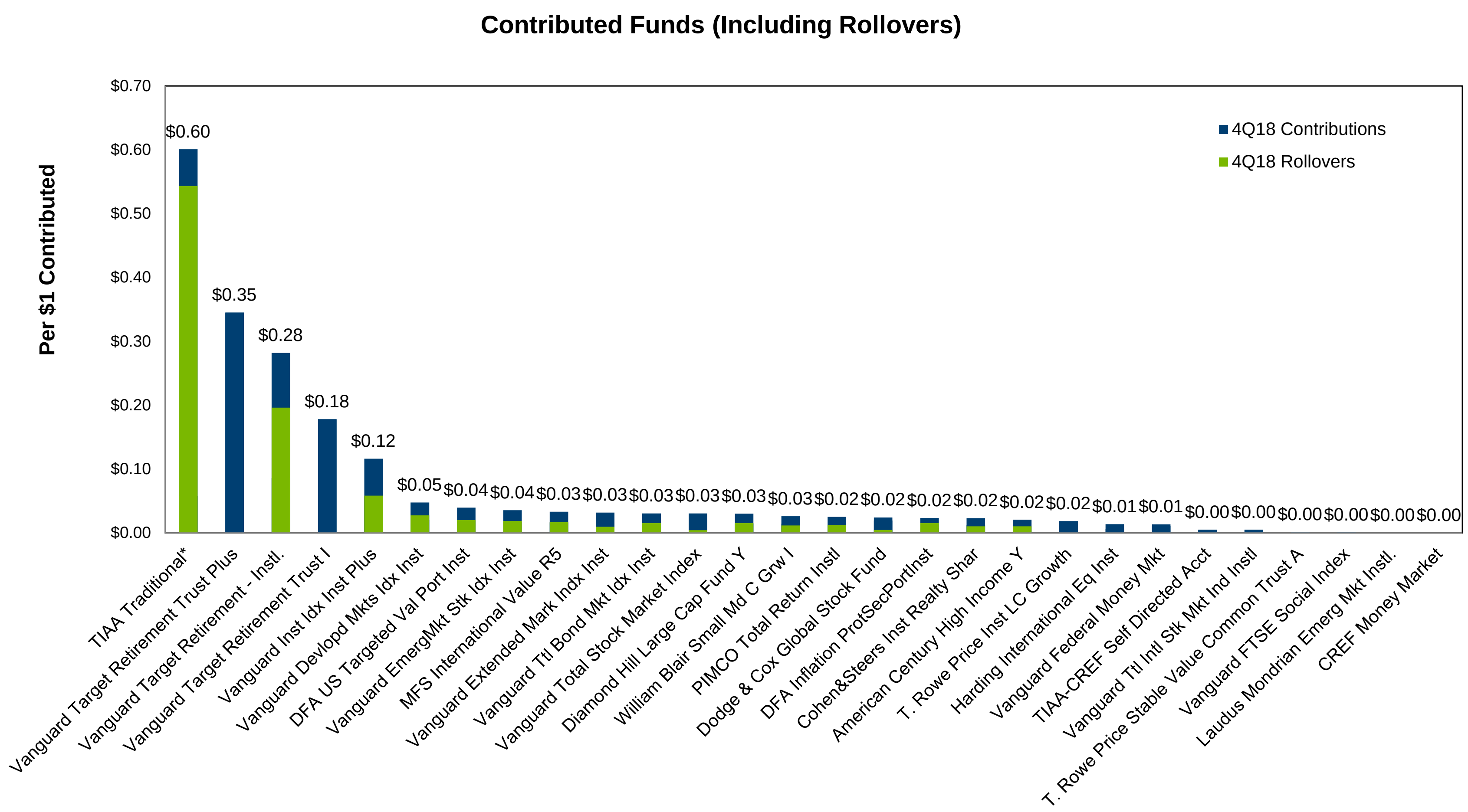
As of 12/31/2018



*TIAA RC 76% / TIAA RCP 24% Contribution Split
Source: TIAA

Total Plan Contributions (Including Rollovers)

As of 12/31/2018



*TIAA RC 30% / TIAA RCP 70% Contribution and Rollover Split
Source: TIAA

Quarterly Participant Transfers

As of 12/31/2018

Investment	Transfers In	Transfers Out	Net Transfers	Ending Balance (12/31/2018)	Number of Participants
Vanguard Target Retirement Trust I Funds	$2,104,312	($786,512,495)	($784,408,183)	$0	0
Vanguard Target Retirement Trust Plus Funds	762,697,765.63	(21,724,114.55)	$740,973,651	$732,730,094	3,830
Vanguard Target Retirement Mutual Funds	$596,249	($13,814,971)	($13,218,722)	$132,794,133	1,602
Vanguard Total Bond Market Index Inst	$3,222,913	($968,249)	$2,254,664	$30,953,888	898
Vanguard Total Stock Market Index Inst	$6,009,959	($2,187,843)	$3,822,116	$44,284,716	630
Vanguard Institutional Index Inst	$12,421,874	($2,279,711)	$10,142,162	$103,803,983	1,531
Vanguard FTSE Social Index Fund	$1,038,094	($869,629)	$168,465	$1,487,050	30
Vanguard Extended Market Index Inst	$1,095,543	($3,296,213)	($2,200,670)	$33,307,266	1,116
Vanguard Total International Stock Index Inst	$1,092,144	($365,011)	$727,133	$8,469,913	163
Vanguard Developed Markets Index Ins	$4,931,065	($672,751)	$4,258,314	$34,092,702	1,131
Vanguard Emerging Markets Stock Index Inst	$2,377,158	($755,332)	$1,621,827	$25,383,279	1,365
Vanguard Federal Money Market Inv	$16,464,433	($4,962,356)	$11,502,076	$27,064,767	201
T. Rowe Price Stable Value Common Trust A	$1,295,252	($39,843)	$1,255,409	$3,096,005	145
TIAA Traditional	$13,489,408	($2,781,533)	$10,707,875	$178,382,707	1,713
PIMCO Total Return Instl	$1,185,229	($1,800,581)	($615,353)	$20,090,540	778
DFA Inflation Protected Securities Portfolio Inst	$2,961,712	($457,573)	$2,504,139	$16,848,200	865
American Century High Income	$3,050,945	($490,375)	$2,560,570	$20,354,243	882
T. Rowe Price Inst LC Growth	$6,059,653	($2,610,394)	$3,449,259	$28,451,216	393
Diamond Hill Large Cap Fund Y	$713,220	($3,084,935)	($2,371,715)	$21,464,344	1,076
William Blair Small Md C Grw I	$4,526,682	($1,686,186)	$2,840,495	$23,886,375	980
DFA US Targeted Val Port Inst	$3,625,887	($1,274,463)	$2,351,425	$28,708,168	1,110
Dodge & Cox Global Stock Fund	$967,072	($3,620,312)	($2,653,240)	$27,193,252	863
Harding International Equit Inst	$1,230,299	($612,321)	$617,978	$9,737,109	729
MFS International Value R6	$1,175,020	($1,882,754)	($707,734)	$25,742,378	1,221
Cohen & Steers Inst Realty Shares	$1,074,558	($666,303)	$408,254	$18,984,052	1,446
Mutual Fund Window	$4,244,306	($234,501)	$4,009,806	$12,410,551	39
Total	**$859,650,750**	**($859,650,750)**	**$0**	**$1,609,720,931**	

Source: TIAA

Annual Investment Fee Monitoring & Transparency – As of 12/31/2018

Investment Option	Market Value	Total Expense (%)	Total Expense ($)	Revenue Sharing (%)	Revenue Sharing ($)	Mgmt. Fee (%)	Mgmt. Fee ($)	Administrative Fee (%)	Administrative Fee ($)	Total Fee (%)	Total Fee ($)
Vanguard Target Retirement Income Trust Plus	$23,687,626	0.06%	$14,213	0.00%	$0	0.06%	$14,213	0.039%	$9,238	0.10%	$23,451
Vanguard Target Retirement 2015 Trust Plus	$51,726,120	0.06%	$31,036	0.00%	$0	0.06%	$31,036	0.039%	$20,173	0.10%	$51,209
Vanguard Target Retirement 2020 Trust Plus	$86,815,343	0.06%	$52,089	0.00%	$0	0.06%	$52,089	0.039%	$33,858	0.10%	$85,947
Vanguard Target Retirement 2025 Trust Plus	$100,676,512	0.06%	$60,406	0.00%	$0	0.06%	$60,406	0.039%	$39,264	0.10%	$99,670
Vanguard Target Retirement 2030 Trust Plus	$118,636,536	0.06%	$71,182	0.00%	$0	0.06%	$71,182	0.039%	$46,268	0.10%	$117,450
Vanguard Target Retirement 2035 Trust Plus	$117,850,285	0.06%	$70,710	0.00%	$0	0.06%	$70,710	0.039%	$45,962	0.10%	$116,672
Vanguard Target Retirement 2040 Trust Plus	$104,287,841	0.06%	$62,573	0.00%	$0	0.06%	$62,573	0.039%	$40,672	0.10%	$103,245
Vanguard Target Retirement 2045 Trust Plus	$75,086,331	0.06%	$45,052	0.00%	$0	0.06%	$45,052	0.039%	$29,284	0.10%	$74,335
Vanguard Target Retirement 2050 Trust Plus	$38,658,980	0.06%	$23,195	0.00%	$0	0.06%	$23,195	0.039%	$15,077	0.10%	$38,272
Vanguard Target Retirement 2055 Trust Plus	$11,885,107	0.06%	$7,131	0.00%	$0	0.06%	$7,131	0.039%	$4,635	0.10%	$11,766
Vanguard Target Retirement 2060 Trust Plus	$3,409,702	0.06%	$2,046	0.00%	$0	0.06%	$2,046	0.039%	$1,330	0.10%	$3,376
Vanguard Target Retirement 2065 Trust Plus	$9,710	0.06%	$6	0.00%	$0	0.06%	$6	0.039%	$4	0.10%	$10
Vanguard Target Retirement Income - Instl.	$10,550,695	0.09%	$9,496	0.00%	$0	0.09%	$9,496	0.039%	$4,115	0.13%	$13,610
Vanguard Target Retirement 2015 - Instl.	$18,711,711	0.09%	$16,841	0.00%	$0	0.09%	$16,841	0.039%	$7,298	0.13%	$24,138
Vanguard Target Retirement 2020 - Instl.	$22,591,132	0.09%	$20,332	0.00%	$0	0.09%	$20,332	0.039%	$8,811	0.13%	$29,143
Vanguard Target Retirement 2025 - Instl.	$21,111,976	0.09%	$19,001	0.00%	$0	0.09%	$19,001	0.039%	$8,234	0.13%	$27,234
Vanguard Target Retirement 2030 - Instl.	$18,064,264	0.09%	$16,258	0.00%	$0	0.09%	$16,258	0.039%	$7,045	0.13%	$23,303
Vanguard Target Retirement 2035 - Instl.	$11,132,961	0.09%	$10,020	0.00%	$0	0.09%	$10,020	0.039%	$4,342	0.13%	$14,362
Vanguard Target Retirement 2040 - Instl.	$9,690,873	0.09%	$8,722	0.00%	$0	0.09%	$8,722	0.039%	$3,779	0.13%	$12,501
Vanguard Target Retirement 2045 - Instl.	$8,940,969	0.09%	$8,047	0.00%	$0	0.09%	$8,047	0.039%	$3,487	0.13%	$11,534
Vanguard Target Retirement 2050 - Instl.	$9,110,742	0.09%	$8,200	0.00%	$0	0.09%	$8,200	0.039%	$3,553	0.13%	$11,753
Vanguard Target Retirement 2055 - Instl.	$2,566,586	0.09%	$2,310	0.00%	$0	0.09%	$2,310	0.039%	$1,001	0.13%	$3,311
Vanguard Target Retirement 2060 - Instl.	$320,251	0.09%	$288	0.00%	$0	0.09%	$288	0.039%	$125	0.13%	$413
Vanguard Target Retirement 2065 - Instl.	$1,971	0.09%	$2	0.00%	$0	0.09%	$2	0.039%	$1	0.13%	$3
Vanguard Total Bond Market Index Fund	$30,953,888	0.04%	$12,382	0.00%	$0	0.04%	$12,382	0.039%	$12,072	0.08%	$24,454
Vanguard Total Stock Market Index Fund	$44,284,716	0.04%	$15,500	0.00%	$0	0.04%	$15,500	0.039%	$17,271	0.07%	$32,771
Vanguard Institutional Index Fund - Instl. Plus	$103,803,983	0.02%	$20,761	0.00%	$0	0.02%	$20,761	0.039%	$40,484	0.06%	$61,244
Vanguard FTSE Social Index Fund - Inv.	$1,487,050	0.18%	$2,677	0.00%	$0	0.18%	$2,677	0.039%	$580	0.22%	$3,257
Vanguard Extended Market Index Fund - Instl.	$33,307,266	0.06%	$19,984	0.00%	$0	0.06%	$19,984	0.039%	$12,990	0.10%	$32,974
Vanguard Total International Stock Index Fund	$8,469,913	0.09%	$7,623	0.00%	$0	0.09%	$7,623	0.039%	$3,303	0.13%	$10,926
Vanguard Developed Market Index Fund	$34,092,702	0.06%	$20,456	0.00%	$0	0.06%	$20,456	0.039%	$13,296	0.10%	$33,752
Vanguard Emerging Markets Stock Index Fund - Instl.	$25,383,279	0.11%	$27,922	0.00%	$0	0.11%	$27,922	0.039%	$9,899	0.15%	$37,821
Vanguard Federal Money Market Fund	$27,064,767	0.11%	$29,771	0.00%	$0	0.11%	$29,771	0.039%	$10,555	0.15%	$40,327
T. Rowe Price Stable Value Common Trust Fund A	$3,096,005	0.30%	$9,288	0.00%	$0	0.30%	$9,288	0.039%	$1,207	0.34%	$10,495
TIAA Traditional - RC & RCP	$178,382,707	0.49%	$874,075	0.15%	($267,574)	0.34%	$606,501	0.039%	$69,569	0.38%	$676,070
PIMCO Total Return Fund	$20,090,540	0.55%	$110,498	0.00%	$0	0.55%	$110,498	0.039%	$7,835	0.59%	$118,333
DFA Inflation-Protected Securities Portfolio	$16,848,200	0.12%	$20,218	0.00%	$0	0.12%	$20,218	0.039%	$6,571	0.16%	$26,789
American Century High Income	$20,354,243	0.59%	$120,090	0.00%	$0	0.59%	$120,090	0.039%	$7,938	0.63%	$128,028
T. Rowe Price Instl. Large Cap Growth Fund	$28,451,216	0.56%	$159,327	0.00%	$0	0.56%	$159,327	0.039%	$11,096	0.60%	$170,423
Diamond Hill Large Cap	$21,464,344	0.55%	$118,054	0.00%	$0	0.55%	$118,054	0.039%	$8,371	0.59%	$126,425
William Blair Small/Mid Cap Growth Fund	$23,886,375	1.10%	$262,750	0.15%	($35,830)	0.95%	$226,921	0.039%	$9,316	0.99%	$236,236
DFA U.S. Targeted Value	$28,708,168	0.37%	$106,220	0.00%	$0	0.37%	$106,220	0.039%	$11,196	0.41%	$117,416
Dodge & Cox Global Stock Fund	$27,193,252	0.63%	$171,317	0.10%	($27,193)	0.53%	$144,124	0.039%	$10,605	0.57%	$154,730
Harding Loevner International Equity Instl.	$9,737,109	0.82%	$79,844	0.15%	($14,606)	0.67%	$65,239	0.039%	$3,797	0.71%	$69,036
MFS International Value Fund	$25,742,378	0.63%	$162,177	0.00%	$0	0.63%	$162,177	0.039%	$10,040	0.67%	$172,217
Cohen and Steers Instl. Realty Shares	$18,984,052	0.75%	$142,380	0.00%	$0	0.75%	$142,380	0.039%	$7,404	0.79%	$149,784
Mutual Fund Window	$12,410,551	0.00%	$0	0.00%	$0	0.00%	$0	0.039%	$4,840	0.04%	$4,840
Total	$1,609,720,931	0.19%	$3,052,467	-0.02%	($345,203)	0.17%	$2,707,264	0.039%	$627,791	0.21%	$3,335,055
Without Brokerage	$1,597,310,380	0.19%	$3,052,467	-0.02%	($345,203)	0.17%	$2,707,264	0.039%	$622,951	0.21%	$3,330,215

Source: TIAA

Morningstar Model Portfolios – RC Performance

As of 12/31/2018

	Performance(%)				
	1 Quarter	1 Year	3 Years	Since Inception	Inception Date
RC					
Very Conservative RC	-1.3	0.8	3.9	3.3	04/01/2014
Very Conservative Benchmark RC	*-1.0*	*0.6*	*3.8*	*3.2*	
Conservative RC	-4.4	-2.0	4.8	3.6	04/01/2014
Conservative Benchmark RC	*-3.8*	*-1.6*	*4.9*	*3.9*	
Moderately Conservative RC	-6.1	-2.7	6.2	4.9	04/01/2014
Moderately Conservative Benchmark RC	*-5.9*	*-2.9*	*5.5*	*4.4*	
Moderate RC	-8.4	-4.6	6.0	4.7	04/01/2014
Moderate Benchmark RC	*-7.9*	*-4.7*	*6.1*	*4.6*	
Moderately Aggressive RC	-10.0	-6.5	6.4	4.7	04/01/2014
Moderately Aggressive Benchmark RC	*-9.6*	*-6.3*	*6.4*	*4.8*	
Aggressive RC	-11.8	-8.1	6.8	5.0	04/01/2014
Aggressive Benchmark RC	*-11.4*	*-8.0*	*6.9*	*5.0*	
Very Aggressive RC	-13.6	-9.9	6.8	4.9	04/01/2014
Very Aggressive Benchmark RC	*-13.1*	*-9.5*	*7.2*	*5.0*	
RC Ex-TIAA					
Very Conservative RC Ex-TIAA	-1.4	-0.8	2.9	2.5	04/01/2014
Very Conservative Benchmark RC Ex-TIAA	*-0.6*	*-1.1*	*2.9*	*2.4*	
Conservative RC Ex-TIAA	-3.8	-2.6	4.4	3.3	04/01/2014
Conservative Benchmark RC Ex-TIAA	*-3.6*	*-3.0*	*4.1*	*3.2*	
Moderately Conservative RC Ex-TIAA	-6.2	-4.0	5.5	4.3	04/01/2014
Moderately Conservative Benchmark RC Ex-TIAA	*-5.8*	*-4.1*	*4.9*	*3.8*	
Moderate RC Ex-TIAA	-8.2	-5.5	5.4	4.2	04/01/2014
Moderate Benchmark RC Ex-TIAA	*-7.7*	*-5.5*	*5.6*	*4.2*	
Moderately Aggressive RC Ex-TIAA	-10.1	-7.2	5.8	4.4	04/01/2014
Moderately Aggressive Benchmark RC Ex-TIAA	*-9.6*	*-6.8*	*6.1*	*4.5*	
Aggressive RC Ex-TIAA	-12.0	-8.6	6.5	4.7	04/01/2014
Aggressive Benchmark RC Ex-TIAA	*-11.4*	*-8.2*	*6.7*	*4.8*	
Very Aggressive RC Ex-TIAA	-13.6	-9.9	6.8	4.9	04/01/2014
Very Aggressive Benchmark RC Ex-TIAA	*-13.1*	*-9.5*	*7.2*	*5.0*	

Morningstar Model Portfolios – RC Allocations

As of 12/31/2018

RC

Fund Name	Very Conservative	Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive	Very Aggressive
American Century High Income Y	12%	10%	11%	8%	6%	-	-
Cohen & Steers Instl Realty Shares	-	-	3%	3%	4%	3%	4%
DFA Inflation-Protected Securities I	10%	6%	6%	4%	3%	3%	-
DFA US Targeted Value I	-	4%	6%	8%	8%	12%	13%
Diamond Hill Large Cap Y	-	-	-	-	-	-	-
Harding International Eq Inst	-	-	3%	3%	3%	5%	6%
MFS International Value R6	4%	3%	3%	3%	3%	5%	4%
PIMCO Total Return Instl	-	-	-	-	-	-	-
T. Rowe Price Stable Value Fund	9%	7%	4%	3%	-	-	-
TIAA Traditional	40%	34%	30%	22%	15%	7%	-
Vanguard Developed Markets Idx Instl	-	3%	6%	10%	15%	15%	18%
Vanguard Emerging Mkts Stock Idx I	-	3%	3%	5%	6%	10%	12%
Vanguard Extended Market Idx I	-	-	-	-	-	-	-
Vanguard Institutional Index Instl Pl	3%	14%	14%	24%	25%	29%	34%
Vanguard Total Bond Market Index I	19%	12%	5%	3%	4%	3%	-
William Blair Small-Mid Cap Gr I	3%	4%	6%	4%	8%	8%	9%

RC Ex-TIAA

Fund Name	Very Conservative	Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive	Very Aggressive
American Century High Income Y	9%	9%	9%	7%	7%	-	-
Cohen & Steers Instl Realty Shares	-	-	3%	3%	3%	3%	4%
DFA Inflation-Protected Securities I	9%	8%	6%	4%	3%	3%	-
DFA US Targeted Value I	-	4%	6%	8%	9%	12%	13%
Diamond Hill Large Cap Y	-	-	-	-	-	-	-
Harding International Eq Inst	-	-	3%	3%	3%	5%	6%
MFS International Value R6	3%	3%	3%	3%	3%	5%	4%
PIMCO Total Return Instl	44%	22%	5%	10%	3%	-	-
T. Rowe Price Stable Value Fund	24%	18%	14%	11%	7%	4%	-
Vanguard Developed Markets Idx Instl	-	3%	6%	10%	14%	15%	18%
Vanguard Emerging Mkts Stock Idx I	-	3%	3%	5%	7%	10%	12%
Vanguard Extended Market Idx I	-	-	-	-	3%	-	-
Vanguard Institutional Index Instl Pl	3%	12%	14%	23%	26%	30%	34%
Vanguard Total Bond Market Index I	5%	15%	22%	9%	8%	5%	-
William Blair Small-Mid Cap Gr I	3%	3%	6%	4%	4%	8%	9%

*Full allocation history can be found in the Appendix of AHIC's Quarterly Investment Review.

Morningstar Model Portfolios – RC Benchmarks

As of 12/31/2018

RC Benchmarks

Index	Very Conservative	Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive	Very Aggressive
Blmbg. Barc. Global Inflation-Linked US TIPS	11%	7%	7%	5%	3%	3%	-
Blmbg. Barc. US Agg. Bond	27%	19%	12%	9%	6%	3%	-
Blmbg. Barc. US Corp HY	9%	7%	6%	4%	3%	-	-
Citi Treasury Bill 3 Mo.	3%	3%	-	-	-	-	-
FTSE NAREIT All Equity REITs	-	-	3%	3%	3%	3%	4%
MSCI EAFE GR	4%	7%	11%	15%	19%	23%	26%
MSCI EM GR	-	3%	4%	6%	8%	11%	13%
Russell 1000 Growth	-	4%	7%	9%	11%	13%	15%
Russell 1000 Value	3%	7%	8%	12%	13%	15%	17%
Russell 2000 Growth	-	-	3%	3%	3%	4%	4%
Russell 2000 Value	-	3%	3%	3%	4%	5%	6%
Russell Mid Cap Growth	3%	3%	3%	4%	5%	6%	7%
Russell Mid Cap Value	-	3%	3%	5%	7%	7%	8%
TIAA Traditional	40%	34%	30%	22%	15%	7%	-

RC Ex-TIAA Benchmarks

Index	Very Conservative	Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive	Very Aggressive
Blmbg. Barc. Global Inflation-Linked US TIPS	11%	9%	7%	5%	3%	3%	-
Blmbg. Barc. US Agg. Bond	71%	54%	42%	31%	21%	10%	-
Blmbg. Barc. US Corp HY	8%	7%	6%	4%	3%	-	-
Citi Treasury Bill 3 Mo.	-	-	-	-	-	-	-
FTSE NAREIT All Equity REITs	-	-	3%	3%	3%	3%	4%
MSCI EAFE GR	4%	7%	11%	15%	19%	23%	26%
MSCI EM GR	-	3%	4%	6%	8%	11%	13%
Russell 1000 Growth	-	4%	7%	9%	11%	13%	15%
Russell 1000 Value	3%	7%	8%	12%	13%	15%	17%
Russell 2000 Growth	-	-	3%	3%	3%	4%	4%
Russell 2000 Value	-	3%	3%	3%	4%	5%	6%
Russell Mid Cap Growth	3%	3%	3%	4%	5%	6%	7%
Russell Mid Cap Value	-	3%	3%	5%	7%	7%	8%

*Full allocation history can be found in the Appendix of the Quarterly Investment Review.

Morningstar Model Portfolios – RCP Performance

As of 12/31/2018

	Performance(%)				
	1 Quarter	1 Year	3 Years	Since Inception	Inception Date
RCP					
Very Conservative RCP	-1.0	0.6	3.6	3.1	04/01/2014
Very Conservative Benchmark RCP	*-1.1*	*0.3*	*3.5*	*2.9*	
Conservative RCP	-4.1	-2.3	4.5	3.3	04/01/2014
Conservative Benchmark RCP	*-4.0*	*-2.0*	*4.6*	*3.6*	
Moderately Conservative RCP	-6.3	-3.6	5.6	4.5	04/01/2014
Moderately Conservative Benchmark RCP	*-6.0*	*-3.4*	*5.2*	*4.1*	
Moderate RCP	-8.4	-5.3	5.5	4.3	04/01/2014
Moderate Benchmark RCP	*-7.9*	*-5.2*	*5.8*	*4.3*	
Moderately Aggressive RCP	-10.1	-6.8	6.2	4.7	04/01/2014
Moderately Aggressive Benchmark RCP	*-9.7*	*-6.7*	*6.1*	*4.6*	
Aggressive RCP	-11.8	-8.4	6.6	4.8	04/01/2014
Aggressive Benchmark RCP	*-11.4*	*-8.2*	*6.8*	*4.9*	
Very Aggressive RCP	-13.6	-9.9	6.9	4.9	04/01/2014
Very Aggressive Benchmark RCP	*-13.1*	*-9.5*	*7.2*	*5.0*	
RCP Ex-TIAA					
Very Conservative RCP Ex-TIAA	-0.8	-0.4	3.1	2.6	04/01/2014
Very Conservative Benchmark RCP Ex-TIAA	*-0.7*	*-1.1*	*2.9*	*2.5*	
Conservative RCP Ex-TIAA	-3.8	-3.0	4.2	3.2	04/01/2014
Conservative Benchmark RCP Ex-TIAA	*-3.6*	*-2.9*	*4.1*	*3.2*	
Moderately Conservative RCP Ex-TIAA	-6.2	-4.2	5.4	4.2	04/01/2014
Moderately Conservative Benchmark RCP Ex-TIAA	*-5.8*	*-4.0*	*4.9*	*3.8*	
Moderate RCP Ex-TIAA	-8.1	-5.7	5.2	4.0	04/01/2014
Moderate Benchmark RCP Ex-TIAA	*-7.7*	*-5.5*	*5.6*	*4.2*	
Moderately Aggressive RCP Ex-TIAA	-9.9	-7.2	5.7	4.3	04/01/2014
Moderately Aggressive Benchmark RCP Ex-TIAA	*-9.6*	*-6.8*	*6.1*	*4.5*	
Aggressive RCP Ex-TIAA	-12.0	-8.5	6.5	4.7	04/01/2014
Aggressive Benchmark RCP Ex-TIAA	*-11.4*	*-8.2*	*6.7*	*4.8*	
Very Aggressive RCP Ex-TIAA	-13.6	-9.9	6.9	5.0	04/01/2014
Very Aggressive Benchmark RCP Ex-TIAA	*-13.1*	*-9.5*	*7.2*	*5.0*	

Morningstar Model Portfolios – RCP Allocations

As of 12/31/2018

RCP

Fund Name	Very Conservative	Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive	Very Aggressive
American Century High Income Y	8%	8%	8%	7%	7%	-	-
Cohen & Steers Instl Realty Shares	-	-	3%	3%	3%	3%	4%
DFA Inflation-Protected Securities I	9%	7%	7%	5%	3%	-	-
DFA US Targeted Value I	-	6%	4%	7%	9%	12%	13%
Diamond Hill Large Cap Y	-	14%	-	-	-	-	-
Harding International Eq Inst	-	-	3%	3%	3%	5%	6%
MFS International Value	3%	-	-	3%	3%	5%	4%
PIMCO Total Return Instl	29%	16%	11%	3%	-	-	-
TIAA Traditional	40%	32%	25%	16%	10%	5%	-
Vanguard Developed Markets Idx Instl	-	7%	8%	10%	15%	15%	18%
Vanguard Emerging Mkts Stock Idx I	-	3%	4%	5%	7%	10%	12%
Vanguard Extended Market Idx I	-	-	7%	3%	-	-	-
Vanguard Federal Money Market Inv	5%	4%	-	-	-	-	-
Vanguard Institutional Index I	3%	-	16%	23%	25%	29%	34%
Vanguard Total Bond Market Index I	-	3%	4%	9%	8%	8%	-
William Blair Small-Mid Cap Gr I	3%	-	-	3%	7%	8%	9%

RCP Ex-TIAA

Fund Name	Very Conservative	Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive	Very Aggressive
American Century High Income Y	9%	10%	10%	6%	5%	-	-
Cohen & Steers Instl Realty Shares	-	-	3%	3%	4%	4%	4%
DFA Inflation-Protected Securities I	10%	7%	5%	5%	3%	3%	-
DFA US Targeted Value I	-	4%	6%	8%	8%	11%	13%
Diamond Hill Large Cap Y	-	-	-	-	-	-	-
Harding International Eq Inst	-	-	3%	3%	3%	7%	6%
MFS International Value	3%	3%	3%	3%	3%	4%	4%
PIMCO Total Return Instl	37%	20%	3%	10%	8%	-	-
Vanguard Developed Markets Idx Instl	-	3%	6%	10%	14%	15%	18%
Vanguard Emerging Mkts Stock Idx I	-	3%	3%	5%	7%	9%	12%
Vanguard Extended Market Idx I	-	-	-	-	3%	-	-
Vanguard Federal Money Market Inv	6%	4%	3%	-	-	-	-
Vanguard Institutional Index I	3%	11%	14%	22%	27%	30%	34%
Vanguard Total Bond Market Index I	29%	31%	35%	20%	11%	9%	-
William Blair Small-Mid Cap Gr I	3%	4%	6%	5%	4%	8%	9%

*Full allocation history can be found in the Appendix of AHIC's Quarterly Investment Review.

Morningstar Model Portfolios – RCP Benchmarks

As of 12/31/2018

RCP Benchmarks

Index	Very Conservative	Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive	Very Aggressive
Blmbg. Barc. Global Inflation-Linked US TIPS	11%	7%	7%	5%	3%	-	-
Blmbg. Barc. US Agg. Bond 1-3 Years	22%	15%	12%	9%	6%	4%	-
Blmbg. Barc. US Corp HY	8%	7%	6%	4%	3%	-	-
Blmbg. Barc. US Long Govt./Credit	6%	6%	5%	6%	5%	4%	-
Citi Treasury Bill 3 Mo.	3%	3%	-	-	-	-	-
FTSE NAREIT All Equity REITs	-	-	3%	3%	3%	3%	4%
MSCI EAFE GR	4%	7%	11%	15%	19%	23%	26%
MSCI EM GR	-	3%	4%	6%	8%	11%	13%
Russell 1000 Growth	-	4%	7%	9%	11%	13%	15%
Russell 1000 Value	3%	7%	8%	12%	13%	15%	17%
Russell 2000 Growth	-	-	3%	3%	3%	4%	4%
Russell 2000 Value	-	3%	3%	3%	4%	5%	6%
Russell Mid Cap Growth	3%	3%	3%	4%	5%	6%	7%
Russell Mid Cap Value	-	3%	3%	5%	7%	7%	8%
TIAA Traditional	40%	32%	25%	16%	10%	5%	-

RCP Ex-TIAA Benchmarks

Index	Very Conservative	Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive	Very Aggressive
Blmbg. Barc. Global Inflation-Linked US TIPS	11%	8%	6%	5%	3%	3%	-
Blmbg. Barc. US Agg. Bond	64%	51%	40%	31%	21%	10%	-
Blmbg. Barc. US Corp HY	9%	7%	6%	4%	3%	-	-
Citi Treasury Bill 3 Mo.	6%	4%	3%	-	-	-	-
FTSE NAREIT All Equity REITs	-	-	3%	3%	3%	3%	4%
MSCI EAFE GR	4%	7%	11%	15%	19%	23%	26%
MSCI EM GR	-	3%	4%	6%	8%	11%	13%
Russell 1000 Growth	-	4%	7%	9%	11%	13%	15%
Russell 1000 Value	3%	7%	8%	12%	13%	15%	17%
Russell 2000 Growth	-	-	3%	3%	3%	4%	4%
Russell 2000 Value	-	3%	3%	3%	4%	5%	6%
Russell Mid Cap Growth	3%	3%	3%	4%	5%	6%	7%
Russell Mid Cap Value	-	3%	3%	5%	7%	7%	8%

*Full allocation history can be found in the Appendix of the Quarterly Investment Review.

Morningstar Model Portfolios – Static Allocation Performance

As of 12/31/2018

	Performance(%)				
	1 Quarter	1 Year	3 Years	Since Inception	Inception Date
RC					
Very Conservative RC (Static)	-0.8	0.8	3.8	3.4	04/01/2014
Very Conservative Benchmark RC (Static)	*-1.1*	*0.7*	*3.8*	*3.2*	
Conservative RC (Static)	-4.2	-1.4	4.9	4.0	04/01/2014
Conservative Benchmark RC (Static)	*-4.0*	*-1.5*	*5.0*	*3.9*	
Moderately Conservative RC (Static)	-5.9	-2.8	5.7	4.6	04/01/2014
Moderately Conservative Benchmark RC (Static)	*-5.9*	*-2.9*	*5.4*	*4.3*	
Moderate RC (Static)	-8.0	-4.3	6.4	5.0	04/01/2014
Moderate Benchmark RC (Static)	*-8.1*	*-4.7*	*6.0*	*4.6*	
Moderately Aggressive RC (Static)	-9.8	-5.9	7.0	5.3	04/01/2014
Moderately Aggressive Benchmark RC (Static)	*-9.9*	*-6.2*	*6.4*	*4.8*	
Aggressive RC (Static)	-11.5	-7.0	7.8	5.8	04/01/2014
Aggressive Benchmark RC (Static)	*-11.7*	*-7.8*	*6.8*	*4.9*	
Very Aggressive RC (Static)	-13.5	-9.4	7.6	5.2	04/01/2014
Very Aggressive Benchmark RC (Static)	*-13.4*	*-9.3*	*7.1*	*5.0*	
RCP					
Very Conservative RCP (Static)	-1.3	0.3	3.5	3.1	04/01/2014
Very Conservative Benchmark RCP (Static)	*-1.1*	*0.3*	*3.5*	*2.9*	
Conservative RCP (Static)	-4.2	-1.7	4.6	3.7	04/01/2014
Conservative Benchmark RCP (Static)	*-4.0*	*-1.8*	*4.7*	*3.6*	
Moderately Conservative RCP (Static)	-5.9	-3.2	5.4	4.3	04/01/2014
Moderately Conservative Benchmark RCP (Static)	*-5.9*	*-3.4*	*5.1*	*4.0*	
Moderate RCP (Static)	-8.0	-4.7	6.2	4.8	04/01/2014
Moderate Benchmark RCP (Static)	*-8.1*	*-5.1*	*5.7*	*4.3*	
Moderately Aggressive RCP (Static)	-9.8	-6.1	6.8	5.1	04/01/2014
Moderately Aggressive Benchmark RCP (Static)	*-9.9*	*-6.5*	*6.2*	*4.6*	
Aggressive RCP (Static)	-11.5	-7.1	7.7	5.8	04/01/2014
Aggressive Benchmark RCP (Static)	*-11.7*	*-8.0*	*6.7*	*4.9*	
Very Aggressive RCP (Static)	-13.5	-9.4	7.6	5.2	04/01/2014
Very Aggressive Benchmark RCP (Static)	*-13.4*	*-9.3*	*7.1*	*5.0*	

Discussion Topics

Vanguard Target Retirement Trusts/Funds

- While negative in absolute terms, each of the Vanguard Target Retirement Funds generated results that closely approximated the return of its respective performance benchmarks during the fourth quarter
  - Returns ranged from -3.2% for the Income Fund to -11.8% for the 2065 Fund
- For the twelve months ended December 31, 2018, the Funds exhibited a modest level of tracking error across the series
  - Returns ranged from -2.0% for the Income Fund to -7.9% for 2060 Fund
  - The negative impact of fees along with detractions from “fair value” pricing adjustments modestly detracted from relative results
- Longer-term results continued to exhibit a modest level of tracking error but ranked favorably among their respective peer-group averages
  - Fair value pricing adjustments along with the impact of statistical sampling and the underlying component Fund’s investment management fees detracted from results
- The Vanguard Target Retirement Funds remain “Buy” rated by our Global Investment Management Research Team

American Century High Income Fund

- The Fund’s performance trailed the return of its benchmark, the ICE BofAML US High Yield Master II Constrained Index, by 0.4 percentage point during the fourth quarter of 2018
- The Fund’s relative underperformance was primarily attributable to:
  - Negative security selection within the metals sector
  - Holdings within the energy sector
- Partially offsetting the period’s negative relative results was positive security selection within the oil field equipment & services, gas distribution, and financing sectors
- For the twelve months ended December 31, 2018, the Fund generated a return of -2.0% versus the benchmark’s return of -2.1%
- Longer-term results remained favorable relative to the Fund’s benchmark and peer group average
- The strategy remains “Buy” rated by our Global Investment Management Research Team

Diamond Hill Large Cap Fund

- The Fund’s performance trailed the return of its benchmark, the Russell 1000 Value Index, by 1.9 percentage points during the fourth quarter
- The Fund’s relative underperformance was primarily attributable to:
  - Negative stock selection within the energy, consumer discretionary, and financial sectors
  - Notable detractors included Devon Energy Corp., Cimarex Energy Co., Citigroup, Inc., and Discover Financial Services
- Partially offsetting the period’s negative relative results was positive stock selection and an overweight allocation to the health care and consumer staples sectors
- For the twelve months ended December 31, 2018, the Fund generated a return of -9.5% versus the benchmark’s return of -8.3%
- Longer-term results remained favorable relative to the Fund’s benchmark and peer group average
- The strategy remains “Buy” rated by our Global Investment Management Research Team

DFA U.S. Targeted Value Fund

- The Fund's performance trailed the return of its benchmark, the Russell 2500 Value Index, by 2.9 percentage points during the fourth quarter
- The Fund's relative underperformance was primarily attributable to:
  - An overweight allocation to small-cap stocks relative to mid caps
  - An underweight allocation to REITs and highly regulated utilities
- Partially offsetting the period's negative relative results was positive stock selection within consumer discretionary and information technology sectors
- For the twelve months ended December 31, 2018, the Fund generated a return of -15.8% versus the benchmark's return of -12.4%
  - Performance was driven by a combination of security selection and allocation
- Longer-term results remain mixed relative to the Fund's benchmark and peer group average
- The strategy remains "Buy" rated by our Global Investment Management Research Team

Dodge & Cox Global Stock Fund

- The Fund registered "Yellow" on the Watch List during the fourth quarter
  - Due to the Fund's historical underperformance relative to its benchmark over the trailing five-year period and in three of the four most recent trailing calendar quarters
- While negative in absolute terms, the Fund's performance exceeded the return of its benchmark, the MSCI All Country World Index, by 0.1 percentage point during the fourth quarter
- The Fund's relative outperformance was primarily attributable to:
  - Weak returns within the energy sector
  - Notable detractors included Apache (-45%) and Anadarko Petroleum (-35%)
  - An underweight allocation to the consumer staples sector
- For the twelve months ended December 31, 2018, the Fund generated a return of -12.6% versus the benchmark's return of -9.4%
  - The manager's value-oriented approach detracted from results as growth stocks outperformed
- Longer-term performance remained mixed relative to the Fund's performance benchmark and peer group average
- We continue to closely monitor the Fund's positioning and performance but recommend the Committee take no action as the investment team remains consistent and continues to execute on its historic philosophy and process
- The strategy remains "Buy" rated by our Global Investment Management Research Team

Harding Loevner International Equity Instl. Fund

- The Fund's performance trailed the return of its benchmark, the MSCI AC World ex USA Growth Index, by 2.8 percentage points during the fourth quarter
- The Fund's relative underperformance was primarily attributable to:
  - Negative stock selection within Japan and the emerging markets
  - Holdings within the health care, industrials, and communication services sectors
- Partially offsetting the period's negative relative results was positive stock selection within the financial sector
- For the twelve months ended December 31, 2018, the Fund generated a return of -14.0% versus the benchmark's return of -14.4%
  - Positive stock selection within the financials, information technology, and materials sectors contributed to relative results
- Longer-term performance remained favorable relative to the Fund's performance benchmark and peer group average
- The strategy remains "Buy" rated by our Global Investment Management Research Team

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Discussion Topics

2019 Aon Compliance Calendar—Significant Compensation and Benefit Due Dates

Prepared by Aon

Empower Results®

2019 Aon Compliance Calendar—Significant Compensation and Benefit Due Dates

Aon is pleased to present its 2019 Compliance Calendar to help plan sponsors identify significant compensation and benefit due dates for retirement and health and welfare plans. This Compliance Calendar includes relevant dates involving plan disclosures, contribution and distribution requirements, and various plan-related regulatory filings.

This Compliance Calendar assumes a plan administered on a calendar year basis by an employer with a calendar fiscal year. In general, the information for pension plans applies to single employer plans; other plans, such as multiemployer plans (*e.g.*, Taft-Hartley plans) or government plans, may be subject to different requirements, and are not included. Additionally, certain compliance dates related to group health plan coverage or retiree prescription drug coverage have been included where applicable.

The Compliance Calendar is intended to alert the reader to some of the more significant dates for 2019 and is not intended to identify all compliance obligations or due dates.

Overview of Key Benefit Due Dates for 2019. This portion of the calendar provides a high-level summary of due dates, based on a January 1 through December 31 plan year.

Detailed Compensation and Benefit Due Dates for 2019. Details of the dates are provided in the Retirement and Health and Benefits sections of this document. The due date column serves as an alert of a filing deadline so that plan sponsors have the opportunity to confirm their individual filing due date(s) with their advisors. Therefore, the due date column indicates the general rule; however, if the required due date falls on a weekend or legal holiday, the Compliance Calendar lists, as the due date, the business day immediately preceding the weekend or legal holiday (except when an outside limit applies to how far in advance disclosures can be provided). Further, the information contained in this Compliance Calendar is subject to change due to the ongoing release of additional or clarifying legislative or regulatory guidance by the Internal Revenue Service (IRS), Department of Labor (DOL), or other regulatory agencies throughout the year. Aon is not a law firm, and the contents of this Compliance Calendar are not intended to replace or supersede the advice of legal counsel. This information provides only general guidance, and not all rules and requirements are reflected.

Regulatory agencies may provide extensions in certain situations for employee benefit plans that have been impacted by recent natural disasters (*e.g.*, recent announcements where the DOL and IRS provide specific guidance and relief for plan sponsors, fiduciaries, and other service providers whose plans may have been affected by Hurricanes Florence and Michael). Please reach out to your Aon consultant if your plans have been impacted by these events where extensions (such as Form 5500 filings) may be required.

We hope that this Compliance Calendar serves as a useful reference tool. Please contact your Aon consultant if you have any questions, or if we can be of assistance with any plan compliance issues.

Overview of Key Benefit Due Dates for 2019

Retirement

January	February	March	April	May	June
1/15 4Q contribution for DB plan for previous plan year **1/31** Form 1099-DIV to recipients **1/31** Form W-2 to employees and/or recipients **1/31** Form 1099-R to employees and/or recipients	**2/14** Quarterly pension benefit statements to participants and beneficiaries for last quarter of previous year **2/14** Quarterly statement of plan fees and expenses actually charged to individual plan accounts during last quarter of previous plan year **2/28** Form 1099-DIV filing with IRS (paper filings only) **2/28** Form 1099-R filing with IRS (paper filings only)	**3/15** Employer contributions for plans with 12/31 fiscal year-end **3/15** Prior year excess ADP/ACP amounts returned to highly compensated employees to avoid penalty tax **3/15** Forms 1042-S and 1042 filings with IRS; Form 1042 furnished to recipients **3/15** Application for waiver of minimum funding standards	**4/1** Form 1099-DIV for electronic filings **4/1** Form 1099-R for electronic filings **4/1** Initial RMD from retirement plan if age 70½ attained in prior year **4/15** 1Q contribution for DB Plan for current plan year **4/15** Excess deferrals over prior year § 402(g) dollar limit returned to participants **4/15** PBGC Notice of Underfunding **4/15** Employer contributions for plans with 12/31 fiscal year-end **4/30** Prior year Annual Funding Notice **4/30** Final comprehensive PBGC premium for prior year, for plans that filed an earlier estimated variable rate premium in 4Q of prior year comprehensive filing	**5/15** Quarterly pension benefit statements to participants and beneficiaries for 1Q of plan year **5/15** Quarterly statement of plan fees and expenses actually charged to individual plan accounts during 1Q of current plan year	
July	**August**	**September**	**October**	**November**	**December**
7/15 2Q contribution for DB plan for current plan year **7/29** Summary of Material Modifications provided to participants and beneficiaries for plan changes adopted in prior year **7/31** Form 5500 (Annual Return/Report of Employee Benefit Plan to the IRS) if no extension **7/31** Annual pension benefit statements to participants and beneficiaries in individual account plans subject to ERISA **7/31** Form 8955-SSA (Annual Registration Statement Identifying Separated Participants With Deferred Vested Benefits) if no extension **7/31** Form 5558 to the IRS	**8/14** Quarterly pension benefit statements to participants and beneficiaries for 2Q of current plan year **8/14** Quarterly statement of plan fees and expenses actually charged to individual plan accounts during 2Q of current plan year	**9/13 *** Required minimum contribution for money purchase pension, target benefit, and DB plans for prior plan year **9/13 *** Prior year employer contributions for those sponsors that filed income tax extensions **9/13 *** Form 5500 and Form 8955-SSA if the sponsor's tax return extension is granted **9/30** Summary Annual Report (SAR) to participants (if no extension of Form 5500 due date)	**10/3 – 12/2** Annual Notice QACA (employee notice by plans using ADP and/or ACP safe harbor) **10/3 – 12/2** Annual Notice of EACA (ERISA § 514(e)(3)) **10/3 – 12/2** Annual Notice of Automatic Contribution Arrangement (ACA) **10/3 – 12/2** Annual Safe Harbor Status Notice to inform participants of plan's ADP and/or ACP safe harbor status/contribution rates/vesting **10/15** 3Q contribution for DB plan for current plan year **10/15** Prior year Annual Funding Notice (plans with 100 or fewer participants) **10/15** Comprehensive PBGC premium filing **10/15** Last date for prior year Form 5500 and Form 8955-SSA, including all extensions	**11/14** Quarterly pension benefit statements to participants and beneficiaries for 3Q of the current plan year **11/14** Quarterly statement of plan fees and expenses actually charged to individual plan accounts during 3Q of current plan year **11/15** SAR to participants (if Form 5500 due date is extended due to plan sponsor's tax return extension)	**12/13 *** SAR to participants (if Form 5500 due date is extended due to Form 5558 filing) **12/31** Annual pension benefit notice for DB plans **12/31** Excess prior year ADP/ACP amounts returned to highly compensated employees to avoid plan disqualification; as applicable, elective deferrals refunded and other contributions distributed or forfeited **12/31** Required minimum distribution from retirement plan, if applicable

* This due date falls on a weekend or a legal holiday, including any legal holiday in the District of Columbia. As noted in the introduction to this Calendar, in an effort to facilitate timely compliance with delivery requirements, the Compliance Calendar reflects a suggested due date of the business day immediately preceding this weekend or holiday due date.

Health and Benefits

January	February	March	April	May	June
1/31 Form W-2 to employees and/or recipients	**2/28** Form 1095-B, Form 1095-C to IRS using Form 1094-B, or Form 1094-C (filed on paper)	**3/1** Creditable/Non-Creditable Annual Disclosure to Centers for Medicare and Medicaid Services (CMS) **3/1** Form M-1 (Annual Report for Multiple Employer Welfare Arrangements (MEWA) and Certain Entities Claiming Exceptions (ECEs) to Employee Benefits Security Administration (EBSA)) **3/4** Form 1095-B or Form 1095-C to participants	**4/1** Medicare Part D Retiree Drug Subsidy Reconciliation **4/1** Forms 1095-B and 1095-C to IRS using Form 1094-B or 1094-C (if filed electronically)		
July	**August**	**September**	**October**	**November**	**December**
7/29 Summary of Material Modifications provided to participants and beneficiaries for plan changes adopted in prior year **7/31** Form 5500 (Annual Return/Report of Employee Benefit Plan to the IRS) if no extension **7/31** Form 720 filing to report Comparative Effectiveness Research Fee **7/31** Form 5558 to the IRS	**8/1** Medical Loss Ratio (MLR) rebate notices and payments for previous calendar year	**9/13 *** Form 5500 and Form 8955-SSA if the sponsor's tax return extension is granted **9/30** Summary Annual Report (SAR) to participants (if no extension of Form 5500 due date)	**10/2** Medicare Part D Retiree Drug Subsidy Application, Retiree List, and Attestation for next year's calendar year plan **Prior to 10/15** Medicare Part D Creditable/Non-Creditable Coverage Notice	**11/15** SAR to participants (if Form 5500 due date is extended due to plan sponsor's tax return extension)	**12/13 *** SAR to participants (if Form 5500 due date is extended due to Form 5558 filing) **12/31** Women's Health and Cancer Rights Act Notice **12/31** EEOC Wellness Notice (if applicable) **12/31** Children's Health Insurance Program (CHIP) Notice **12/31** Patient Protection Provider Choice Notice (if applicable)

***** This due date falls on a weekend or a legal holiday, including any legal holiday in the District of Columbia. As noted in the introduction to this Calendar, in an effort to facilitate timely compliance with delivery requirements, the Compliance Calendar reflects a suggested due date of the business day immediately preceding this weekend or holiday due date.

Detailed Compensation and Benefit Due Dates for 2019

Retirement

Due Date/Timing Requirement	Item/Form	Filing/Disclosure/Plan Action Requirements	Plans Affected
Annually	Notice of Qualified Default Investment Alternative (QDIA)	Initial notice at least 30 days before the date of plan eligibility, at least 30 days before the first investment in QDIA, or no later than the date of plan eligibility if the participant may make a permissible withdrawal within 90 days without penalty **Notes**: ▪ Thereafter, annual notice must be provided within a reasonable period of time of at least 30 days in advance of each subsequent plan year ▪ The QDIA Notice is often combined with the QACA Notice or the EACA Notice, as described later in this calendar	ERISA individual account plans that permit participants to direct their investments (*e.g.*, a 401(k) plan), assuming the plan sponsor wishes to have certain fiduciary relief
No later than 90 days after Form 5500 filing[1]	Posting of identification, basic plan information, and actuarial information to plan sponsor's intranet	ERISA requires the DOL to post identification, basic plan information, and actuarial information on its own website within 90 days of receiving the Form 5500 filing; therefore, it may be reasonable for the employer to post this information to an intranet within 90 days of the Form 5500 filing date	Defined benefit plans covered by Part 1 of Title I of ERISA (Reporting and Disclosure Requirements) covering participants for whom the plan sponsor maintains an intranet for purposes of communicating with the employees and not the public
Annually	Disclosure of plan-related information, including fees and expenses that may be charged to individual plan accounts. Must include a comparative chart with specific information relating to plan investment options	DOL regulations require the disclosure to be furnished to a new participant or beneficiary on or before the date that such participant or beneficiary can first direct his or her investments under the plan, and "at least annually thereafter." Those regulations also define the quoted phrase to mean at least once in any 14-month period Plan sponsors have flexibility from year to year in determining the exact date for this disclosure, but may want to set a regular disclosure date as part of their compliance calendar (considering the date of disclosure used in the preceding year)	ERISA individual account plans that permit participants to direct their investments (*e.g.*, a 401(k) plan)
1/15/2019	4th quarter contribution for defined benefit plan for the 2018 plan year	15 days after end of the applicable quarter	Qualified defined benefit pension plans subject to accelerated quarterly contribution schedule

Due Date/Timing Requirement	Item/Form	Filing/Disclosure/Plan Action Requirements	Plans Affected
1/31/2019	Form 1099-DIV (Dividends and Distributions) to recipients (Also see 2/28/2019 and 3/29/2019[2] due dates)	Statements for the calendar year should generally be provided to recipients by January 31 of the following year **Note**: Statements may be issued earlier in some situations, as provided by the regulations	Any payer (trustee, etc.) who provided any person with a dividend or distribution on stock of $10 or more. Payments of Internal Revenue Code (IRC) § 404(k) dividends directly from the corporation to plan participants or beneficiaries are reported on Form 1099-DIV 404(k) dividends that are paid to the ESOP and then distributed from the plan to the participant or beneficiary are reported on Form 1099-R
1/31/2019	2018 Form W-2 (Wage and Tax Statement) to employees/recipients 2018 Form 1099-R (Distributions from Pensions, Annuities, Retirement or Profit Sharing Plans, IRAs, or Insurance Contracts) to employees/recipients (Also see 2/28/2019 and 3/29/2019[2] due dates)	Statements for the calendar year should generally be provided to employees and/or recipients by January 31 of the following year	Employees, qualified retirement plans, section 403(b) plans, insurance contracts, etc. Eligible rollover distributions and direct rollovers should be reported on Form 1099-R
2/14/2019[3]	Quarterly pension benefit statements to participants and beneficiaries for the last quarter of 2018 plan year	On or before the 45th day following the end of the calendar quarter	ERISA individual account plans that permit participants to direct their investments (*e.g.*, a 401(k) plan)
2/14/2019	Quarterly statement of plan fees and expenses actually charged to individual plan accounts during last quarter of 2018 plan year	A statement of the total fees and expenses actually deducted from the individual account of a plan participant (or beneficiary), if any, must be furnished to such participant (or beneficiary) on a quarterly basis These statements may be provided together with the quarterly pension benefit statements, each of which is due on or before the 45th day following the end of the respective calendar quarter	ERISA individual account plans that permit participants to direct their investments (*e.g.*, a 401(k) plan)
2/28/2019 *Paper filing*	2018 Form 1099-DIV (Dividends and Distributions) filing with IRS (Also see 4/1/2019 due date for electronic filings)	Form 1099-DIV should generally be filed with IRS no later than February 28 **Note**: An extension may be available by filing Form 8809 (Application for Extension of Time To File Information Returns)	Any payer (trustee, etc.) who provided any person with a dividend or distribution on stock of $10 or more. Payments of IRC § 404(k) dividends directly from the corporation to plan participants or beneficiaries are reported on Form 1099-DIV 404(k) dividends that are paid to the ESOP and then distributed from the plan to the participant or beneficiary are reported on Form 1099-R

Due Date/Timing Requirement	Item/Form	Filing/Disclosure/Plan Action Requirements	Plans Affected
2/28/2019 *Paper filing*	2018 Form 1099-R (Distributions from Pensions, Annuities, Retirement Plans, IRAs, or Insurance Contracts) to IRS (Also see 4/1/2019 due date for electronic filings)	Form 1099-R should generally be filed with the IRS no later than February 28 **Note**: An extension may be available by filing Form 8809 (Application for Extension of Time To File Information Returns)	Employees, retirement plans, dependent care plans, life insurance contracts, compensation plans, etc. Eligible rollover distributions and direct rollovers should be reported on Form 1099-R
3/15/2019	2018 employer contributions for plans with December 31 fiscal year-end in order to take tax deduction (assuming the plan sponsor does not file an income tax extension)	Payment must be made not later than the time prescribed by law for filing the income tax return for such fiscal year For S corporations and partnerships whose fiscal year is the calendar year, the income tax return is due by March 15 of the following year	Qualified retirement plans
3/15/2019	Excess 2018 ADP/ACP amounts returned to highly compensated employees to avoid penalty tax; as applicable, elective deferrals refunded, and other contributions distributed or forfeited	2½ months after end of plan year **Note**: Deadline is extended to 6 months after end of the plan year for a plan that includes all eligible employees in an eligible automatic contribution arrangement (EACA)	401(k) plans (ADP Excess) 401(k) and 403(b) plans contributions (ACP Excess)
3/15/2019	Form 1042-S (Foreign Person's U.S. Source Income Subject to Withholding); and Form 1042 (Annual Withholding Tax Return for U.S. Source Income of Foreign Persons)	March 15 following close of prior calendar year Forms 1042-S and 1042 filed with the IRS to report certain retirement plan distributions made to nonresident aliens and income tax withheld from distributions made to nonresident aliens Form 1042-S: ▪ Furnished to recipient of the income ▪ An extension may be available by filing Form 8809 (Application for Extension of Time To File Information Returns) Form 1042: ▪ An extension may be available by filing Form 7004 (Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns). Form 7004 does not extend the time for payment of tax	Retirement plans
3/15/2019	Application for waiver of minimum funding standard for defined benefit and money purchase pension plans	Due no later than the 15th day of the 3rd month after the close of the plan year for which the waiver is requested	Qualified defined benefit plans and money purchase pension plans

Due Date/Timing Requirement	Item/Form	Filing/Disclosure/Plan Action Requirements	Plans Affected
4/1/2019 *Electronic filings*	Form 1099-DIV (Dividends and Distributions) (Also see 1/31/2019 and 2/28/2019 due dates)	Electronic statements are generally due to be filed with the IRS by March 31 Statements for the calendar year should be provided to recipients by January 31 of the following year (see 1/31/2019 due date) **Notes**: ▪ Instructions to 2018 Form 1099-DIV require electronic filings to be made by April 1, 2019 ▪ All distributions from an ESOP that are IRC § 404(k) dividends must be reported on Form 1099-R ▪ Eligible rollover distributions and direct rollovers should be reported on Form 1099-R ▪ An extension may be available by filing Form 8809 (Application for Extension of Time To File Information Returns)	Any payer (trustee, etc.) who provided a person with a dividend or distribution on stock of $10 or more. Payments of IRC § 404(k) dividends directly from the corporation to plan participants or beneficiaries are reported on Form 1099-DIV
4/1/2019 *Electronic filings*	2018 Form 1099-R (Distributions from Pensions, Annuities, Retirement Plans, IRAs, or Insurance Contracts) to the IRS (if filed electronically) (Also see 1/31/2019 and 2/28/2019 due dates)	Form 1099-R are generally due to be filed with the IRS by March 31 if filed electronically **Note**: ▪ Instructions to 2018 Form 1099-R require electronic filings to be made by April 1, 2019 ▪ An extension may be available by filing Form 8809 (Application for Extension of Time To File Information Returns)	Employees, retirement plans, dependent care plans, life insurance contracts, compensation plans, etc.
4/1/2019	Initial required minimum benefit distribution from retirement plan if age 70½ attained in 2018 (terminated employment in 2018, after previously attaining age 70½, and not a 5-percent owner)	April 1 of calendar year, following the calendar year in which an individual attains age 70½ or retires, whichever is later	Qualified retirement plans, 457(b) plans, and 403(b) plans
4/15/2019	1st quarter contribution for defined benefit plan for the 2019 plan year	15 days after end of the applicable quarter	Qualified defined benefit pension plans subject to accelerated quarterly contribution schedule
4/15/2019	Excess deferrals over 2018 § 402(g) dollar limit returned to participants	April 15 following close of employee’s taxable year	401(k) plans, 403(b) plans, simplified employee pension plans, and simple retirement accounts

Due Date/Timing Requirement	Item/Form	Filing/Disclosure/Plan Action Requirements	Plans Affected
4/15/2019	Pension Benefit Guaranty Corporation (PBGC) Notice of Underfunding (Regarding ERISA § 4010 filing with PBGC for sponsors with unfunded liabilities)	105th day after end of "information year" (generally, fiscal year) Exemption may apply if: (1) Unfunded liability of all plans is $15 million or less, disregarding interest rate stabilization; (2) Controlled group has fewer than 500 total plan participants; or (3) Reporting would be solely due to a missed contribution or funding waiver, and the missed contribution or funding waiver has been reported to the PBGC prior to the § 4010 filing due date	Pension plans subject to Title IV of ERISA (Plan Termination Insurance) that generally have a funding target attainment percentage (FTAP) that is less than 80%, disregarding the interest rate stabilization enacted in the Moving Ahead for Progress in the 21st Century Act (MAP-21) and subsequent legislation
4/15/2019	2018 employer contributions for plans with December 31 fiscal year-end in order to take tax deduction (with no plan sponsor tax extension)	Payment must be made not later than the time prescribed by law for filing the income tax return for such fiscal year For C corporations whose fiscal year is the calendar year, the income tax return is due by April 15 of the following year	Qualified retirement plans
4/30/2019	2018 Annual Funding Notice to participants, beneficiaries, labor organizations representing participants, and the PBGC	Plans generally must furnish funding notices no later than 120 days after the close of each plan year Small plans, covering fewer than 100 participants, counting all defined benefit plans in a controlled group, must provide the notice by the earlier of the date the Form 5500 is filed and the due date of the Form 5500 including extensions	Qualified defined benefit pension plans subject to Title IV of ERISA (Plan Termination Insurance)
4/30/2019	Final comprehensive PBGC premium for 2018 for plans that filed an earlier estimated variable rate premium in the 10/15/2018 comprehensive filing	Last day of 16th full month after end of the plan year preceding the premium payment year	Pension plans subject to Title IV of ERISA (Plan Termination Insurance)
5/15/2019	Quarterly pension benefit statements to participants and beneficiaries for 1st quarter of 2019 plan year	On or before 45th day following the end of the calendar quarter	ERISA individual account plans that permit participants to direct their investments (*e.g.*, a 401(k) plan)
5/15/2019	Quarterly statement of plan fees and expenses actually charged to individual plan accounts during 1st quarter of 2019 plan year	To the extent that fees or expenses are charged to individual accounts, a statement must be furnished on a quarterly basis In many cases, these statements are provided together with the quarterly benefit statements, each of which is due on or before the 45th day following the end of the calendar quarter	ERISA individual account plans that permit participants to direct their investments (*e.g.*, a 401(k) plan)

Due Date/Timing Requirement	Item/Form	Filing/Disclosure/Plan Action Requirements	Plans Affected
7/15/2019	2nd quarter contribution for defined benefit plan for the 2019 plan year	15 days after end of the applicable quarter	Qualified defined benefit pension plans subject to accelerated quarterly contribution schedule
7/29/2019	Summary of Material Modifications provided to participants and beneficiaries for plan changes adopted in 2018	210 days after end of plan year in which change adopted, unless included in timely updated summary plan description	Benefit plans covered by Part 1 of Title I of ERISA (Reporting and Disclosure Requirements)
7/31/2019	2018 Form 5500 (Annual Return/Report of Employee Benefit Plan to the IRS) if no extension (Also see 7/31/2019 Form 5558 due date if extension is needed)	Last day of 7th month after end of plan year	Benefit plans covered by Part 1 of Title I of ERISA (Reporting and Disclosure Requirements)
7/31/2019	Annual pension benefit statement to participants and beneficiaries in individual account plans subject to ERISA	The statement is required to be furnished annually. Per FAB 2007-03, the statement must be provided by the date the Form 5500 is filed, but no later than the due date of Form 5500 for the plan year, including extensions	Individual account defined contribution retirement plans that do not permit participants to direct investments. (The required quarterly statements meet this requirement for individual account defined contribution retirement plans that permit participants to direct investments)
7/31/2019	2018 Form 8955-SSA (Annual Registration Statement Identifying Separated Participants With Deferred Vested Benefits) if no extension is needed (Also see 7/31/2019 Form 5558 due date if extension is needed)	Last day of 7th month after end of plan year Used to report information regarding separated participants with deferred vested benefits	Plans subject to the vesting standards of ERISA § 203
7/31/2019 *For Form 5500 or Form 8955-SSA due date extension*	Form 5558 (Application for Extension of Time to File Certain Employee Plan Returns) to the IRS (Also see 10/15/2019 Forms 5500 and 8955-SSA due dates)	Used to apply for extension of time to file Forms 5500, 5330, or 8955-SSA On or before due date for filing Forms 5500, 5330, or 8955-SSA. The due date varies for extending the Form 5330 due date, depending on the nature of the excise tax due. (Be sure to file Form 5558 in sufficient time for the IRS to consider and act on it before the Form 5330 normal due date)	In the case of Form 5500, benefit plans covered by Part 1 of Title I of ERISA (Reporting and Disclosure Requirements) In the case of Form 8955-SSA, plans subject to the vesting standards of ERISA § 203 In the case of Form 5330, employee benefit plans subject to certain excise taxes
8/14/2019	Quarterly pension benefit statements to participants and beneficiaries for 2nd quarter of 2019 plan year	On or before 45th day following the end of the calendar quarter	ERISA individual account plans that permit participants to direct their investments (*e.g.*, a 401(k) plan)

Due Date/Timing Requirement	Item/Form	Filing/Disclosure/Plan Action Requirements	Plans Affected
8/14/2019	Quarterly statement of plan fees and expenses actually charged to individual plan accounts during 2nd quarter of 2019 plan year	To the extent that fees or expenses are charged to individual accounts, a statement must be furnished on a quarterly basis In many cases, these statements are provided together with the quarterly benefit statements, each of which is due on or before the 45th day following the end of the calendar quarter	ERISA individual account plans that permit participants to direct their investments (*e.g.*, a 401(k) plan)
9/13/2019[2]	Required minimum contribution for money purchase pension, target benefit, and defined benefit plans for the 2018 plan year	8½ months after end of plan year, for minimum funding requirement (also see quarterly contributions for underfunded defined benefit plans)	Qualified retirement plans subject to IRC § 430 or 412 funding requirements
9/13/2019[2]	2018 employer contributions for those corporate sponsors that filed an income tax extension	The due date for contributions to be deductible is the corporate plan sponsor's tax return due date for the fiscal year in which the plan year ends, including extensions For S corporations and partnerships whose fiscal year is the calendar year, the income tax return is due by September 15 of the following year	Qualified retirement plans
9/13/2019[2]	2018 Form 5500 (Annual Return/Report of Employee Benefit Plan to the IRS); and Form 8955-SSA (Annual Registration Statement Identifying Separated Participants With Deferred Vested Benefits) if the sponsor's tax return extension is granted	Automatic extension to extended due date of corporate plan sponsor's tax return (if certain conditions are met, Form 5558 need not be submitted)	In the case of Form 5500, benefit plans covered by Part 1 of Title I of ERISA (Reporting and Disclosure Requirements) In the case of Form 8955-SSA, plans subject to the vesting standards of ERISA § 203
9/30/2019	2018 Summary Annual Report (SAR) to participants (if no extension of Form 5500 due date) (Also see 11/15/2019 and 12/13/2019[2] due dates if filing Form 5500 with an extension)	Due to participants 9 months after end of plan year	Benefit plans covered by Part 1 of Title I of ERISA (Reporting and Disclosure Requirements), excluding defined benefit plans, which are instead required to provide the Annual Funding Notice to participants
10/3/2019–12/2/2019	Annual Notice of Qualified Automatic Contribution Arrangement (QACA) (employee notice by plans using ADP and/or ACP "safe harbor")	Generally, no earlier than 90 days, but no later than 30 days preceding each plan year relying on the "safe harbor" **Note**: Initial notice must be provided to newly eligible employees no later than 1st individual deferral	401(k) plans and 403(b) plans that elect to rely on QACA "safe harbor" to satisfy ADP and/or ACP testing

Due Date/Timing Requirement	Item/Form	Filing/Disclosure/Plan Action Requirements	Plans Affected
10/3/2019–12/2/2019	Annual Notice of Eligible Automatic Contribution Arrangement (EACA)/ERISA § 514(e)(3)	Generally, no earlier than 90 days, but no later than 30 days preceding each plan year to which the EACA applies **Notes**: ▪ Initial notice must be provided to newly eligible employees no later than 1st individual deferral ▪ An EACA notice must include an explanation of the permissive withdrawal, which permits a participant to withdraw deferrals during the 90-day period following the individual's first deferral	401(k) plans and 403(b) plans covered by ERISA that choose to use EACA
10/3/2019–12/2/2019	Annual Notice of Automatic Contribution Arrangement (ACA)	Generally, no earlier than 90 days, but no later than 30 days preceding each plan year to which the ACA applies A default election begins to apply with respect to an eligible employee no earlier than a reasonable period of time after receipt of a notice describing the automatic contribution arrangement **Note**: Initial notice must be provided to newly eligible employees no later than the first individual deferral	401(k) and 403(b) plans with automatic enrollment that are not EACAs or QACAs
10/3/2019–12/2/2019	Annual Safe Harbor Status Notice to inform participants of plan's ADP and/or ACP safe harbor status/contribution rates/vesting	Generally, no earlier than 90 days, but no later than 30 days preceding each plan year	ADP/ACP safe harbor 401(k) and ACP safe harbor 403(b) plans
10/15/2019	3rd quarter contribution for defined benefit plan for the 2019 plan year	15 days after end of the applicable quarter	Qualified defined benefit pension plans subject to accelerated quarterly contribution schedule
10/15/2019	2018 Annual Funding Notice (for a plan with 100 or fewer participants) to participants, beneficiaries, labor organizations representing participants, and the PBGC	Generally, due within 120 days following the close of the plan year (see above); for small plans covering 100 or fewer participants (counting all defined benefit plans in a controlled group), the due date for the notice is the earlier of the date the Form 5500 is filed and the due date of the Form 5500 (including extensions)	Qualified defined benefit pension plans subject to Title IV of ERISA (Plan Termination Insurance)

Due Date/Timing Requirement	Item/Form	Filing/Disclosure/Plan Action Requirements	Plans Affected
10/15/2019	2018 Form 5500 (Annual Return/Report of Employee Benefit Plan to the IRS); and Form 8955-SSA (Annual Registration Statement Identifying Separated Participants With Deferred Vested Benefits) last date, including all extensions	See Form 5558 entry above	In the case of Form 5500, benefit plans covered by Part 1 of Title I of ERISA (Reporting and Disclosure Requirements) In the case of Form 8955-SSA, plans subject to the vesting standards of ERISA § 203
10/15/2019	Comprehensive PBGC premium filing including PBGC flat rate premium payment for 2019 and estimate of variable rate premium for 2019 for all plans, regardless of size	15^{th} day of 10^{th} full month after end of the plan year preceding the premium payment year	Pension plans subject to Title IV of ERISA (Plan Termination Insurance), regardless of size
11/14/2019	Quarterly pension benefit statements to participants and beneficiaries for 3^{rd} quarter of the 2019 plan year	On or before 45^{th} day following the end of the calendar quarter	ERISA individual account plans that permit participants to direct their investments (*e.g.*, a 401(k) plan)
11/14/2019	Quarterly statement of plan fees and expenses actually charged to individual plan accounts during 3^{rd} quarter of the 2019 plan year	To the extent that fees or expenses are charged to individual accounts, a statement must be furnished on a quarterly basis. In many cases, these statements are provided together with the quarterly benefit statements, each of which is due on or before the 45^{th} day following the end of the calendar quarter	ERISA individual account plans that permit participants to direct their investments (*e.g.*, a 401(k) plan)
11/15/2019	2018 SAR to participants (if Form 5500 due date is extended due to plan sponsor's tax return extension) (Also see 12/13/2019[2] due date if filing Form 5500 with an extension)	2 months after Form 5500 due date, as extended	Benefit plans covered by Part 1 of Title I of ERISA (Reporting and Disclosure Requirements), excluding defined benefit plans, required instead to provide the Annual Funding Notice to participants
12/13/2019[2]	2018 SAR to participants (if Form 5500 due date is extended due to Form 5558 filing)	2 months after Form 5500 due date	Benefit plans covered by Part 1 of Title I of ERISA (Reporting and Disclosure Requirements), excluding defined benefit plans, which are instead required to provide the Annual Funding Notice to participants
12/31/2019	Annual pension benefit statement notices to participants and beneficiaries in defined benefit plans subject to ERISA	A plan must provide a benefit statement every 3 years, or an annual notice of the availability of a benefit statement upon request	Qualified defined benefit plans

Due Date/Timing Requirement	Item/Form	Filing/Disclosure/Plan Action Requirements	Plans Affected
12/31/2019	Excess 2018 ADP/ACP amounts returned to highly compensated employees to avoid plan disqualification; as applicable, elective deferrals refunded, and other contributions distributed or forfeited	Before end of plan year after plan year for which contribution is made	401(k) plans and 403(b) plans with employee after-tax contributions or employer matching contributions
12/31/2019	Required minimum distribution from retirement plan, if applicable (Also see 4/1/2019 initial required minimum benefit distribution, if age 70½ attained in 2018)	Before end of calendar year for the year following the calendar year in which an individual attains age 70½ or retires, whichever is later (and for all following calendar years for which a minimum distribution is required to be paid)	Qualified retirement plans, 457(b) plans, and 403(b) plans

Health and Benefits

Due Date/Timing Requirement	Item/Form	Filing/Disclosure/Plan Action Requirements	Plans Affected
Must be provided within 90 days of group health plan enrollment	Consolidated Omnibus Budget Reconciliation Act (COBRA) Notice	Initial notice generally provided at the time of annual and mid-year enrollments	Group health plans of employers that normally employ 20 or more employees
For calendar year 2019 the notice will be provided prior to 1/1/2019, or in conjunction with mid-year enrollment	Health Insurance Portability and Accountability Act (HIPAA) Privacy Notice	Generally provided at the time of annual and mid-year enrollment (required to be provided at the time of enrollment and notice of availability every 3 years)	Most group health plans (other than self-insured plans with fewer than 50 participants that do not utilize a third-party administrator)
At or before initial offer of group health plan enrollment	Notice of Special Enrollment Rights	Generally provided at the time of annual and mid-year enrollments	Most group health plans
Must be included with any summary of benefits provided to group health plan participants and beneficiaries	Grandfathered Plan Notice	Generally provided at the time of annual and mid-year enrollments	Group health plans in existence as of 3/23/2010 that have only had minimal changes since that date
Must be provided as part of group health plan enrollment materials	Summary of Benefits and Coverage	Issuer of insurance policy or plan sponsor of self-insured group health plan	Most fully-insured and self-insured group health plans
Must be provided to new employees within 14 days of employee's start date	Notice Informing Employees of Health Coverage Options (Availability of Exchange)	Model notice is available	All employers subject to the Fair Labor Standards Act

Due Date/Timing Requirement	Item/Form	Filing/Disclosure/Plan Action Requirements	Plans Affected
1/31/2019	2018 Form W-2 (Wage and Tax Statement) to employees and/or recipients	Statements for the calendar year should generally be provided to employees and/or recipients by January 31 of the following year The 2018 Form W-2 for employers who were required to file 250 or more Forms W-2 for 2017 must report the cost of group health plan coverage provided to employees	Employees, dependent care plans, life insurance contracts, group health plans, etc.
2/28/2019 *For paper filings*	2018 Form 1095-B (Health Coverage); or 2018 Form 1095-C (Employer-Provided Health Insurance Offer and Coverage) to IRS using Form 1094-B (Transmittal of Health Coverage Information Returns); or 2018 Form 1094-C (Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns)	Forms 1094-B, 1094-C, 1095-B, and 1095-C, as applicable should be filed with the IRS no later than the last day of February **Note**: An extension may be available by filing Form 8809 (Application for Extension of Time To File Information Returns)	Employers, group health plans, and health insurance
3/1/2019	Creditable/Non-Creditable Annual Disclosure to Centers for Medicare and Medicaid Services (CMS)	60 days after the beginning of the plan year	All employers that offer prescription drug coverage
3/1/2019	Form M-1 (Annual Report for Multiple Employer Welfare Arrangements (MEWA) and Certain Entities Claiming Exceptions (ECEs) to Employee Benefits Security Administration (EBSA))	March 1 following close of prior calendar year **Note**: Filers generally granted an automatic 60-day extension until May 1, if requested	Certain MEWAs and entities claiming exception from MEWA status
3/4/2019	2018 Form 1095-B (Health Coverage); or 2018 Form 1095-C (Employer-Provided Health Insurance Offer and Coverage)	Statements for the calendar year should be provided to employees and/or recipients by January 31 of the following year, subject to a 30-day extension, if requested **Notes**: ▪ An extension of up to 30 days may be requested by letter to the IRS stating the reason for the delay ▪ IRS Notice 2018-94 extended the January 31, 2019 due date to March 4, 2019. Considering this extension, the IRS is not permitting any automatic 30-day extension in addition to the extended due date	Employers, group health plans, and health insurance

Due Date/Timing Requirement	Item/Form	Filing/Disclosure/Plan Action Requirements	Plans Affected
4/1/2019 *For electronic filings*	2018 Form 1095-B (Health Coverage); or 2018 Form 1095-C (Employer-Provided Health Insurance Offer and Coverage) to IRS using Form 1094-B (Transmittal of Health Coverage Information Returns); or 2018 Form 1094-C (Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns)	Forms 1094-B, 1094-C, 1095-B, and 1095-C, as applicable should be filed with the IRS by April 1 if filed electronically **Note**: An extension may be available by filing Form 8809 (Application for Extension of Time To File Information Returns)	Employers, group health plans, and health insurance
4/1/2019 *2017 calendar year plans*	Medicare Part D Retiree Drug Subsidy Reconciliation	Due no later than 15 months after the end of the plan year **Note**: Significant data review is required well in advance of reconciliation	Employers that offer retiree prescription drug coverage and choose to apply for the 28% Retiree Drug Subsidy. An employer will forfeit its 28% Retiree Drug Subsidy if the plan is not timely reconciled
7/29/2019	Summary of Material Modifications provided to participants and beneficiaries for plan changes adopted in 2018	210 days after end of plan year in which change adopted, unless included in timely updated summary plan description (SPD) 60 days after a material reduction in group health plan covered services or benefits adopted; or 90 days if employee communications that would report such reduction are provided at regular intervals	Benefit plans covered by Part 1 of Title I of ERISA (Reporting and Disclosure Requirements)
7/31/2019 *Annual fee that applies to plan years ending after 9/30/2012 and before 10/1/2019*	Comparative Effectiveness Research Fee multiplied by average number of covered lives Plan years ending on or after 10/1/2017 and before 10/1/2018 — $2.39 Plan years ending on or after 10/1/2018 and before 10/1/2019 — $2.45	Fee is reported and paid once per year on IRS Form 720 by July 31 of the calendar year immediately following the end of the plan year The fee and report for the 2018 calendar year is due by 7/31/2019	Imposed on issuer of insurance policy or plan sponsor of self-insured health plan
7/31/2019	2018 Form 5500 (Annual Return/Report of Employee Benefit Plan to the IRS) if no extension (Also see 7/31/2019 Form 5558 due date if extension is needed)	Last day of 7th month after end of plan year	Benefit plans covered by Part 1 of Title I of ERISA (Reporting and Disclosure Requirements)

Due Date/Timing Requirement	Item/Form	Filing/Disclosure/Plan Action Requirements	Plans Affected
7/31/2019 *For Form 5500 or Form 8955-SSA due date extension*	Form 5558 (Application for Extension of Time to File Certain Employee Plan Returns) to the IRS (Also see 10/15/2019 Forms 5500 and 8955-SSA due dates)	Used to apply for extension of time to file Forms 5500, 5330, or 8955-SSA On or before due date for filing Forms 5500, 5330, or 8955-SSA. The due date varies for extending the Form 5330 due date, depending on the nature of the excise tax due. (Be sure to file Form 5558 in sufficient time for the IRS to consider and act on it before the Form 5330 normal due date)	In the case of Form 5500, benefit plans covered by Part 1 of Title I of ERISA (Reporting and Disclosure Requirements) In the case of Form 8955-SSA, plans subject to the vesting standards of ERISA § 203 In the case of Form 5330, employee benefit plans subject to certain excise taxes
8/1/2019	Medical Loss Ratio (MLR) rebate notices and payments for 2018 calendar year	If applicable, MLR rebate and notice must be provided by issuers to group policyholders and all subscribers of group policies that receive an MLR rebate Notice and rebate must be provided by August 1 of the year following the MLR reporting year (calendar year)	Fully insured group health plans
9/13/2019[2]	2018 Form 5500 (Annual Return/Report of Employee Benefit Plan to the IRS)	Automatic extension to extended due date of corporate plan sponsor's tax return (if certain conditions are met, Form 5558 need not be submitted)	In the case of Form 5500, benefit plans covered by Part 1 of Title I of ERISA (Reporting and Disclosure Requirements)
9/30/2019	2018 Summary Annual Report (SAR) to participants (if no extension of Form 5500 due date) (Also see 11/15/2019 and 12/13/2019[2] due dates if filing Form 5500 with an extension)	Due to participants 9 months after end of plan year	Benefit plans covered by Part 1 of Title I of ERISA (Reporting and Disclosure Requirements)
10/2/2019 for 2020 calendar-year plans[4]	Medicare Part D Retiree Drug Subsidy Application, Retiree List, and Attestation	Due 90 days before the beginning of the plan year	Employers that offer retiree prescription drug coverage and choose to apply for the 28% Retiree Drug Subsidy
Prior to 10/15/2019	Medicare Part D Creditable/ Non-Creditable Coverage Notice	Annual mailing; notices also required at various other times	All employers with Medicare Part D-eligible participants enrolled in an employer prescription drug plan
11/15/2019	2018 SAR to participants (if Form 5500 due date is extended due to plan sponsor's tax return extension) (Also see 12/13/2019[2] due date if filing Form 5500 with an extension)	2 months after Form 5500 due date, as extended	Benefit plans covered by Part 1 of Title I of ERISA (Reporting and Disclosure Requirements)
12/13/2019[2]	2018 SAR to participants (if Form 5500 due date is extended due to Form 5558 filing)	2 months after Form 5500 due date	Benefit plans covered by Part 1 of Title I of ERISA (Reporting and Disclosure Requirements)

Due Date/Timing Requirement	Item/Form	Filing/Disclosure/Plan Action Requirements	Plans Affected
12/31/2019	Women's Health and Cancer Rights Act Notice	Annual mailing; notice also required upon enrollment	Employers that offer group health plan benefits that cover medical and surgical benefits with respect to mastectomy
Annual notice by 12/31/2019	EEOC Wellness Notice (if applicable)	Notice must be provided in connection with offering a wellness program to employees	Employers that provide incentives for participants to undergo a medical examination or respond to disability-related inquiries
Annual notice by 12/31/2019	Children's Health Insurance Program (CHIP) Notice	Annual mailing; can be provided with enrollment materials or SPD	Employers providing medical benefits to employees in a state that provides premium assistance through Medicaid or a state child health plan for the purchase of group health plan coverage
Annual notice by 12/31/2019	Patient Protection Provider Choice Notice (if applicable)	Provide with any description of benefits (usually with enrollment materials) and include in SPD	Group health plans (non-grandfathered) that require or allow designation of a primary care provider for an adult, child, or for obstetric or gynecological care

[1] The Pension Protection Act of 2006 (PPA) added a provision to ERISA Section 104 requiring that identification and basic plan information and actuarial information that are included in the annual report be displayed on an intranet website, if any, maintained by the plan sponsor.

[2] This due date falls on a weekend or a legal holiday, including any legal holiday in the District of Columbia. As noted in the introduction to this Calendar, in an effort to facilitate timely compliance with delivery requirements, the Compliance Calendar reflects a suggested due date of the business day immediately preceding this weekend or holiday due date. Generally, for IRS form filing dates (and not dates involving contributions or the timing of participant notices), the due date is extended to the next business day. For all other forms, required disclosures, contributions, or distributions, please file or provide on or before the above referenced due date; no extension applies when an outside limit states how early a disclosure can be provided, such as for the annual notices for automatic contribution arrangements. Also, please be aware that regulatory agencies may issue additional updates to due dates throughout the year.

[3] Section 508(a) of PPA amended ERISA Section 105 by establishing an affirmative obligation on the part of plan administrators to automatically furnish pension benefits statements to participants and beneficiaries at least once each quarter, in the case of individual account plans that permit participants to direct their investments. For more information, see DOL Field Assistance Bulletin No. 2006-03. Individual account plans must provide Pension Benefit Statements at least once each calendar year to a participant or beneficiary who does not have a right to direct the investment of assets in that account.

[4] The due date may be extended to November 2, 2019 for plans that properly request an extension.

Aon Contacts

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About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

Discussion Topics

Fourth Quarter 2018

Aon Quarterly Update

Retirement Legal Consulting & Compliance

In this Issue

Prior Issues

To access prior issues, **click here** and select "Newsletters"

Notes From Your Editor

The end of the calendar year is just around the corner! Plan sponsors are well into their 2019 planning and preparing year-end amendments. Now is the time to ensure that plan design changes made in 2018 have been appropriately documented.

We start this issue with an article about Aon's *The Real Deal* study. This study examines the amount of retirement savings that employees will need to maintain their standard of living in retirement and compares that to employees' expected retirement resources. In the past many employees relied on a single rule of thumb to save for retirement. However, The Real Deal demonstrates how retirement needs vary by individual. This study examines how employers can better understand the retirement readiness picture of their employees to help them be able to retire more comfortably.

We have reported extensively on strategies for the redeployment of VEBA assets. In this issue we provide an update on the current position of the Internal Revenue Service (IRS) with respect to the redeployment of these assets. The IRS has announced new benefit limits for 2019. Highlights of those changes are discussed in this issue. We also provide two updates on the IRS's position regarding voluntary compliance program (VCP) submissions under the Employee Plans Compliance Resolution System (EPCRS).

A topic that has caused confusion is the intersection of state escheat laws and qualified retirement plans. We provide an article on this topic and ideas for how to avoid getting caught in the escheat trap. Another topic that has caused confusion is the changes made to the laws regarding hardship distributions by recent federal legislation. We discuss actions that plan sponsors could consider taking in response to these changes.

Plan sponsors have a fiduciary duty to manage disclosures from covered service providers. Aon has established a process to assist plan sponsors with this task.

If you have any questions or need any assistance with the topics covered, please contact the author of the article or Tom Meagher, our practice leader.

Regards,

Jennifer R Berrian

Jennifer Ross Berrian
Partner
Aon

Empower Results®

Will Your Employees Be Retirement Ready?

by Grace Lattyak and Melissa Hollister

Only one in three workers will have saved enough to retire comfortably by age 67. Do you know how your employees stack up? At what age will they be able to retire with adequate retirement resources?

Aon's *The Real Deal: 2018 Retirement Income Adequacy at U.S. Plan Sponsors* study provides powerful insights into retirement savings behavior and investment experience of U.S. private-sector plan sponsors. The 2018 study offers insight into the overall retirement readiness of U.S. workers and a benchmark for employers across 28 different industries as they measure the effectiveness and sufficiency of their retirement programs.

The 2018 study found that workers who participate in their employer's benefit plans for their entire career typically need to accumulate retirement assets (in addition to Social Security) worth about 11.1 times their final pay for an age 67 retirement to maintain their preretirement standard of living over an average life expectancy. Retirement needs vary by participant based on individual circumstances and could be different for your workforce.

In addition, the 2018 study compared projected retirement resources to target needs and found that roughly one out of five workers (19%) is expected to have retirement resources that exceed the amount needed at retirement. Another 15% is projected to have resources that are close to, but do not exceed, their retirement needs. These workers will likely fall close enough to their targeted needs to allow them reasonably adequate retirement income if they adjust their post-retirement spending or supplement their retirement savings with assets outside their employers' plans. However, that leaves a majority of workers who are projected to fall short and will need to increase their savings, delay their retirement, significantly adjust their standard of living in retirement, or some combination. What percentage of your workers is on track to save enough for retirement?

Employees on average need to be saving 16% of pay for their retirement fund each year between their own savings and the amount their employer provides in retirement benefits. Your employees look to you for guidance on how much to save. Is your defined contribution (DC) plan designed to encourage higher savings rates? Does your DC plan offer contribution escalation and set the escalation target rate at an appropriate level for retirement income adequacy? Do you allow savings into Roth accounts and Health Savings Accounts to allow your employees to maximize tax efficiency?

Employees on average need to be saving 16% of pay for their retirement fund each year between their own savings and the amount their employer provides in retirement benefits.

The age at which an employee retires also significantly impacts expected retirement adequacy. The 2018 study found that age 70 is the median age at which full-career contributors are projected to have resources that meet their needs. However, the industry in which an employee works can significantly affect retirement readiness. The median age of retirement adequacy varies by industry from age 67 to over age 75. The market dynamics driving these industry differences come down to employee pay, benefits, and savings rates. Help your employees understand how to achieve their retirement goals, based on your specific population and the benefits you offer.

For more comprehensive information regarding the findings of the 2018 study, please click **www.aon.com/therealdeal** to obtain a copy. Aon's retirement consultants can assist you in evaluating the retirement readiness of your employees and any resulting workforce implications.

IRS Reopens and Expands PLRs on Stranded VEBA Assets

by Tom Meagher and Jennifer Ross Berrian

As reported in the past, many Voluntary Employees' Beneficiary Associations (VEBAs) are holding more assets than can reasonably be used for the originally intended benefits. Because of the significant tax consequences that may result if VEBA assets are improperly accessed, many plan sponsors have been asking the Internal Revenue Service (IRS) for private letter rulings (PLRs) to allow them to amend their VEBAs to pay benefits for different classes of participants or for different benefits than originally intended. While the IRS informally suspended these VEBA asset redeployment ruling requests for a few months over the summer (to address certain recently raised tax issues), the IRS is again issuing PLRs regarding the redeployment of VEBA assets.

If you recall from the Third Quarter 2016 and Fourth Quarter 2015 issues of the *Quarterly Update*, we noted that many employers have previously funded their postretirement medical benefits in a VEBA (please contact the authors for copies of these issues). Due to superior investment performance and a reduction in both retiree medical benefits and the number of employees eligible for retiree medical coverage, VEBAs have in many cases become overfunded. While the IRS had been issuing PLRs allowing postretirement health VEBA assets to be used for active medical benefits, the IRS subsequently had concerns involving the use of VEBA assets in excess of prior tax deductions, and with respect to an employer's obligation to provide active medical benefits to collectively bargained employees.

With the IRS's renewed willingness to continue issuing PLRs in this area, employers having overfunded VEBAs or VEBAs with stranded assets may want to consider a redeployment strategy to access postretirement health VEBA assets for active medical benefits. Aon's Retirement Legal Consulting & Compliance consultants are working with several clients who are pursuing these VEBA strategies, and we will be glad to discuss these opportunities further at your convenience.

2019 Limits for Benefit Plans

by Linda M. Lee

Each year the Internal Revenue Service (IRS) announces new dollar limitations for pension and other retirement-related plans. These include limits on the amount of contributions that may be made to defined contribution (DC) plans, the annual amount that can be paid from defined benefit (DB) plans, and the amount of compensation that can be used while calculating benefits. The limits are adjusted for price and wage inflation and general law changes. Qualified retirement plan administration must be adapted annually to remain compliant.

Following are highlighted cost-of-living adjustments made for 2019:

- The employee elective deferral limit for 401(k) and 403(b) plans increased from $18,500 to $19,000;
- The annual addition limit for DC plans under Internal Revenue Code (Code) Section 415 increased from $55,000 to $56,000;
- The annual benefit limit for DB plans under Code Section 415 increased from $220,000 to $225,000;
- The qualified plan annual compensation limit under Code Section 401(a)(17) increased from $275,000 to $280,000;
- The pay threshold for highly compensated employees under Code Section 414(q) increased from $120,000 to $125,000; and
- The limit on catch-up contributions in 401(k) and 403(b) plans for employees age 50 or older remained the same at $6,000.

Please contact your Aon consultant if you have any questions regarding the limitations for 2019.

IRS Provides Tips to Avoid Incomplete VCP Submissions

by John Van Duzer

The Internal Revenue Service (IRS) offers resources and guidance on its website regarding Voluntary Compliance Program (VCP) submissions. This year, the IRS created three webpages, each of which addressed common mistakes in VCP submissions. In the most recent webpage created in September 2018, the IRS again provided a list of common mistakes that plan sponsors are making in their VCP submissions. By publishing the list, the IRS hopes to prevent plan sponsors from filing incomplete VCP submissions in the future and to permit resolution on an expedited basis.

The IRS notes that incomplete VCP submissions are detrimental to everyone. They take longer for the IRS to process, thereby delaying the plan sponsor's goal of obtaining a compliance statement. Furthermore, incomplete submissions must be assigned to an IRS specialist to resolve issues, thereby using limited IRS resources.

The following are some of the key items included in the latest IRS list:

- **User Fee Missing or Submitted Fee in Incorrect Amount.** Earlier this year, the IRS indicated that it will no longer contact plan sponsors to request missing user fees. Plan sponsors who intend to file paper VCP submissions between now and March 31, 2019, should be aware that the IRS will likely not offer an opportunity to cure a user fee problem. If the IRS closes a VCP submission without issuing a compliance statement due to lack of payment, a plan sponsor can resubmit the submission as a new case, subject to the user fee schedule at the time of the new submission.
- **Signature Errors.** The IRS has reported instances where unsigned forms are submitted, or the Form 8950 (Application for Voluntary Correction Program) is signed by a person without authority to bind the plan sponsor (e.g., a trustee, plan administrator, or even the VP of HR). The IRS also notes that the representative's signature on IRS Form 2848 (Power of Attorney) must not be dated more than 45 days after the taxpayer's (i.e., plan sponsor's) signature.
- **Deficient Narrative Attachments.** These required attachments describing plan failures and correction methods must be clear and provide sufficient detail, including references to plan sections not followed and the number of participants affected by the failures. The methodology used to determine earnings for corrective contributions or distributions must be adequately explained.
- **Other Missing Items.** In the case of operational failures, the VCP submission must include detailed computations showing how corrective amounts and earnings were determined, as well as a copy of the relevant plan section or plan document in effect during the failure period.

The complete list of IRS tips and warnings is included on the IRS website. Plan sponsors considering a VCP submission would be well-advised to review this entire list prior to filing the submission.

Aon's Retirement Legal Consulting & Compliance consultants are here to assist plan fiduciaries with their plans' compliance issues. We provide qualified plan status checkups to identify document, administrative, and governance issues. We know and understand the many details of EPCRS (including the details required to ensure complete and detailed VCP submissions) and can assist with preparing any necessary VCP submission while navigating the myriad of challenging IRS rules and procedures.

New EPCRS Guidance Requires Paperless VCP Submissions

by Susan Motter

The Internal Revenue Service (IRS) released new guidance on September 28, 2018, that has modified the Employee Plans Compliance Resolution System (EPCRS). As our readers know, the EPCRS is a comprehensive system of correction programs involving the Self-Correction Program (SCP), the Voluntary Correction Program (VCP), and the Audit Closing Agreement Program (Audit CAP) that was established by the IRS for sponsors of retirement plans that have failed to satisfy certain requirements under Section 401(a), 403(a), 403(b), 408(k), or 408(p) of the Internal Revenue Code (Code).

EPCRS has long been relied upon by plan sponsors to correct document, operational, demographic, and employer eligibility failures involving their retirement plans. The IRS released Revenue Procedure 2018-52 (New EPCRS) to primarily set forth new paperless VCP submission procedures that require the use of the www.pay.gov website for the filing of VCP submissions and the payment of the required VCP user fees.

Beginning April 1, 2019, plan sponsors can no longer submit paper (hard copy) VCP submissions to the IRS but must instead use www.pay.gov when filing submissions and paying applicable user fees. To ease the transition to the new paperless procedures, from January 1, 2019 through March 31, 2019, plan sponsors can choose whether to file by paper or use www.pay.gov. However, the IRS will not accept paper VCP submissions postmarked on or after April 1, 2019.

While the New EPCRS requires VCP submissions to be filed electronically with the IRS, the required components of VCP submissions (e.g., the IRS forms, disclosures, attachments and any required samples of corrective calculations) generally remain unchanged. However, because of the nature of paperless submissions, the IRS established a few new rules:

- The VCP submission must be converted into a single PDF document not exceeding 15 MB.
- If the converted VCP submission exceeds 15 MB, some submission documents (or parts thereof) will need to be removed and separately faxed to the IRS.
- A previously filed VCP submission that is not yet assigned to an IRS agent cannot be revised or amended by filing a new submission using www.pay.gov. Instead, the plan sponsor must call the IRS to request guidance regarding how to submit the revised documents.
- The IRS will no longer mail a letter acknowledging receipt of a VCP submission. Instead, the filer of a VCP submission will receive a unique www.pay.gov Tracking ID which will serve as the IRS control number for the filed VCP submission and as the official acknowledgement of the receipt of the VCP submission.

The New EPCRS is effective January 1, 2019. This guidance is helpful to clients making VCP submissions to the IRS after discovering a document, operational, demographic, or employer eligibility failure. Aon's Retirement Legal Consulting & Compliance group can assist with all aspects of corrections, including SCP and VCP submissions under the New EPCRS.

Missing Participants and the State Escheat Problem

by Hitz Burton

Over the last several years, perhaps no area of qualified plan administration has proved as challenging to plan sponsors and plan administrators as "missing participants." The Internal Revenue Service, the Department of Labor (DOL), and the Pension Benefit Guaranty Corporation have weighed in, and Aon has previously covered this topic in the **First Quarter** and **Second Quarter** 2018 editions of the *Quarterly Update*. As previously discussed, the DOL has taken an aggressive enforcement position on missing participants in its defined benefit (DB) plan audit initiative. Specifically, the DOL has maintained that a fiduciary of an ongoing DB plan must follow the guidance of Field Assistance Bulletin (FAB) 2014-01, which by its express terms is limited to terminated defined contribution plans. In the DOL's view, failure to follow the FAB is a fiduciary breach under the Employee Retirement Income Security Act of 1974 (ERISA).

> "The state may act as a custodian holding the property until the appropriate owner or beneficiary can be located or take actual legal title to the property under escheat."

In addition to the challenges from the federal government, plan sponsors and fiduciaries should be aware that states may also attempt to reach qualified plan assets belonging to a missing participant or beneficiary by applying state escheat or unclaimed property law. As background, every state has a law that requires legal entities (e.g., companies, financial institutions, and trusts) holding unclaimed or abandoned funds or property to turn over the funds or property to the state after certain specified periods of time. The state may act as a custodian holding the property until the appropriate owner or beneficiary can be located or take actual legal title to the property under escheat. Administration and enforcement in this area varies by state. Some states, such as Ohio, aggressively enforce their property rights and can impose significant civil and criminal penalties for noncompliance (e.g., $200 per day per violation accumulated with interest of 2% per month).

Fortunately, for plan sponsors there is a relatively straightforward way to avoid scrutiny from aggressive states, without needing to incur the time and expense to prove that a specific state or local escheat law is preempted by ERISA. Under Treasury Regulations Section 1.411(a)-4(b)(6), a vested plan benefit can be forfeited under the terms of the plan where the participant or beneficiary has been determined to be "missing" provided that the plan also provides for full reinstatement of the vested benefit when the participant or beneficiary comes forward to make a formal claim for the benefit. Before vested benefits may be forfeited, the plan fiduciaries must make a reasonably diligent effort to locate participants or beneficiaries believed to be missing. These search procedures should be well-documented, consistently followed, and updated as governmental standards are developed.

If you would like additional information on amending your qualified retirement plan document to avoid possible application of state escheat laws or if you have questions about whether your plan's missing participant procedures are adequate in light of developing governmental standards, Aon's Retirement Legal Consulting & Compliance consultants have significant experience in helping clients with these matters.

401(k) Hardship Distributions—New Developments

by Jennifer Ross Berrian

In the **Third Quarter 2018** issue of the Quarterly Update, we described recent federal legislation affecting 401(k) plan hardship distributions. The Bipartisan Budget Act of 2018 (BBA) generally liberalized the hardship distribution rules, while it has been uncertain whether the Tax Cuts and Jobs Act (TCJA) restricted safe harbor hardship distributions for certain casualty losses.

On November 9, 2018, the Internal Revenue Service (IRS) announced that proposed regulations regarding hardship distributions would be published on November 14, 2018. The proposed regulations include changes made by the TCJA, BBA, and older IRS guidance. They also modify and clarify existing rules.

Changes to the current safe harbor list of expenses include:

- Updating the regulations to add language from the Pension Protection Act of 2006 (PPA) and Revenue Ruling 2007-7, expanding the list of individuals for whom qualifying medical, educational, and funeral expenses may be paid with a hardship distribution to include the "primary beneficiary under the plan" (i.e., a person designated as a beneficiary who has an unconditional right to all or a portion of the plan's assets upon the participant's death);
- Clarifying that casualty losses under Internal Revenue Code (Code) Section 165 do not need to comply with Code Section 165(h)(5) (i.e., language added by the TCJA limiting personal casualty loss deductions to losses attributable to federally declared disasters); and
- Adding expenses incurred due to certain disasters (similar to relief given by the IRS after major federally declared disasters like Hurricane Maria).

Pursuant to the BBA, the proposed regulations also modify the rules for determining whether a distribution is necessary to satisfy an immediate and heavy financial need. There is no longer a requirement that a participant be prohibited from making contributions to the plan after receipt of a hardship distribution for any specific period. In fact, plans are prohibited from suspending contributions for hardship distributions made on or after January 1, 2020. In addition, the requirement that a participant take all available plan loans prior to obtaining a hardship distribution was eliminated (but plans are permitted to retain this requirement).

Existing rules require plan sponsors to consider all relevant facts and circumstances when determining whether a distribution is necessary to satisfy a financial need. The proposed regulations instead provide one general standard for determining whether a distribution is necessary. Under this new standard, the following conditions must be met:

- The amount of the distribution may not exceed the amount of an employee's need (including any amounts necessary to pay income taxes or penalties reasonably anticipated to result from the distribution);
- The participant must have obtained other distributions available under the employer's plans (including both qualified and nonqualified deferred compensation plans); and
- The participant must represent that he or she has insufficient cash or other liquid assets to satisfy the need (applicable for distributions made on or after January 1, 2020).

Finally, the proposed regulations permit hardship distributions from expanded account sources including elective contributions, QNECs, QMACs, and earnings on these amounts, regardless of when such amounts were contributed or earned. Plans may choose to limit the type of contributions available for hardship distributions and whether earnings on those contributions are available for distribution. There are special rules regarding account sources available for hardship distributions from 403(b) plans that are more restrictive than those applicable to 401(k) plans.

The changes to the hardship distribution rules are generally effective for plan years beginning after December 31, 2018. However, special rules apply to certain provisions (e.g., the restriction against suspending contributions with respect to hardship distributions made on and after January 1, 2020). Plan sponsors should review the proposed regulations and determine whether any modifications of their 401(k) plans' hardship distribution provisions and plan administration are needed or desired. Aon's Retirement Legal Consulting & Compliance consultants can assist plan sponsors in assessing what changes to make and how best to communicate such changes.

Managing Covered Service Provider Disclosures

by Bridget Steinhart, Rhonda Jinks, and Elizabeth Groenewegen

Covered service providers (CSPs) to qualified retirement plans are obligated to make certain disclosures to covered plans, and plan fiduciaries must monitor whether complete disclosures have been made. Why must plan fiduciaries manage CSP disclosures as a critical element of their fiduciary obligations? The CSP disclosures not only provide information needed for key fiduciary decision-making (such as assessing the reasonableness of compensation for services provided and conflicts of interest), but there are also potential consequences for failures. For example, it is a prohibited transaction under the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code (Code) for plan fiduciaries to continue to do business with a CSP if that CSP is delinquent in providing required disclosure. Penalties for both parties can include a 15% excise tax on the amount involved (typically, the annual fees under the contract).

Although it's been more than six years since the DOL issued CSP disclosure regulations under ERISA, confusion among plan fiduciaries and their benefits staff is not uncommon. This is likely due to uncertainty about which benefit plans are covered, which of the many providers to a plan are indeed CSPs, and for what use is the information intended. Questions often include those related to which reporting deadlines apply in which instances, and what information is reportable to plan fiduciaries (as compared to the information required to be reported to plan participants).

Call to Action

The following are suggested steps plan fiduciaries should consider in managing the CSP disclosure process:

- **Determine Which Plans Are Covered.** At this time, the CSP disclosure rules apply only to qualified retirement plans subject to ERISA. Excluded are governmental plans, non-electing church plans, simplified employee pension plans, and certain individual annuity contracts or custodial arrangements under Code Section 403(b).
- **Identify Which Providers Are CSPs.** Generally, a CSP is any third party serving as a fiduciary to the plan, any recordkeeper or broker for an individual account plan whose services include certain investment alternative structures, and specified types of service providers who expect to receive "indirect" compensation for plan-related services. Complexities can arise as CSPs may include managers of certain "plan asset" investment vehicles, such as collective trust funds.
- **Address the Status of the CSP Disclosures.** For new service contracts, request the disclosure along with the drafted contract. For existing contracts, if there is any question about the current status of a CSP's disclosure, request that the CSP provide this, along with any additional disclosure reporting material—as applicable—that, in the aggregate, fulfill the disclosure requirements.
- **Review All Disclosures for Required Reporting Elements.** These include the following:
  - Description of services provided
  - Statement of the CSP's fiduciary status to the plan, if applicable
  - All direct and indirect compensation received, any relationship between the CSP and the payer of indirect compensation, and any service termination fees
  - Manner of payment, and any allocations of plan-related compensation to affiliated parties
  - Investment-related information, except from self-directed brokerage funds (defined contribution plans only)
- **Determine Whether the Plan has a Sound CSP Listing and Tracking Process.** Consider whether a process should be developed (or revised) in order to facilitate the fiduciaries' timely review and assessment of disclosure information.
- **Consider the Fiduciaries' Preferred Role in the Review Process.** For example, plan fiduciaries may prefer to review all new disclosures and changes, but to delegate tracking the completeness and timeliness of all disclosures on file.
- **Assess Reasonableness of Plan Fees Periodically.** Plan fees must be assessed periodically, particularly plan fees that are paid directly from participant accounts or other plan assets.
- **Document Compliance.** Memorialize in fiduciary meeting minutes that the CSP review was completed, along with any action items.

Summary

Affecting every qualified plan fiduciary are the fiduciary's duties of loyalty and prudence under ERISA. An inherent part of these obligations is to assess the reasonableness of plan fees, to understand the channels of plan-related revenue, and to identify any potential conflicts of interest a service provider may have. A critical requirement in fulfilling that obligation is to assess a plan's CSP disclosures.

While the DOL's CSP disclosure regulations may present complexities for some plan fiduciaries, Aon believes that the plan fiduciary's duty to address CSP disclosure requirements can be made less onerous by use of a sound, practical process for tracking and addressing CSP disclosure status. Aon can assist in establishing the process and evaluating whether complete disclosures have been received. Included in our support is helping benefits staff support plan fiduciaries in managing this important matter. Please contact the authors of this article for additional information.

Please see the applicable disclosures and disclaimers on page 9.

Quarterly Roundup of Other New Developments

by Teresa Kruse, Jan Raines, and Bridget Steinhart

A Roth By Any Other Name

With so many nomenclatures being reported in the news (such as "Backdoor Roth," "Mega Roth," "Rich Person Roth," and "Super Roth"), it's no wonder retirement plan participants can be confused about the Roth contribution feature offered by their defined contribution (DC) plans. Roth contributions provide DC plan participants the ability to save retirement account money on an after-tax basis, where earnings on these contributions grow tax-free and certain qualifying distributions are not taxed. Roth contributions tend to benefit plan participants who are young, in lower tax brackets, or those who expect to be in a higher tax bracket during retirement.

Some plans allow participants to convert all or a portion of their pre-tax deferrals to their DC plan into Roth contributions. These are referred to as Roth "in-plan" conversions. As with regular Roth contributions, taking advantage of an in-plan Roth conversion will allow the converted dollars to grow tax-free with no taxation at ultimate distribution if requirements are met. However, it's important to remember that, in exchange for a tax-free distribution in the future, participants are required to report the converted amounts as taxable income in the tax year of conversion for income tax purposes.

These other "Roth" names referenced above are simply names that describe how participants can "supercharge their 401(k)" plan as described in an article in the First Quarter 2015 issue of the *Quarterly Update* (please contact the author if you would like a copy of this issue). This "supercharging" is done by taking advantage of in-plan conversions. We have experienced an increase in discussions regarding this "supercharged" concept in an environment where financial advisors continue to advocate retirement savings adequacy and participants are consequently interested in contributing as much as possible to a DC plan—often up to the Internal Revenue Code Section 415 annual additions limit (i.e., for 2019, the lesser of $56,000 or 100% of compensation). Nondiscrimination testing should be considered when determining if the "supercharged" concept is a viable option for a particular DC plan.

We believe Aon consultants can help identify ways to structure your DC plan to maximize your employees' retirement savings and tax advantages.

Regional EBSA Office Takes a Harder Stance on Late Deposits

A regional office of the Employee Benefits Security Administration (EBSA) has targeted, for "alternative enforcement measures," certain plan sponsors that reported late participant deposits or loan repayments on Form 5500 without also using the Department of Labor's (DOL's) Voluntary Fiduciary Correction Program (VFCP). DOL regulations require that participant contributions and loan repayments to retirement plans be segregated from corporate assets as soon as administratively possible, but no later than the 15th business day of the month after the month in which the amounts were withheld from wages or paid to the plan sponsor. Historically, many plan sponsors have "self-corrected" late deposits without using the VFCP, a voluntary program. The EBSA regional office appears to be taking the position that submitting an application under the VFCP is required to correct late deposit errors. While these measures appear to be isolated to one regional EBSA office, Aon will continue to monitor developments. Plan sponsors with concerns regarding late deposits should contact any Aon consultant for assistance.

7th Circuit Holds ERISA Does Not Preempt Slayer Statute

Section 514 of ERISA generally provides that ERISA preempts state laws insofar as they relate to employee benefit plans. Recently, the 7th Circuit Court of Appeals reviewed the Illinois "slayer statute" to determine whether ERISA preempted the statute. In general, "slayer statutes" are state laws which prohibit a killer from benefiting from his or her crime by providing that the killer is deemed to have predeceased the victim. After a criminal trial in which the defendant was found not guilty of the murder of her husband by reason of insanity, the Laborers' Pension Fund sued to determine the appropriate beneficiary of her husband's pension benefit. The 7th Circuit upheld the Illinois "slayer statute" and denied the defendant's claim for the survivor benefit. The court determined that ERISA did not preempt the Illinois "slayer statute," relying on the fact that these statutes are typically found in state family law, traditionally an exclusive area of the state. On June 11, 2018, the U.S. Supreme Court denied the defendant's petition to review the 7th Circuit's decision, making it the third case which the Supreme Court has refused to address whether ERISA preempts state slayer statutes. *Laborers' Pension Fund v. Miscevic*, 880 F.3d 927 (7th Cir. 2018).

Retirement Plan Litigation Update

Retirement plan litigation has been prevalent over the past decade affecting corporate plan sponsors, financial institutions that are also plan sponsors, and universities sponsoring 403(b) plans. Defined contribution plan cases generally fall into the following three areas: inappropriate or imprudent investment choices; excessive fees; and self-dealing. Recently, several cases involving financial institutions and universities have been dismissed (in full or in part) or settled, including:

- Financial Institutions
  - *Patterson v. Capital Group Companies, Inc.* – Case fully dismissed
  - *Leber v. Citigroup 401(k) Plan Investment Comm*. – Case settled for $6.9 million
  - *Moreno v. Deutsche Bank Americas Holding Corp.* – Case settled for $21.9 million
  - *Meiners v Wells Fargo & Co.* – Case fully dismissed
- Universities
  - *Sacerdote v. N.Y.U.* – Case fully dismissed
  - *Short v. Brown Univ.* – Some claims dismissed, excessive fee and imprudent investment choice claims continue
  - *Davis v. Wash. Univ.* – Case fully dismissed

Plan sponsors seeking to reduce their litigation risk liability use a variety of strategies including increasing the number of passive funds in their plans and implementing better fee transparency. *Patterson v. Capital Group Companies, Inc., No. CV 17-4399 DSF (PJWx), 2018 WL 748104 (C.D. Cal. Jan. 23, 2018); Leber v. Citigroup 401(k) Plan Investment Comm., No. 1:07-cv-09329-SHS-DCF (S.D.N.Y. Oct. 3, 2018); Moreno v. Deutsche Bank Americas Holding Corp., No. 1:15-cv-09936-LGS (S.D.N.Y. Oct. 9, 2018); Meiners v Wells Fargo & Co., No. 0:16-cv-03981-DSD-FLN (8th Cir. 2018); Sacerdote v. N.Y.U., No. 16-cv-6284 (KBF), 2018 WL 3629598 (S.D.N.Y. July 31, 2018); Short v. Brown Univ., No. 1:17-cv-00318 (D.R.I. July 11, 2018); Davis v. Wash. Univ., No. 17-cv-1641 (E.D. Mo. Sept. 28, 2018).*

Duke University Faces Additional Lawsuit Regarding 403(b) Plan
Over 20,000 former and current employees of Duke University have filed a second lawsuit against the fiduciaries of their 403(b) plan. The first lawsuit is similar to challenges facing nearly 20 other universities wherein plan participants allege that the plans provided imprudent investment fund choices and/or charged excessive plan fees. This time the Duke plaintiffs focus on investment fund revenue sharing, alleging excessive revenue sharing was not managed appropriately by not recovering the excess for the plan. Instead, the plaintiffs contend that the plan fiduciaries arranged for excess revenue sharing to pay plan fees, Duke's own expenses, as well as salaries and fringe benefits of employees in Duke's human resources department. *Lucas v. Duke Univ., No. 1:18-cv-00722 (M.D.N.C. complaint filed 8/20/18).*

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