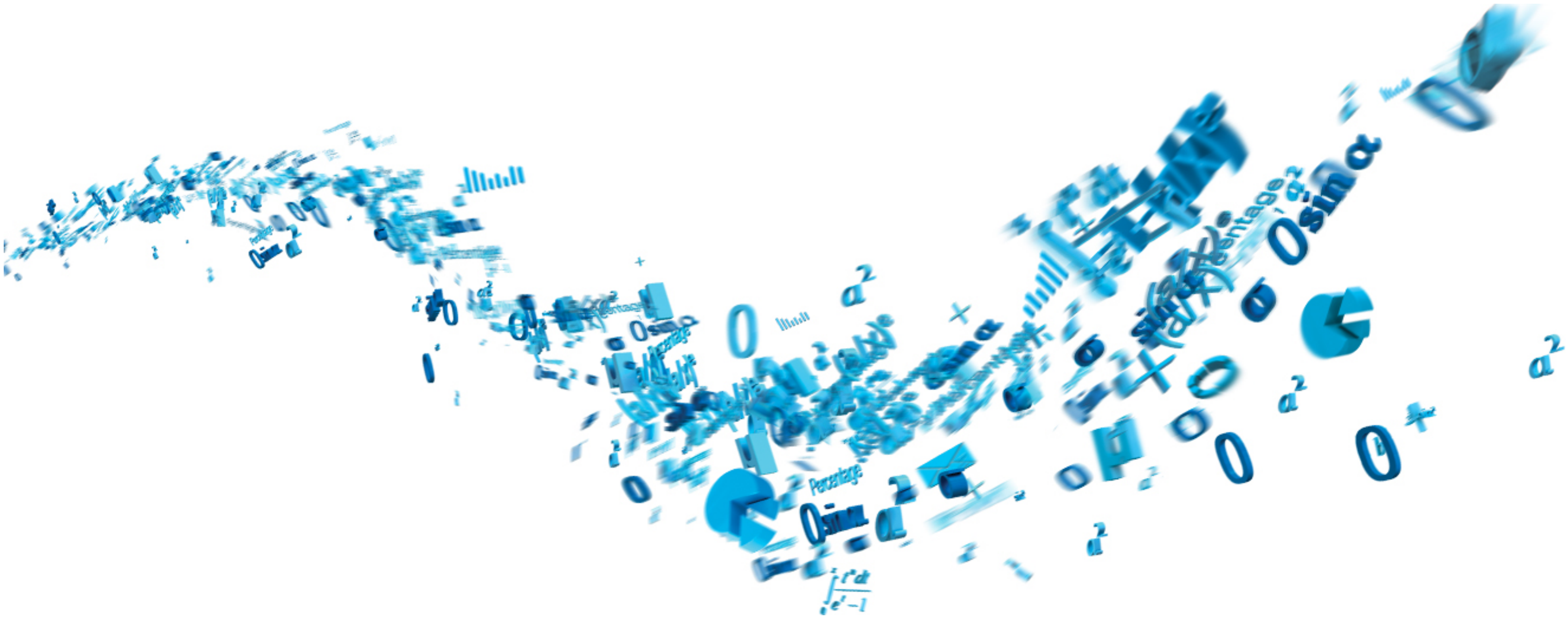

Nevada System of Higher Education

First Quarter 2021 Discussion Guide

June 1, 2021

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Discussion Topics

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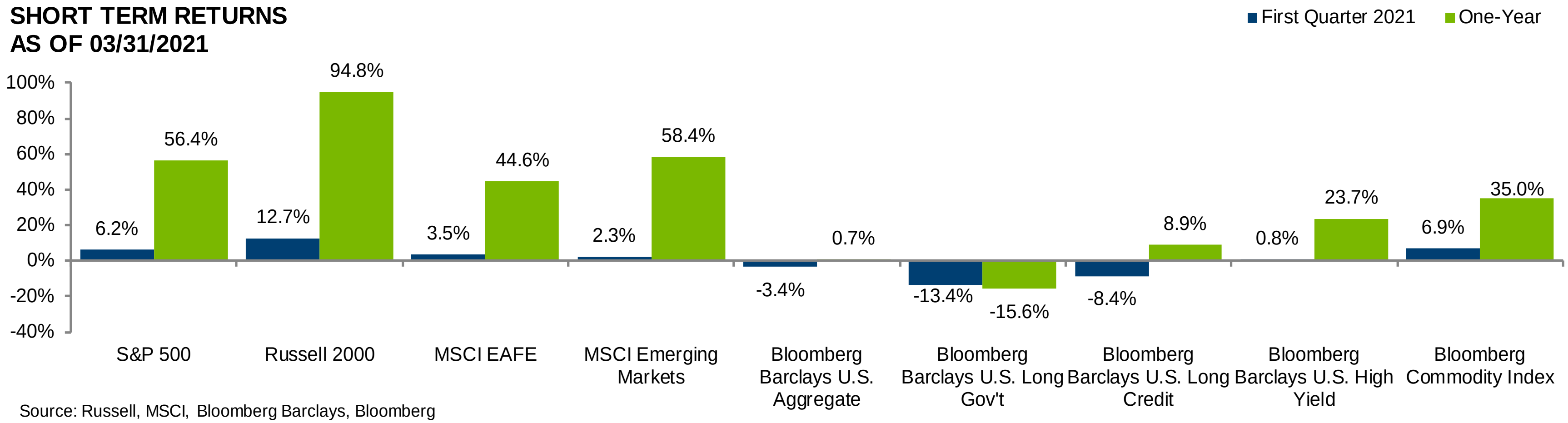
Discussion Topics

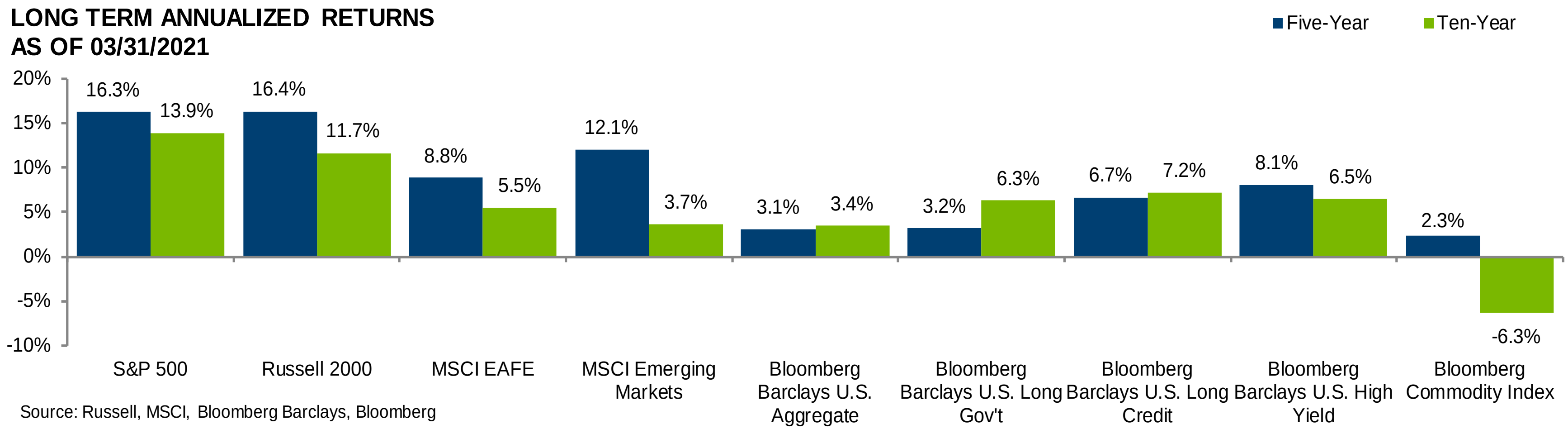
Market Highlights

SHORT TERM RETURNS
AS OF 03/31/2021



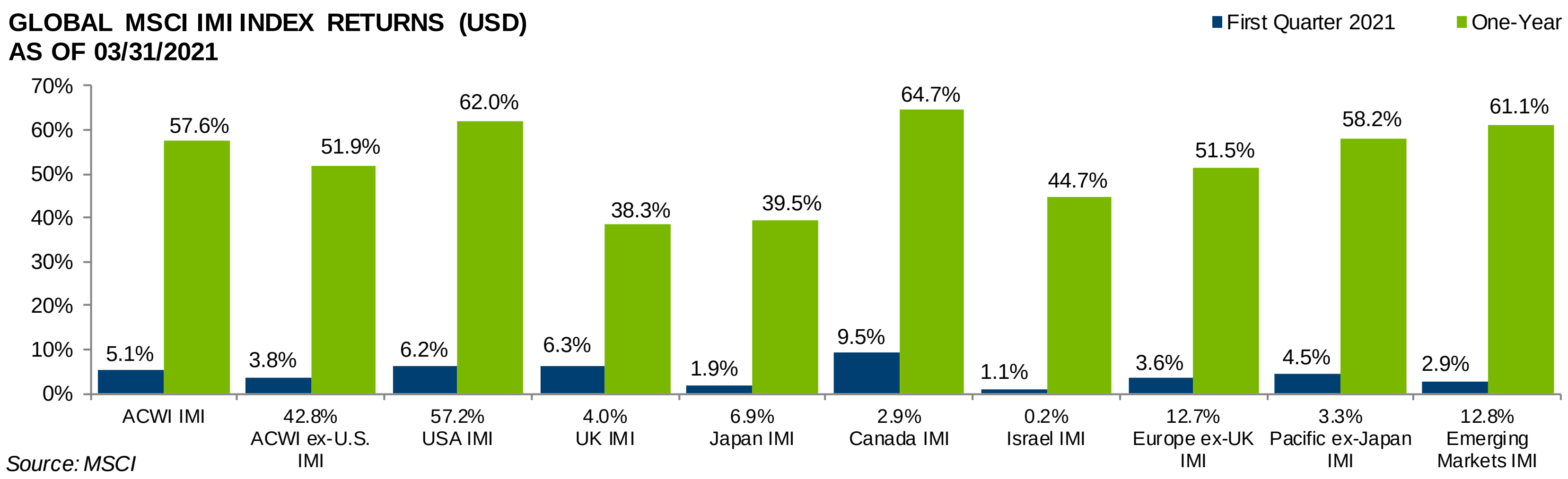
Source: Russell, MSCI, Bloomberg Barclays, Bloomberg
(MSCI Indices show net total returns throughout this report. All other indices show gross total returns.).

LONG TERM ANNUALIZED RETURNS
AS OF 03/31/2021



Source: Russell, MSCI, Bloomberg Barclays, Bloomberg

Global Equity Markets



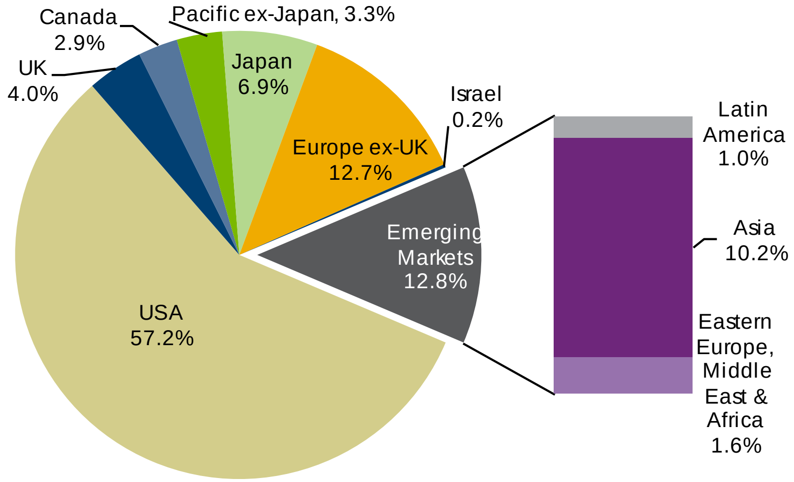
Source: MSCI

- Global equity markets ended the quarter higher, backed by further stimulus and positive vaccine developments. The MSCI All Country World Investable Market Index (ACWI IMI) returned 5.1% for the quarter.
- Non-U.S. equities generated positive returns during the quarter but trailed the U.S., with the ACWI ex-U.S. IMI up 3.8% compared to a 6.2% return in the U.S.
- Canadian equities were the strongest performing region for the quarter, as the Canada IMI returned 9.5%. The index was led higher by its two largest sectors, financials and energy, which benefited from rising rates and oil prices.
- The UK also faired well despite facing a rise in COVID-19 cases that prompted stricter lockdowns. Higher global inflation expectations buoyed the index given its large allocation to cyclical sectors such as financials and industrials.

Global Equity Markets

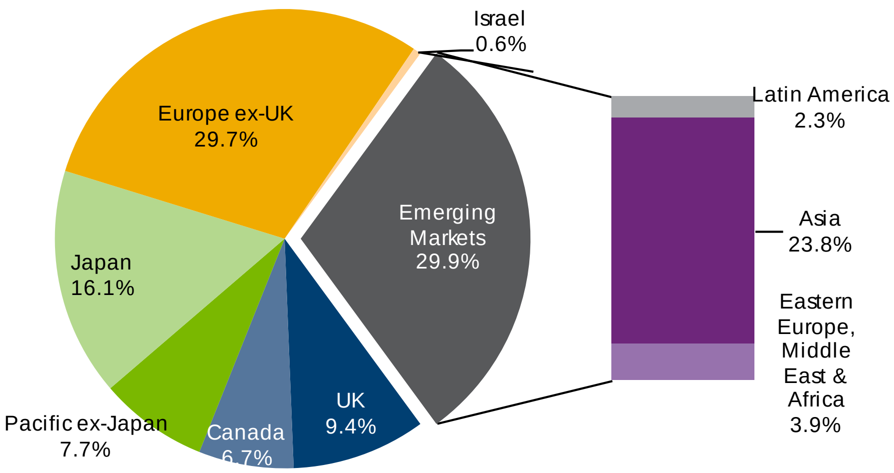
- Below is the country/region breakdown of the global and international equity markets as measured by the MSCI All Country World IMI Index and the MSCI All Country World ex-U.S. IMI Index, respectively.

MSCI ALL COUNTRY WORLD IMI INDEX GEOGRAPHIC ALLOCATION AS OF 03/31/2021



Source: MSCI

MSCI ALL COUNTRY WORLD EX-U.S. IMI INDEX GEOGRAPHIC ALLOCATION AS OF 03/31/2021



Source: MSCI

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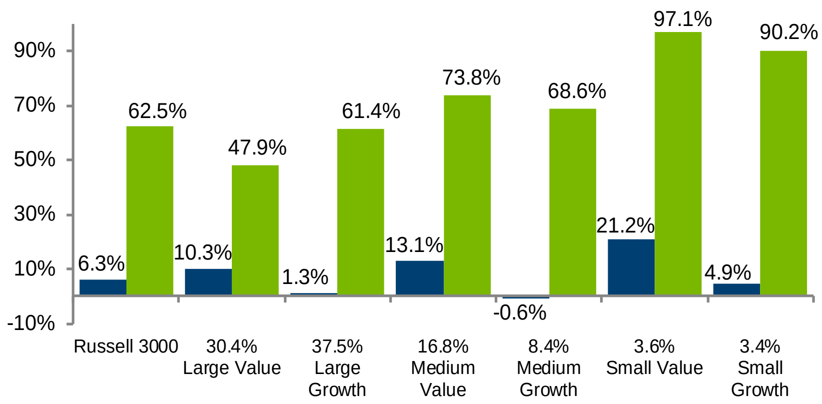
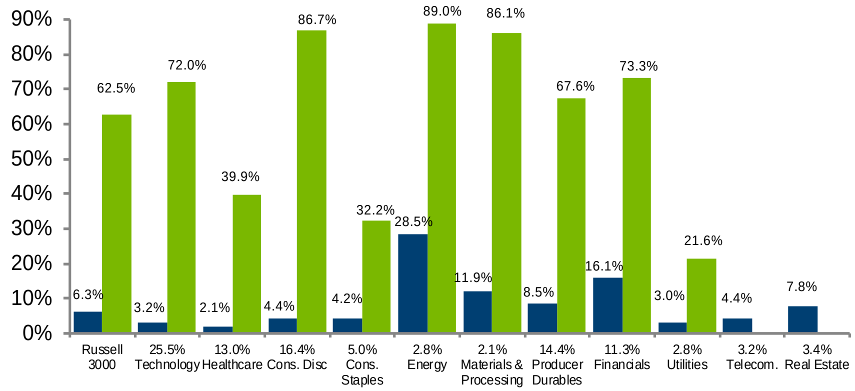
U.S. Equity Markets

RUSSELL STYLE RETURNS
AS OF 03/31/2021



Source: Russell Indexes

RUSSELL SECTOR RETURNS
AS OF 03/31/2021



Source: Russell Indexes(New sectors like Telecommunication and Real Estate One-Year chart excluded due to lack of historical data)

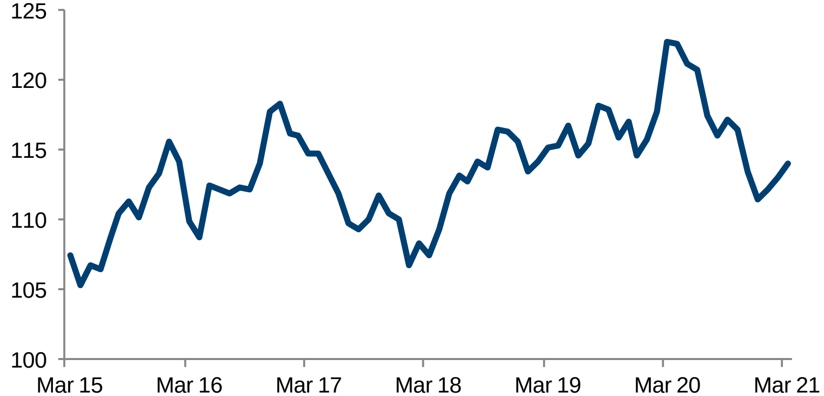
- U.S. equities were generally positive for the quarter, boosted by additional fiscal stimulus and strong vaccination rollouts. Shortly after being sworn into office, President Joe Biden signed a $1.9T stimulus package providing more direct payments to Americans and extending the federal emergency unemployment benefits program. At the end of the quarter, his administration also announced plans for over $2T in infrastructure spending. Meanwhile, U.S. GDP rose 4.0% in Q4 (annualized quarter-over-quarter) a lockdowns eased but remained down 2.5% year-over-year.

- The Russell 3000 Index returned 6.3% during the first quarter and 62.5% over the trailing one-year period. All sectors generated positive returns during the quarter. Performance was bolstered by strong quarterly returns from the energy and financials sectors, which returned 28.% and 16.1% respectively. Health care was the largest laggard with a return of 2.1%. Over the trailing one-year period, the energy sector lead with a return 89.0%. While facing the near-term pressure due to higher interest rates, the technology sector, the index’s largest weight, was still up 72.0%.

- Small cap stocks outperformed both large and medium cap stocks over the quarter, almost doubling over the year. Value stocks outperformed growth across all market capitalizations for the first quarter of 2021; mid and small cap value have outpaced their growth counterparts over the trailing one-year period as well.

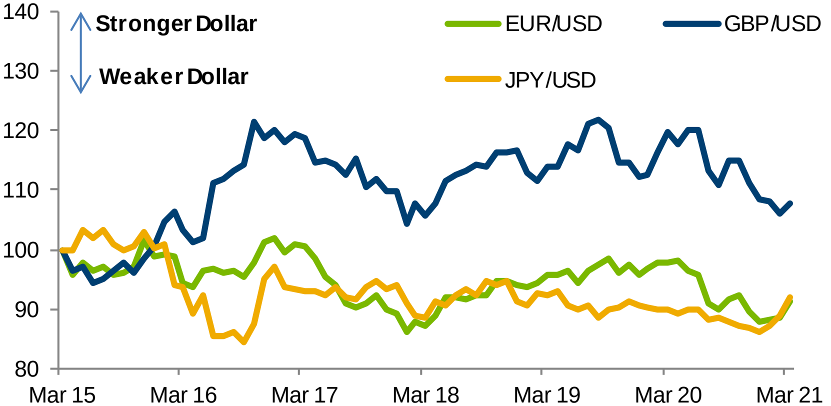
Currency

TRADE WEIGHTED U.S. DOLLAR INDEX
(2006 = 100)



Source: Federal Reserve

U.S. DOLLAR RELATIVE TO EUR, GBP AND JPY
REBASED TO 100 AT 03/31/2015



Source: FactSet

- The U.S. Dollar appreciated against the Euro and Yen but depreciated against the Sterling. The U.S. dollar rose 2.3% on a trade-weighted basis.
- The Sterling rose by 4.1% on a trade-weighted basis over the quarter. The Bank of England kept the interest rate unchanged at a historic low of 0.1% and downgraded its growth forecasts for 2021 to 5.00% from 7.25%. The Monetary Policy Committee also expects the economy to contract by 4.0% in Q1 2021 and recover rapidly in the second half of the year on the back of vaccination progress, failing which, it may impose negative interest rates. The Sterling appreciated by 0.9% against the U.S. dollar.
- The Bank of Japan (BOJ) continues to target a zero percent 10-year bond yield but widened its tolerance band to plus/minus 0.25% from 0.20%. The BOJ also removed its pledge to buy Exchange-traded funds (ETFs) linked to Topix and Nikkei at an annual pace of approximately ¥6tn.
- The U.S. dollar appreciated by 4.1% and 7.0% against the Euro and Yen, respectively.

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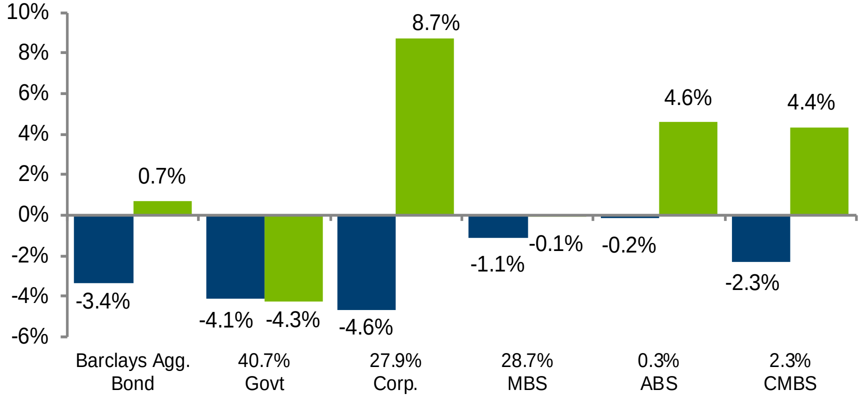
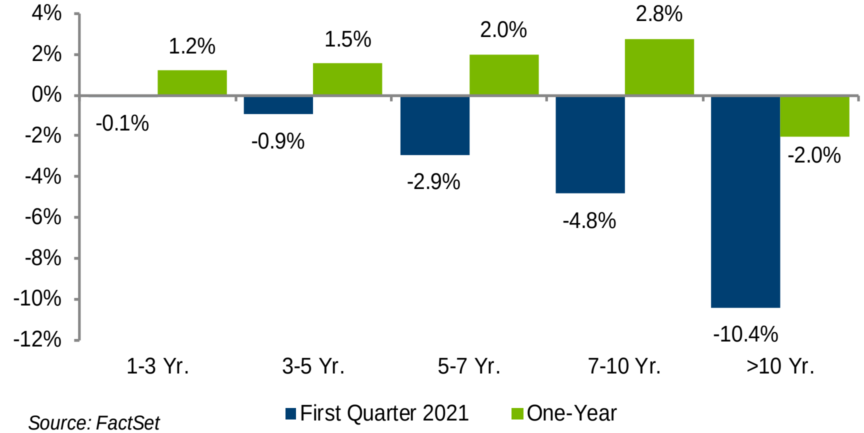
U.S. Fixed Income Markets

BLOOMBERG BARCLAYS AGGREGATE RETURNS BY SECTOR AS OF 03/31/2021



Source: FactSet

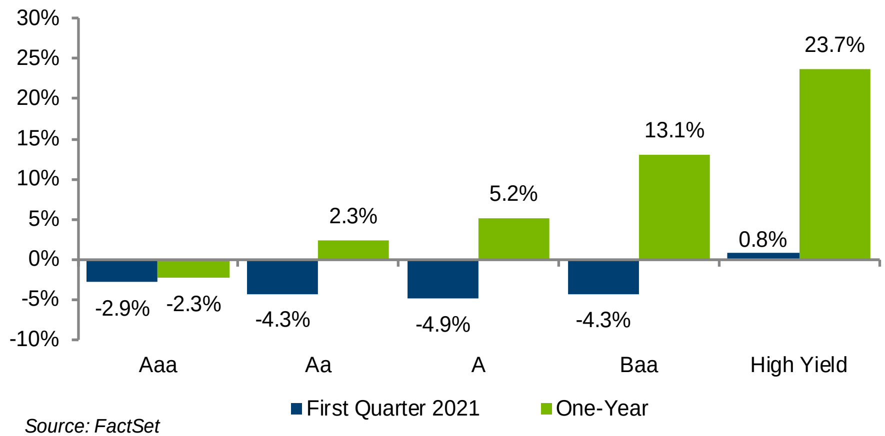
BLOOMBERG BARCLAYS AGGREGATE RETURNS BY MATURITY AS OF 03/31/2021



Source: FactSet

- The Bloomberg Barclays U.S. Aggregate Bond Index declined by 3.4% during the quarter.
- Corporate bonds fared the worst, down 4.6% by quarter-end, followed by Government bonds which fell by 4.1%.
- Longer duration bonds (10+ year maturities) fell by 10.4% during the quarter.
- High yield bonds rose by 0.8%, outperforming investment grade credit. Within investment grade bonds, A bonds were the worst performer with a return of -4.9%.

BLOOMBERG BARCLAYS AGGREGATE RETURNS BY QUALITY AND HIGH YIELD RETURNS AS OF 03/31/2021



Source: FactSet

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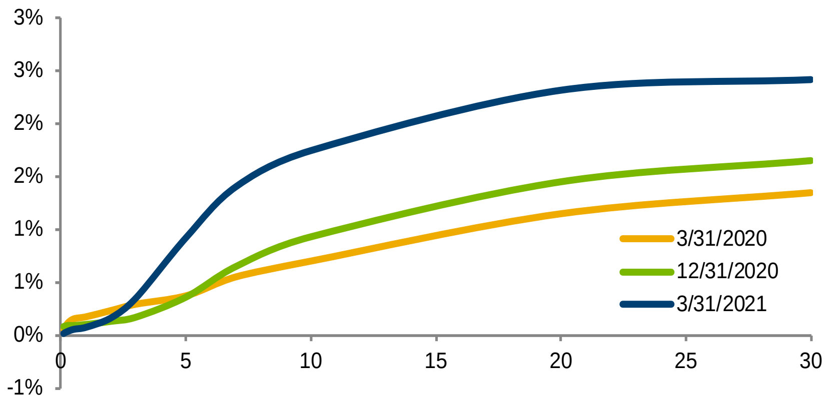
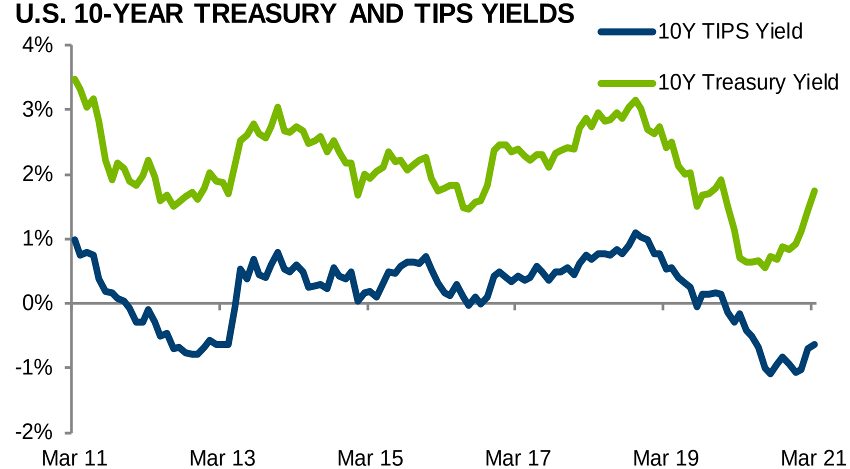
U.S. Fixed Income Markets

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 steepened during the quarter with yields rising sharply across medium to longer maturities. Long-dated yields saw the largest quarterly increase due to higher inflation expectations. Short-term maturities were largely unchanged as the U.S. Federal Reserve (Fed) signalled that it would keep its policy rate near zero until at least 2024.
- The 10-year U.S. treasury yield ended the quarter 81 basis points higher at 1.74% and the 30-year yield increased by 76 basis points to 2.41%.
- The 10-year TIPS yield rose by 43 basis points during the quarter to -0.63%.

Credit Spreads

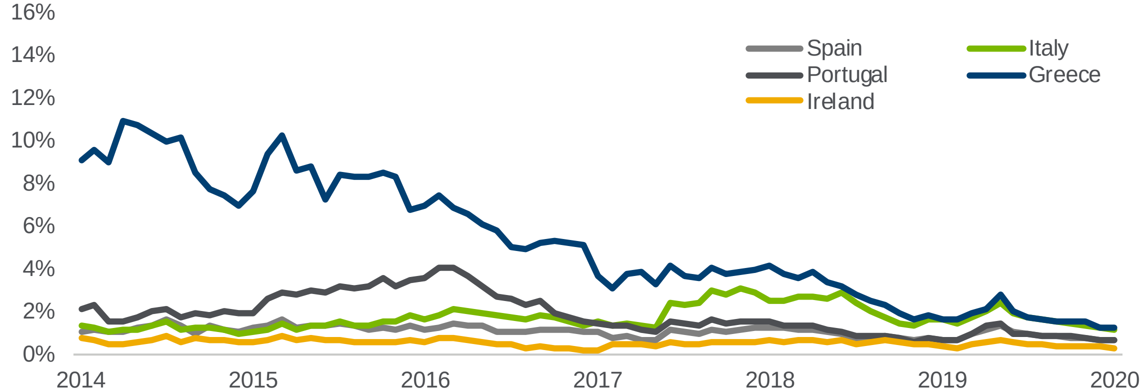
Spread (bps)	03/31/2021	12/31/2020	03/31/2020	Quarterly Change (bps)	One-Year Change (bps)
U.S. Aggregate	31	42	95	-11	-64
Long Govt	1	1	4	0	-3
Long Credit	126	141	279	-15	-153
Long Govt/Credit	76	85	151	-9	-75
MBS	12	39	60	-27	-48
CMBS	71	81	188	-10	-117
ABS	35	33	213	2	-178
Corporate	91	96	272	-5	-181
High Yield	310	360	880	-50	-570
Global Emerging Markets	267	268	619	-1	-352

Source: FactSet, Bloomberg Barclays

- Credit spreads continued to tighten but more moderately than the previous quarter.
- High Yield credit spreads and MBS spreads narrowed the most in Q1 2021, decreasing by 50 basis points and 27 basis points during the quarter.

European Fixed Income Markets

EUROZONE PERIPHERAL BOND SPREADS
(10-YEAR SPREADS OVER GERMAN BUNDS)



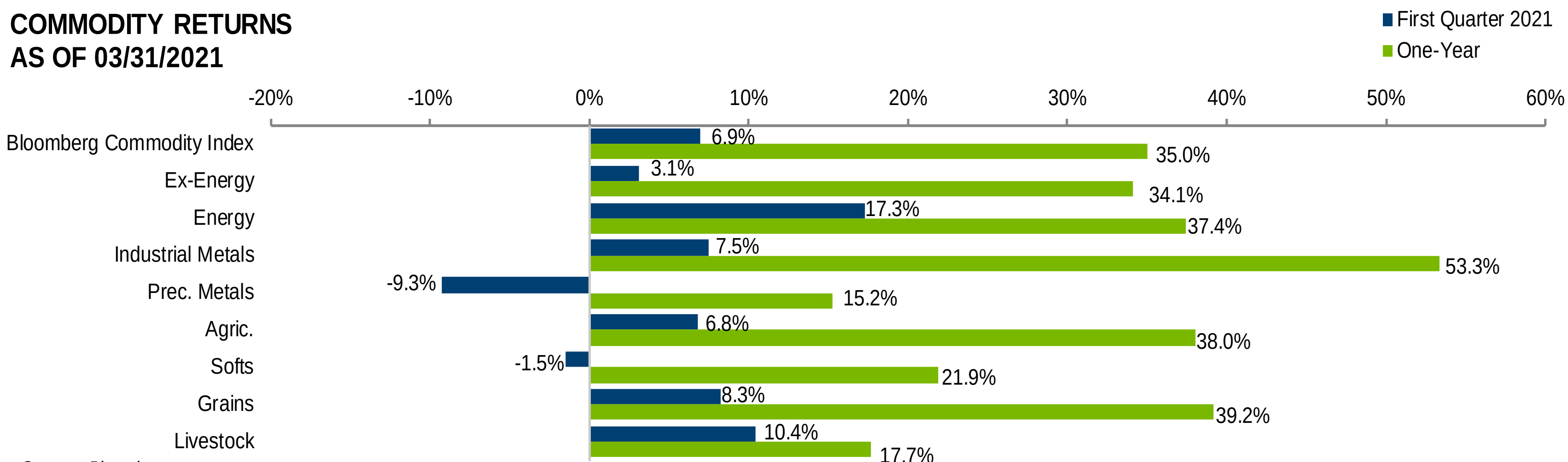
Source: FactSet

- European government bond spreads over 10-year German bunds narrowed across the Euro Area. The EU passed the bloc's €1.8tn budget and recovery package after Hungary and Poland reversed their vetoes. Originally both countries had objected to rules linking stimulus disbursement to the commitment of European values. However, they backed down after EU officials stated that refusal to accept the package would "backfire". The European Central Bank increased the size of its Pandemic Emergency Purchase Programme from €1.35T to €1.85T and extended the program until March 2022.

- German government bund yields fell by 5bps to -0.58% over the quarter. The Eurozone economy rebounded by growing 12.7% in Q3 2020 on a quarter-on-quarter basis, the fastest rate on record. The German and French economies grew by 8.2% and 18.2% over this period while the Italian and Spanish economies grew by 16.1% and 16.7% respectively.

- Greek government bond yields fell the most at 38bps to 0.64%, whereas Italian and Portuguese government bond yields fell by 33bps and 23bps to 0.54% and 0.03% respectively.

Commodities

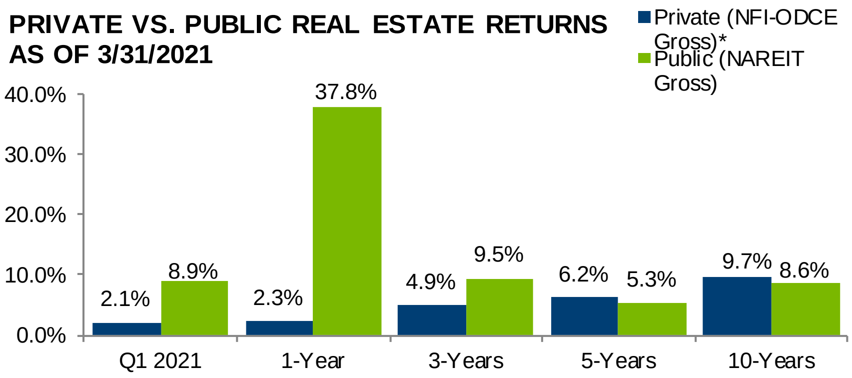


Source: Bloomberg
Note: Softs and Grains are part of the wider Agriculture sector

- Commodities had a strong quarter as the Bloomberg Commodity Index returned 6.9%. Energy and industrial metals were the main beneficiaries of the reflation trade.
- The energy sector was the best performing sector as it rose by 17.3% over the quarter and 37.4% over the trailing one-year period. Crude oil prices rose sharply on positive vaccine developments and easing lockdowns. OPEC+ decided to maintain a production rate at 7mb/d, slightly down from the previous quarter's 7.2 mb/d.
- The price of Brent crude oil rose by 22.7% to $64/bbl. while WTI crude oil spot prices rose by 21.9% to $59/bbl.

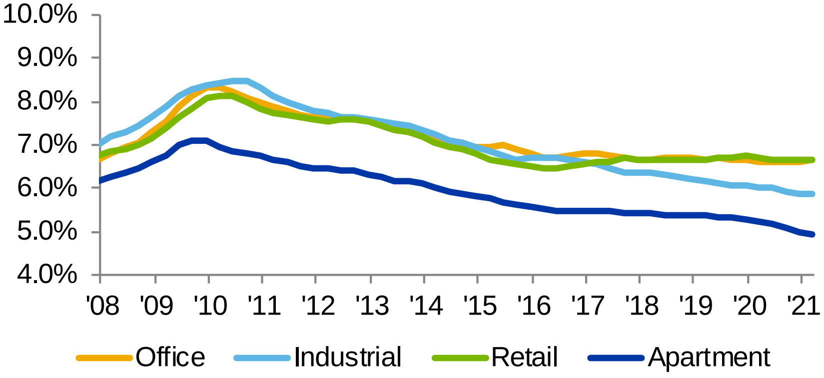
U.S. Commercial Real Estate Markets

PRIVATE VS. PUBLIC REAL ESTATE RETURNS AS OF 3/31/2021



**First quarter returns are preliminary*
Sources: NCREIF, FactSet

CAP RATES BY SECTOR



Sources: RCA, AON 12/31/2018

- U.S. Core Real Estate returned 2.1%* in the first quarter, equating to a 2.3% total gross return year-over-year, including a 3.8% income return. Shelter in place orders and social distancing practices have most severely impacted operating cash flows in the retail and hotel property sectors. Property valuations have begun to price in the loss of cash flow as a result of COVID-19, but price discovery continues to be impaired. Through February 2021, transaction volume contracted -40% YoY, with the hotel, retail, and office property sectors experiencing the largest decline in transactions.
- Global property markets, as measured by the FTSE EPRA/NAREIT Developed Real Estate Index, returned 6.1% (USD) in aggregate during the first quarter and experienced a cumulative increase of 35.9% over the trailing 1-year period. REIT market performance was driven by Asia Pacific (6.3% USD), North America (9.7% USD), and Europe (1.5% USD). The U.S. REIT markets (FTSE NAREIT Equity REITs Index) returned 8.9% in the first quarter. The U.S. 10-year treasury bond yields increased 81 bps to 1.74% during the quarter.
- The coronavirus fueled market volatility in the stock and bond markets has created a situation of uncertainty for private real estate pricing. Amid exceptional uncertainty, the global economy is projected to grow 5.5% in 2021 and 4.2% in 2022, reflecting expectations of a strong rebound fueled by an accelerated vaccine roll out and fiscal and monetary stimulus. The strength of the recovery is projected to vary significantly across countries, depending on access to medical interventions, effectiveness of policy support, exposure to cross-country spillovers, and structural characteristics entering the crisis.
- We are proactively evolving our investment strategy. COVID-19 forced everyone to adapt due to acute circumstances, and measures to moderate the spread of the disease were fairly consistent on a global basis. Looking forward, investors need to assess what changes to our routines/habits will stick, what regions will be most impacted, and how those impact property sector specific demand drivers.
- Blind pool funds offer a potential to have capital readily available when the new opportunity set presents itself. Those strategies need careful review in light of the changing market dynamics. Strategies that worked previously in a growth-oriented market may not be appropriate for more opportunistic style investing. Regions, countries, and property types all need to be re-evaluated.

*Indicates preliminary NFI-ODCE data gross of fees

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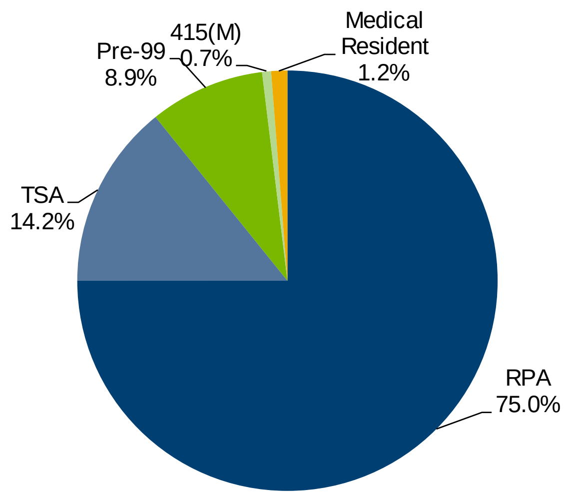
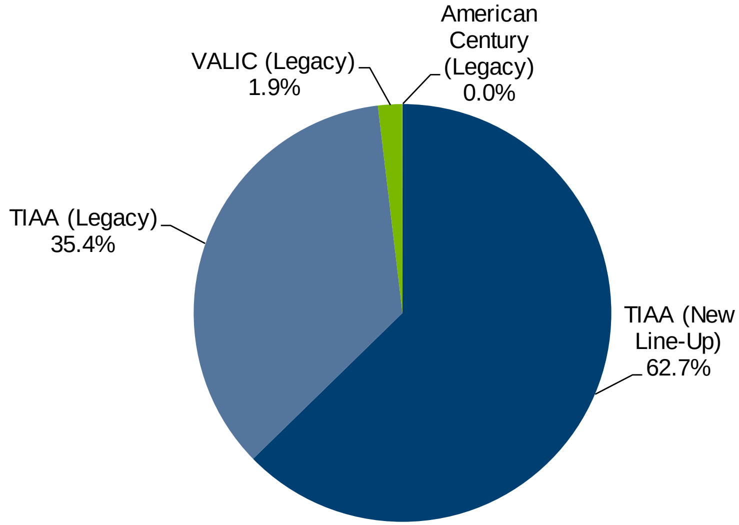
Discussion Topics

Asset Allocation

Assets by Plan
As of March 31, 2021



Assets by Vendor
As of March 31, 2021



As of 3/31/2021

Plan	RPA		TSA		Pre-99		415(M)		Medical Resident		Total	
	$	%	$	%	$	%	$	%	$	%	$	%
TIAA (New Line-Up)	$ 2,087,004,861	66.9%	$ 408,612,377	69.2%	$ 44,367,803	12.0%	$ 26,996,937	94.3%	$ 39,461,308	76.3%	$ 2,606,443,285	62.7%
TIAA (Legacy)	$ 985,172,069	31.6%	$ 162,191,696	27.5%	$ 323,346,596	87.7%	$ 1,637,367	5.7%	$ 168,912	0.3%	$ 1,472,516,639	35.4%
AIG (Legacy)	$ 45,910,941	1.5%	$ 19,511,364	3.3%	$ -	0.0%	$ -	0.0%	$ 12,093,391	23.4%	$ 77,515,696	1.9%
American Century (Legacy)	$ -	0.0%	$ -	0.0%	$ 866,129	0.2%	$ -	0.0%	$ -	0.0%	$ 866,129	0.0%
Total	**$ 3,118,087,871**	**100.0%**	**$ 590,315,436**	**100.0%**	**$ 368,580,528**	**100.0%**	**$ 28,634,304**	**100.0%**	**$ 51,723,611**	**100.0%**	**$ 4,157,341,750**	**100.0%**
Other Assets*											$ 1,595,478	0.0%
Grand Total	**$ 3,118,087,871**	**75.0%**	**$ 590,315,436**	**14.2%**	**$ 368,580,528**	**8.9%**	**$ 28,634,304**	**0.7%**	**$ 51,723,611**	**1.2%**	**$ 4,158,937,227**	**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			
							1st Quarter 2021	4th Quarter 2020	3rd Quarter 2020	2nd Quarter 2020
Vanguard Target Retirement Income Trust Plus	No	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2015 Trust Plus	Yes	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	Yes	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	Yes	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	Yes	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2055 Trust Plus	Yes	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2060 Trust Plus	Yes	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2065 Trust Plus*	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 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			
							1st Quarter 2021	4th Quarter 2020	3rd Quarter 2020	2nd Quarter 2020
Vanguard Target Retirement Income - Instl.	No	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2015 - Instl.	Yes	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2020 - Instl.	No	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2025 - Instl.	Yes	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2030 - Instl.	Yes	No	No	No	No (Buy)	No				
Vanguard Target Retirement 2035 - Instl.	Yes	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.
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* Since-inception returns were used since this fund does not have a trailing five-year return.

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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			
							1st Quarter 2021	4th Quarter 2020	3rd Quarter 2020	2nd Quarter 2020
Vanguard Total Bond Market Index Fund	No	No	No	No	No (Buy)	No				
Vanguard Total International Bond Index Fund	Yes	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				
Vangaurd Total International Stock Index Fund	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	Yes	No	No	No	No (Buy)	No				
T. Rowe Price Stable Value Common Trust Fund A	Yes	Yes	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	No	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	No	No	No	No (Buy)	No				
William Blair Small/Mid Cap Growth Fund	No	Yes	No	No	No (Buy)	No				
DFA U.S. Targeted Value	No	No	No	No	No (Buy)	No				
Dodge & Cox Global Stock Fund	Yes	No	No	No	No (Buy)	No				
Harding Loevner International Equity Instl.	No	No	No	No	No (Buy)	No				
MFS International Value Fund	No	No	Yes	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.

Tier I(a) Performance Summary

As of 3/31/2021

	Allocation		Performance(%)						
	Market Value ($)	%	1 Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total Plan	**4,158,937,227**	**100.0**							**03/01/2014**
Tier I (a)	**1,079,897,122**	**26.0**							**03/01/2014**
Vanguard Target Retirement Income Trust Plus	23,405,842	0.6	0.1 (65)	17.1 (64)	7.1 (35)	6.4 (49)		5.8 (35)	09/01/2011
Vanguard Target Retirement Income Trust I			*0.0 (65)*	*17.1 (64)*	*7.1 (35)*	*6.4 (49)*	*5.7*	*5.8 (35)*	
Vanguard Target Retirement Income Trust II			*0.0 (65)*	*17.1 (64)*	*7.1 (35)*	*6.4 (49)*	*5.7*	*5.8 (35)*	
Vanguard Target Income Composite Index			*0.1 (58)*	*17.4 (61)*	*7.4 (31)*	*6.6 (44)*	*5.9*	*6.0 (32)*	
Vanguard Target Retirement 2015 Trust Plus	49,940,367	1.2	0.3 (100)	19.7 (94)	7.5 (81)	7.5 (78)		7.4 (51)	09/01/2011
Vanguard Target Retirement 2015 Trust I			*0.3 (100)*	*19.6 (94)*	*7.5 (82)*	*7.5 (79)*	*6.8*	*7.4 (55)*	
Vanguard Target Retirement 2015 Trust II			*0.3 (100)*	*19.6 (95)*	*7.5 (82)*	*7.5 (80)*	*6.8*	*7.4 (57)*	
Vanguard Target 2015 Composite Index			*0.4 (98)*	*19.9 (94)*	*7.8 (70)*	*7.8 (72)*	*6.9*	*7.6 (30)*	
Vanguard Target Retirement 2020 Trust Plus	95,867,462	2.3	1.3 (57)	27.2 (52)	8.8 (41)	9.0 (34)		8.5 (26)	09/01/2011
Vanguard Target Retirement 2020 Trust I			*1.3 (57)*	*27.2 (52)*	*8.8 (41)*	*9.0 (34)*	*7.8*	*8.5 (27)*	
Vanguard Target Retirement 2020 Trust II			*1.3 (57)*	*27.2 (53)*	*8.8 (42)*	*9.0 (34)*	*7.7*	*8.5 (28)*	
Vanguard Target 2020 Composite Index			*1.3 (55)*	*27.4 (47)*	*9.1 (20)*	*9.2 (21)*	*8.0*	*8.7 (10)*	
Vanguard Target Retirement 2025 Trust Plus	120,844,773	2.9	1.8 (47)	32.6 (39)	9.7 (28)	10.0 (26)		9.4 (19)	09/01/2011
Vanguard Target Retirement 2025 Trust I			*1.8 (48)*	*32.6 (39)*	*9.7 (29)*	*10.0 (26)*	*8.4*	*9.3 (19)*	
Vanguard Target Retirement 2025 Trust II			*1.8 (50)*	*32.6 (40)*	*9.7 (29)*	*10.0 (27)*	*8.4*	*9.3 (20)*	
Vanguard Target 2025 Composite Index			*1.9 (42)*	*32.9 (37)*	*10.1 (13)*	*10.3 (15)*	*8.6*	*9.5 (9)*	
Vanguard Target Retirement 2030 Trust Plus	164,539,435	4.0	2.5 (65)	37.2 (46)	10.4 (33)	10.9 (38)		10.0 (21)	09/01/2011
Vanguard Target Retirement 2030 Trust I			*2.5 (65)*	*37.2 (46)*	*10.3 (34)*	*10.8 (38)*	*8.9*	*10.0 (21)*	
Vanguard Target Retirement 2030 Trust II			*2.5 (65)*	*37.2 (46)*	*10.3 (34)*	*10.8 (38)*	*8.9*	*10.0 (21)*	
Vanguard Target 2030 Composite Index			*2.5 (60)*	*37.5 (43)*	*10.7 (18)*	*11.1 (24)*	*9.1*	*10.2 (11)*	
Vanguard Target Retirement 2035 Trust Plus	183,631,524	4.4	3.1 (78)	41.9 (71)	11.0 (47)	11.7 (39)		10.7 (23)	09/01/2011
Vanguard Target Retirement 2035 Trust I			*3.1 (79)*	*41.9 (71)*	*10.9 (47)*	*11.7 (39)*	*9.4*	*10.7 (24)*	
Vanguard Target Retirement 2035 Trust II			*3.1 (79)*	*41.9 (71)*	*10.9 (48)*	*11.6 (40)*	*9.4*	*10.6 (26)*	
Vanguard Target 2035 Composite Index			*3.2 (74)*	*42.1 (69)*	*11.3 (29)*	*11.9 (36)*	*9.6*	*10.9 (17)*	

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 3/31/2021

	Allocation		Performance(%)						
	Market Value ($)	%	1 Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Vanguard Target Retirement 2040 Trust Plus	169,966,571	4.1	3.8 (80)	46.7 (71)	11.5 (48)	12.4 (36)		11.2 (21)	09/01/2011
Vanguard Target Retirement 2040 Trust I			*3.8 (81)*	*46.7 (71)*	*11.5 (48)*	*12.4 (37)*	*9.9*	*11.2 (21)*	
Vanguard Target Retirement 2040 Trust II			*3.8 (79)*	*46.7 (71)*	*11.5 (48)*	*12.4 (37)*	*9.9*	*11.2 (21)*	
Vanguard Target 2040 Composite Index			*3.8 (77)*	*46.9 (68)*	*11.9 (29)*	*12.7 (33)*	*10.1*	*11.4 (17)*	
Vanguard Target Retirement 2045 Trust Plus	141,481,870	3.4	4.5 (72)	51.5 (57)	12.1 (44)	13.0 (33)		11.4 (22)	09/01/2011
Vanguard Target Retirement 2045 Trust I			*4.5 (71)*	*51.5 (57)*	*12.1 (45)*	*12.9 (34)*	*10.1*	*11.4 (22)*	
Vanguard Target Retirement 2045 Trust II			*4.5 (72)*	*51.5 (57)*	*12.1 (45)*	*12.9 (35)*	*10.1*	*11.4 (23)*	
Vanguard Target 2045 Composite Index			*4.5 (69)*	*51.9 (48)*	*12.5 (24)*	*13.2 (24)*	*10.4*	*11.7 (15)*	
Vanguard Target Retirement 2050 Trust Plus	84,922,195	2.0	4.6 (74)	51.9 (64)	12.2 (43)	13.0 (39)		11.5 (21)	09/01/2011
Vanguard Target Retirement 2050 Trust I			*4.5 (74)*	*51.9 (64)*	*12.2 (44)*	*13.0 (39)*	*10.2*	*11.5 (21)*	
Vanguard Target Retirement 2050 Trust II			*4.6 (73)*	*51.8 (65)*	*12.2 (44)*	*13.0 (39)*	*10.1*	*11.4 (22)*	
Vanguard Target 2050 Composite Index			*4.6 (72)*	*52.2 (60)*	*12.6 (33)*	*13.3 (34)*	*10.4*	*11.7 (15)*	
Vanguard Target Retirement 2055 Trust Plus	34,033,968	0.8	4.6 (80)	51.8 (67)	12.2 (50)	13.0 (47)			09/01/2011
Vanguard Target Retirement 2055 Trust I			*4.6 (82)*	*51.8 (67)*	*12.2 (51)*	*13.0 (47)*	*10.2*	*11.4 (30)*	
Vanguard Target Retirement 2055 Trust II			*4.5 (82)*	*51.8 (67)*	*12.1 (51)*	*13.0 (48)*	*10.1*	*11.4 (31)*	
Vanguard Target 2055 Composite Index			*4.6 (79)*	*52.2 (66)*	*12.6 (38)*	*13.3 (38)*	*10.4*	*11.7 (18)*	
Vanguard Target Retirement 2060 Trust Plus	10,973,316	0.3	4.6 (76)	51.9 (71)	12.2 (68)	13.0 (73)		10.9	04/01/2012
Vanguard Target Retirement 2060 Trust I			*4.6 (76)*	*51.9 (71)*	*12.2 (69)*	*13.0 (74)*		*10.9*	
Vanguard Target Retirement 2060 Trust II			*4.5 (77)*	*51.8 (71)*	*12.2 (70)*	*13.0 (75)*		*10.9*	
Vanguard Target 2060 Composite Index			*4.6 (76)*	*52.2 (70)*	*12.6 (48)*	*13.3 (53)*		*11.1*	
Vanguard Target Retirement 2065 Trust Plus	289,801	0.0	4.6 (76)	51.9 (71)	12.2 (67)			12.0 (74)	08/01/2017
Vanguard Target Retirement 2065 Trust I			*4.6 (76)*	*51.9 (71)*	*12.2 (68)*			*12.0 (74)*	
Vanguard Target Retirement 2065 Trust II			*4.6 (76)*	*51.9 (71)*	*12.2 (69)*			*12.0 (75)*	
Vanguard Target 2065 Composite Index			*4.6 (76)*	*52.2 (70)*	*12.6 (48)*			*12.3 (54)*	

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

Tier I Performance Summary

As of 3/31/2021

	Allocation		Performance(%)						
	Market Value ($)	%	1 Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Tier I	**171,004,639**	**4.1**							**02/01/2014**
Vanguard Target Retirement Income - Instl.	8,926,371	0.2	0.1 (67)	17.2 (62)	7.1 (30)	6.5 (53)		5.8 (45)	07/01/2015
Vanguard Tgt Ret Inc;Inv (VTINX)			*0.1 (67)*	*17.0 (63)*	*7.1 (32)*	*6.4 (54)*	*5.7*	*5.8 (46)*	
Vanguard Target Income Composite Index			*0.1 (66)*	*17.4 (62)*	*7.4 (26)*	*6.6 (51)*	*5.9*	*6.0 (43)*	
Vanguard Target Retirement 2015 - Instl.	16,779,311	0.4	0.4 (98)	19.7 (94)	7.5 (81)	7.5 (78)		6.5 (75)	07/01/2015
Vanguard Tgt Ret2015;Inv (VTXVX)			*0.3 (100)*	*19.6 (95)*	*7.4 (83)*	*7.4 (83)*	*6.7*	*6.5 (77)*	
Vanguard Target 2015 Composite Index			*0.4 (98)*	*19.9 (94)*	*7.8 (70)*	*7.8 (72)*	*6.9*	*6.7 (60)*	
Vanguard Target Retirement 2020 - Instl.	20,180,212	0.5	1.3 (56)	27.2 (52)	8.8 (41)	9.0 (34)		7.7 (30)	07/01/2015
Vanguard Tgt Ret2020;Inv (VTWNX)			*1.3 (57)*	*27.2 (53)*	*8.7 (48)*	*8.9 (35)*	*7.7*	*7.6 (35)*	
Vanguard Target 2020 Composite Index			*1.3 (55)*	*27.4 (47)*	*9.1 (20)*	*9.2 (21)*	*8.0*	*7.9 (12)*	
Vanguard Target Retirement 2025 - Instl.	26,902,459	0.6	1.9 (42)	32.7 (39)	9.7 (29)	10.0 (27)		8.4 (23)	07/01/2015
Vanguard Tgt Ret2025;Inv (VTTVX)			*1.9 (43)*	*32.6 (40)*	*9.6 (34)*	*10.0 (34)*	*8.3*	*8.4 (25)*	
Vanguard Target 2025 Composite Index			*1.9 (42)*	*32.9 (37)*	*10.1 (13)*	*10.3 (15)*	*8.6*	*8.7 (6)*	
Vanguard Target Retirement 2030 - Instl.	23,151,517	0.6	2.5 (61)	37.3 (45)	10.3 (35)	10.8 (39)		9.0 (30)	07/01/2015
Vanguard Tgt Ret2030;Inv (VTHRX)			*2.5 (61)*	*37.2 (46)*	*10.3 (37)*	*10.8 (40)*	*8.8*	*9.0 (34)*	
Vanguard Target 2030 Composite Index			*2.5 (60)*	*37.5 (43)*	*10.7 (18)*	*11.1 (24)*	*9.1*	*9.3 (19)*	
Vanguard Target Retirement 2035 - Instl.	17,169,121	0.4	3.2 (78)	41.9 (72)	10.9 (50)	11.6 (41)		9.5 (38)	07/01/2015
Vanguard Tgt Ret2035;Inv (VTTHX)			*3.2 (78)*	*41.9 (71)*	*10.9 (52)*	*11.6 (46)*	*9.3*	*9.5 (39)*	
Vanguard Target 2035 Composite Index			*3.2 (74)*	*42.1 (69)*	*11.3 (29)*	*11.9 (36)*	*9.6*	*9.8 (31)*	

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

Tier I Performance Summary (cont'd.)

As of 3/31/2021

	Allocation		Performance(%)												
	Market Value ($)	%	1 Quarter		1 Year		3 Years		5 Years		10 Years	Since Inception		Inception Date
Vanguard Target Retirement 2040 - Instl.	15,516,708	0.4	3.9	(77)	46.6	(72)	11.5	(50)	12.4	(38)		10.1	(42)	07/01/2015
Vanguard Tgt Ret2040;Inv (VFORX)			*3.8*	*(78)*	*46.6*	*(71)*	*11.4*	*(52)*	*12.4*	*(39)*	*9.8*	*10.0*	*(42)*	
Vanguard Target 2040 Composite Index			*3.8*	*(77)*	*46.9*	*(68)*	*11.9*	*(29)*	*12.7*	*(33)*	*10.1*	*10.4*	*(30)*	
Vanguard Target Retirement 2045 - Instl.	15,904,799	0.4	4.5	(70)	51.5	(57)	12.0	(46)	12.9	(35)		10.5	(41)	07/01/2015
Vanguard Tgt Ret2045;Inv (VTIVX)			*4.5*	*(71)*	*51.6*	*(55)*	*12.0*	*(46)*	*12.9*	*(36)*	*10.0*	*10.5*	*(42)*	
Vanguard Target 2045 Composite Index			*4.5*	*(69)*	*51.9*	*(48)*	*12.5*	*(24)*	*13.2*	*(24)*	*10.4*	*10.8*	*(17)*	
Vanguard Target Retirement 2050 - Instl.	16,643,369	0.4	4.6	(73)	51.8	(65)	12.1	(47)	13.0	(44)		10.5	(43)	07/01/2015
Vanguard Tgt Ret2050;Inv (VFIFX)			*4.5*	*(75)*	*51.8*	*(65)*	*12.1*	*(49)*	*12.9*	*(49)*	*10.1*	*10.5*	*(46)*	
Vanguard Target 2050 Composite Index			*4.6*	*(72)*	*52.2*	*(60)*	*12.6*	*(33)*	*13.3*	*(34)*	*10.4*	*10.9*	*(21)*	
Vanguard Target Retirement 2055 - Instl.	9,007,754	0.2	4.6	(81)	51.8	(67)	12.1	(51)	13.0	(49)		10.6	(54)	07/01/2015
Vanguard Tgt Ret2055;Inv (VFFVX)			*4.5*	*(84)*	*51.8*	*(67)*	*12.1*	*(54)*	*12.9*	*(54)*	*10.1*	*10.5*	*(57)*	
Vanguard Target 2055 Composite Index			*4.6*	*(79)*	*52.2*	*(66)*	*12.6*	*(38)*	*13.3*	*(38)*	*10.4*	*10.9*	*(36)*	
Vanguard Target Retirement 2060 - Instl.	755,600	0.0	4.5	(77)	51.9	(71)	12.1	(72)	13.0	(77)		10.6	(75)	07/01/2015
Vanguard Tgt Ret2060;Inv (VTTSX)			*4.5*	*(77)*	*51.7*	*(77)*	*12.1*	*(75)*	*12.9*	*(84)*		*10.5*	*(84)*	
Vanguard Target 2060 Composite Index			*4.6*	*(76)*	*52.2*	*(70)*	*12.6*	*(48)*	*13.3*	*(53)*		*10.9*	*(47)*	
Vanguard Target Retirement 2065 - Instl.	67,417	0.0	4.6	(76)	51.9	(71)	12.1	(77)				11.9	(81)	08/01/2017
Vanguard Tgt Ret2065;Inv (VLXVX)			*4.5*	*(77)*	*51.7*	*(77)*	*12.0*	*(85)*				*11.8*	*(84)*	
Vanguard Target 2065 Composite Index			*4.6*	*(76)*	*52.2*	*(70)*	*12.6*	*(48)*				*12.3*	*(54)*	

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

Tier II Performance Summary

As of 3/31/2021

	Allocation		Performance(%)						
	Market Value ($)	%	1 Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Tier II	**1,320,519,264**	**31.8**							**03/01/2014**
Vanguard Total Bond Market Index Fund - Inst.	60,621,130	1.5	-3.6 (90)	0.6 (90)	4.6 (64)	3.1 (72)	3.4 (68)	5.0 (48)	10/01/1995
Performance Benchmark			*-3.6 (85)*	*0.7 (88)*	*4.7 (62)*	*3.1 (69)*	*3.5 (65)*	*5.1 (29)*	
Vanguard Total International Bond Index Fund - Adm.	3,860,656	0.1	-2.3 (22)	2.0 (84)	4.0 (12)	3.3 (26)		3.8 (15)	06/01/2013
Blmbg. Barc. Global Agg ex-USD Flt Adj RIC Cpd (H)			*-2.2 (21)*	*2.2 (82)*	*4.2 (9)*	*3.5 (14)*		*4.0 (10)*	
Vanguard Total Stock Market Index Fund - Inst.	69,169,298	1.7	6.4 (45)	62.7 (26)	17.1 (46)	16.7 (43)	13.8 (43)	8.6 (26)	08/01/1997
Performance Benchmark			*6.4 (45)*	*62.8 (26)*	*17.1 (46)*	*16.7 (43)*	*13.8 (43)*	*8.6 (26)*	
Vanguard Institutional Index Fund - Inst. Plus	211,949,362	5.1	6.2 (10)	56.4 (4)	16.8 (7)	16.3 (7)	13.9 (8)	8.3 (1)	08/01/1997
S&P 500 Index			*6.2 (14)*	*56.4 (6)*	*16.8 (7)*	*16.3 (6)*	*13.9 (7)*	*8.2 (3)*	
Vanguard FTSE Social Index Fund - Adm.	6,280,574	0.2	4.7 (61)	60.4 (36)	18.7 (34)	18.0 (33)	15.1 (25)	6.4 (71)	06/01/2000
FTSE 4Good U.S. Select Index			*4.7 (61)*	*60.6 (34)*	*18.8 (33)*	*18.2 (32)*	*15.3 (21)*		
S&P 500 Index			*6.2 (47)*	*56.4 (59)*	*16.8 (49)*	*16.3 (49)*	*13.9 (41)*	*7.1 (49)*	
Vanguard Extended Market Index Fund - Inst.	83,601,619	2.0	7.8 (7)	97.9 (10)	18.2 (64)	18.0 (61)	13.2 (69)	9.7 (68)	08/01/1997
Performance Benchmark			*7.7 (7)*	*97.8 (10)*	*18.1 (66)*	*17.9 (61)*	*13.0 (72)*		
Vanguard Total International Stock Index Fund - Inst.	13,591,527	0.3	4.0 (35)	52.8 (37)	6.5 (62)	10.0 (44)	5.2 (64)	6.2 (62)	12/01/2010
Performance Benchmark			*3.8 (36)*	*52.0 (39)*	*6.7 (58)*	*10.0 (45)*	*5.3 (64)*	*6.2 (62)*	
Vanguard Developed Market Index Fund - Inst.	73,449,348	1.8	4.0 (35)	51.0 (46)	6.6 (62)	9.6 (52)	6.0 (40)	6.9 (40)	02/01/2010
Performance Benchmark			*4.1 (35)*	*50.2 (51)*	*6.7 (58)*	*9.5 (53)*	*6.0 (40)*	*6.8 (41)*	
Vanguard Emerging Markets Stock Index Fund - Inst.	51,266,456	1.2	3.6 (40)	58.2 (65)	6.4 (47)	11.4 (55)	3.3 (55)	7.9 (74)	07/01/2000
Performance Benchmark			*3.1 (47)*	*57.1 (70)*	*6.5 (44)*	*11.2 (57)*	*3.3 (55)*	*8.0 (72)*	
Vanguard Federal Money Market Fund - Inv.	47,233,498	1.1	0.0 (37)	0.1 (19)	1.3 (20)	1.1 (18)	0.6 (20)	2.8 (28)	11/01/1989
FTSE 3 Month T-Bill			*0.0 (5)*	*0.2 (13)*	*1.5 (14)*	*1.2 (15)*	*0.6 (17)*	*2.7 (41)*	
T. Rowe Price Stable Value Common Trust Fund A	12,481,477	0.3	0.4 (7)	2.0 (17)	2.1 (19)	2.0 (16)	2.1 (6)	4.6	10/01/1988
Hueler Stable Value Index			*0.5 (5)*	*2.1 (14)*	*2.3 (8)*	*2.2 (11)*	*2.1 (7)*	*4.7*	
TIAA Traditional - RC	165,638,607	4.0	0.9 (1)	3.9 (3)	4.0 (1)	4.1 (1)	4.2 (1)	4.4 (1)	08/01/2005
Hueler Stable Value Index			*0.5 (5)*	*2.1 (14)*	*2.3 (8)*	*2.2 (11)*	*2.1 (7)*	*2.8 (3)*	
TIAA Traditional - RCP	94,565,325	2.3	0.7 (1)	3.2 (5)	3.3 (1)	3.3 (1)	3.4 (1)	3.6 (1)	06/01/2006
Hueler Stable Value Index			*0.5 (5)*	*2.1 (14)*	*2.3 (8)*	*2.2 (11)*	*2.1 (7)*	*2.7 (3)*	
PIMCO Total Return Fund - Inst.	26,864,445	0.6	-3.1 (56)	3.3 (64)	4.9 (51)	3.8 (27)	3.8 (47)	7.0	06/01/1987
Blmbg. Barc. U.S. Aggregate			*-3.4 (70)*	*0.7 (88)*	*4.7 (64)*	*3.1 (70)*	*3.4 (65)*	*6.1*	

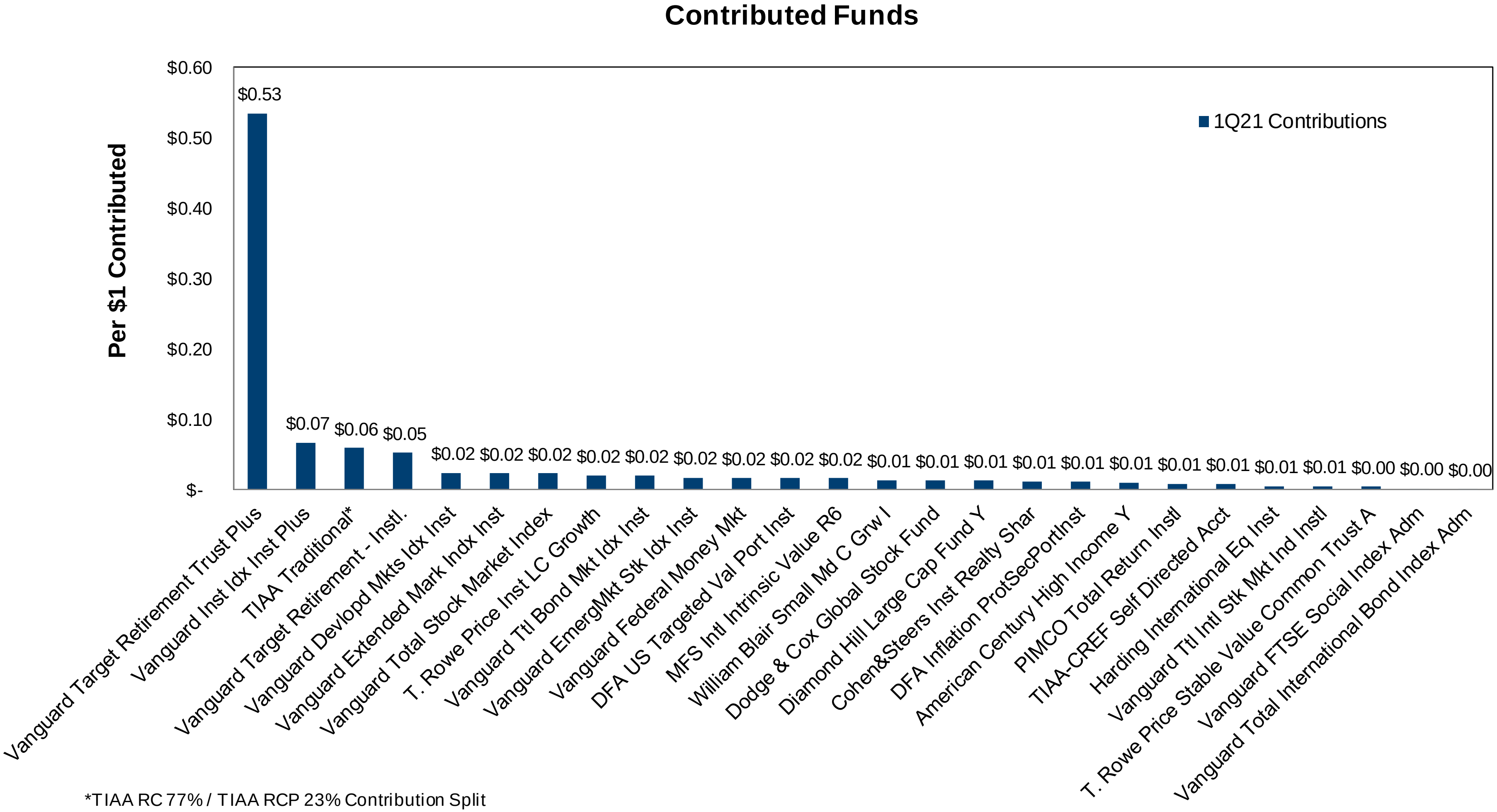
Tier II Performance Summary (cont'd)

As of 3/31/2021

	Allocation		Performance(%)						
	Market Value ($)	%	1 Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
DFA Inflation-Protected Securities Portfolio - I	34,993,513	0.8	-1.7 (77)	8.0 (51)	5.9 (13)	3.9 (28)	3.6 (13)	4.4 (20)	10/01/2006
Blmbg. Barc. Global Inflation-Linked: U.S. TIPS			*-1.5 (62)*	*7.5 (62)*	*5.7 (25)*	*3.9 (29)*	*3.4 (20)*	*4.2 (30)*	
American Century High Income - Y	35,333,429	0.8	1.9 (19)	25.8 (27)	6.9 (15)	8.2 (10)		6.3 (6)	01/01/2013
ICE BofAML US High Yield Master II Constrained			*0.9 (51)*	*23.2 (41)*	*6.5 (29)*	*7.9 (14)*		*5.8 (17)*	
T. Rowe Price Instl. Large Cap Growth Fund	56,388,256	1.4	3.7 (10)	68.0 (21)	22.7 (35)	24.1 (8)	17.9 (8)	12.3 (7)	11/01/2001
Russell 1000 Growth Index			*0.9 (59)*	*62.7 (38)*	*22.8 (34)*	*21.0 (35)*	*16.6 (24)*	*10.4 (36)*	
Diamond Hill Large Cap - Y	42,474,759	1.0	10.7 (59)	64.9 (23)	14.5 (10)	14.6 (8)		14.1 (9)	01/01/2012
Russell 1000 Value Index			*11.3 (46)*	*56.1 (54)*	*11.0 (53)*	*11.7 (59)*		*12.6 (44)*	
William Blair Small/Mid Cap Growth Fund - I	43,117,536	1.0	4.0 (45)	72.8 (77)	18.8 (59)	20.1 (54)	14.8 (28)	12.5 (17)	01/01/2004
Russell 2500 Growth Index			*2.5 (59)*	*87.5 (44)*	*20.0 (49)*	*19.9 (55)*	*14.2 (40)*	*11.7 (32)*	
DFA U.S. Targeted Value - I	54,119,664	1.3	25.1 (1)	113.5 (14)	10.7 (36)	12.5 (32)	10.2 (48)	11.4	03/01/2000
Russell 2500 Value Index			*16.8 (67)*	*87.5 (64)*	*10.9 (35)*	*12.2 (34)*	*10.2 (48)*	*10.4*	
Dodge & Cox Global Stock Fund	36,528,886	0.9	11.6 (5)	71.4 (5)	9.6 (82)	13.0 (60)	9.4 (63)	6.8 (64)	05/01/2008
MSCI AC World Index (Net)			*4.6 (40)*	*54.6 (43)*	*12.1 (60)*	*13.2 (56)*	*9.1 (68)*	*6.6 (65)*	
Harding Loevner International Equity Instl.	18,230,063	0.4	0.8 (52)	50.5 (44)	9.0 (54)	12.2 (35)	7.5 (26)	6.9	06/01/1994
MSCI AC World ex USA Growth (Net)			*-0.1 (81)*	*49.4 (51)*	*10.3 (33)*	*12.0 (35)*	*6.7 (49)*		
MFS International Value Fund - R6	45,315,842	1.1	-1.7 (100)	36.9 (92)	11.1 (1)	12.0 (1)	10.8 (1)	8.3 (1)	06/01/2006
MSCI AC World ex USA Value (Net)			*7.1 (10)*	*48.7 (43)*	*2.4 (96)*	*7.2 (85)*	*3.0 (98)*	*3.1 (99)*	
Cohen and Steers Instl. Realty Shares	33,443,993	0.8	8.6 (43)	37.0 (32)	13.1 (8)	8.2 (12)	9.6 (15)	11.8 (8)	03/01/2000
FTSE NAREIT Equity REIT Index			*8.9 (33)*	*37.8 (29)*	*9.5 (56)*	*5.3 (68)*	*8.6 (40)*	*10.7 (38)*	
Tier III	**35,022,261**	**0.8**							**03/01/2014**
Mutual Fund Window	35,022,261	0.8							
Orphan Accounts	**1,550,898,464**	**37.3**							
TIAA Orphan Accounts	1,472,516,639	35.4							
AIG Orphan Accounts	77,515,696	1.9							
American Century Orphan Accounts	866,129	0.0							
Other Assets	**1,595,478**	**0.0**							**03/01/2014**
Loans	225,833	0.0							
Loans Deemed Distributed	493,726	0.0							
Plan Loan Default Fund	875,918	0.0							

Total Plan Contributions

As of 3/31/2021

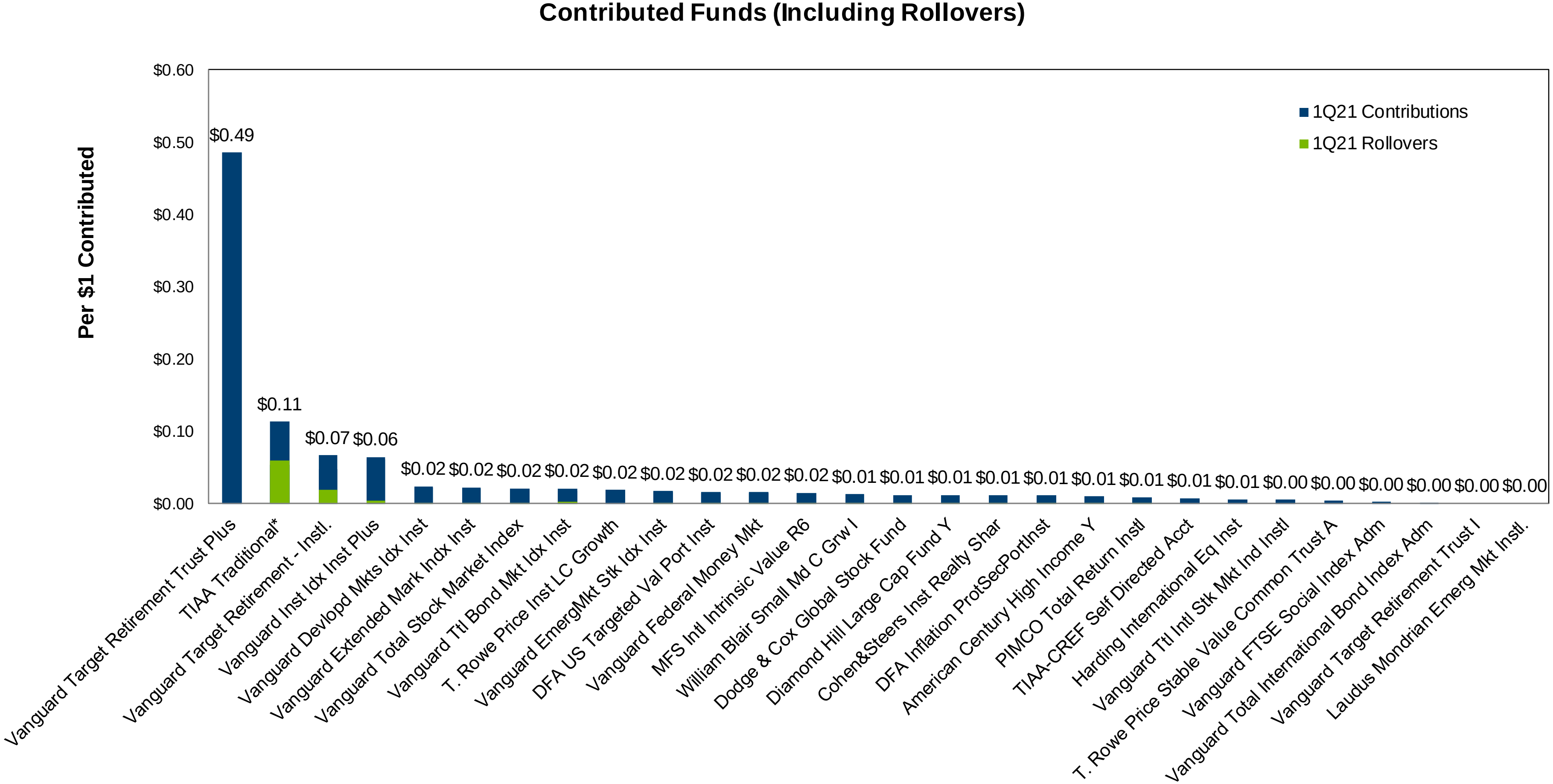


*TIAA RC 77% / TIAA RCP 23% Contribution Split

Source: TIAA

Total Plan Contributions (Including Rollovers)

As of 3/31/2021



*TIAA RC 54% / TIAA RCP 46% Contribution and Rollover Split

Source: TIAA

Quarterly Participant Transfers

As of 3/31/2021

Investment	Transfers In	Transfers Out	Net Transfers	Ending Balance (3/31/2021)	Number of Participants
Vanguard Target Retirement Trust Plus Funds	$4,757,223	(21,281,054.74)	($16,523,831)	$1,079,897,122	4,157
Vanguard Target Retirement Mutual Funds	$931,517	($5,497,851)	($4,566,335)	$171,004,639	1,623
Vanguard Total Bond Market Index Inst	$3,508,234	($3,975,600)	($467,366)	$60,621,130	1,073
Vanguard Total Int'l Bond Index Fund Adm	$1,563,226	($48,295)	$1,514,931	$3,860,656	120
Vanguard Total Stock Market Index Inst	$2,553,967	($1,625,903)	$928,063	$69,169,298	460
Vanguard Institutional Index Inst	$6,385,737	($8,880,546)	($2,494,809)	$211,949,362	1,701
Vanguard FTSE Social Index Fund	$742,055	($128,770)	$613,284	$6,280,574	69
Vanguard Extended Market Index Inst	$8,379,794	($1,664,316)	$6,715,478	$83,601,619	1,309
Vanguard Total International Stock Index Inst	$428,433	($544,903)	($116,470)	$13,591,527	160
Vanguard Developed Markets Index Ins	$2,832,625	($2,679,191)	$153,434	$73,449,348	1,317
Vanguard Emerging Markets Stock Index Inst	$2,629,910	($1,520,910)	$1,109,000	$51,266,456	1,447
Vanguard Federal Money Market Inv	$7,555,210	($11,817,906)	($4,262,697)	$47,233,498	213
T. Rowe Price Stable Value Common Trust A	$1,175,153	($431,072)	$744,081	$12,481,477	389
TIAA Traditional	$9,940,362	($5,194,754)	$4,745,608	$260,203,932	1,663
PIMCO Total Return Instl	$2,173,703	($1,394,780)	$778,923	$26,864,445	568
DFA Inflation Protected Securities Portfolio Inst	$3,114,470	($1,718,738)	$1,395,731	$34,993,513	1,034
American Century High Income	$3,043,038	($750,367)	$2,292,671	$35,333,429	885
T. Rowe Price Inst LC Growth	$3,915,887	($4,322,514)	($406,627)	$56,388,256	418
Diamond Hill Large Cap Fund Y	$4,716,821	($1,092,889)	$3,623,932	$42,474,759	1,089
William Blair Small Md C Grw I	$1,235,718	($2,570,071)	($1,334,353)	$43,117,536	1,086
DFA US Targeted Val Port Inst	$1,935,477	($2,408,219)	($472,742)	$54,119,664	1,266
Dodge & Cox Global Stock Fund	$1,954,286	($1,167,983)	$786,302	$36,528,886	738
Harding International Equit Inst	$2,204,495	($236,342)	$1,968,153	$18,230,063	735
MFS International Value R6	$3,273,164	($1,557,518)	$1,715,646	$45,315,842	1,334
Cohen & Steers Inst Realty Shares	$1,381,531	($586,971)	$794,560	$33,443,993	1,467
Mutual Fund Window	$2,003,031	($1,237,599)	$765,432	$35,022,261	57
Total	**$84,335,067**	**($84,335,067)**	**$0**	**$2,606,443,285**	

Source: TIAA

Historical Quarterly Participant Transfers

As of 3/31/2021

	3Q19		4Q19		1Q20		2Q20		3Q20		4Q20		1Q21	
Investment	Net Transfers ($M)	# of Part.	Net Transfers ($M)	# of Part.	Net Transfers ($M)	# of Part.	Net Transfers ($M)	# of Part.	Net Transfers ($M)	# of Part.	Net Transfers ($M)	# of Part.	Net Transfers ($M)	# of Part.
Vanguard Target Retirement Trust Plus	-$13.94	4,157	-$13.05	4,140	-$26.63	4,112	-$13.49	4,129	-$8.64	4,286	-$8.64	4,286	-$16.52	4,157
Vanguard Target Retirement Mutual Funds	-$2.75	1,730	-$2.84	1,743	-$7.23	1,601	-$2.97	1,615	-$1.58	1,777	-$1.58	1,777	-$4.57	1,623
Vanguard Total Bond Market Index Inst	$3.25	1,025	$2.11	1,024	$4.37	1,019	$1.24	1,062	$3.04	1,069	$3.04	1,069	-$0.47	1,073
Vanguard Total Int'l Bond Index Fund Adm	--	--	--	--	$0.80	2	$1.08	49	$0.34	78	$0.34	78	$1.51	120
Vanguard Total Stock Market Index Inst	-$1.18	523	-$0.46	504	-$1.84	476	-$0.73	491	-$2.22	476	-$2.22	476	$0.93	460
Vanguard Institutional Index Inst	$1.42	1,611	$2.16	1,596	-$1.42	1,586	$0.54	1,647	-$1.05	1,674	-$1.05	1,674	-$2.49	1,701
Vanguard FTSE Social Index Fund	$0.43	45	$0.15	46	-$0.34	49	-$0.01	59	$0.06	61	$0.06	61	$0.61	69
Vanguard Extended Market Index Inst	$1.38	1,154	$0.62	1,180	$0.07	1,185	$0.23	1,244	-$0.94	1,263	-$0.94	1,263	$6.72	1,309
Vanguard Total International Stock Index Inst	-$0.40	164	-$0.06	162	$0.59	162	-$0.27	164	-$0.46	158	-$0.46	158	-$0.12	160
Vanguard Developed Markets Index Ins	$1.79	1,221	$2.51	1,232	$1.12	1,237	$0.96	1,277	-$0.11	1,299	-$0.11	1,299	$0.15	1,317
Vanguard Emerging Markets Stock Index Inst	$1.08	1,404	$1.30	1,394	$0.15	1,385	-$0.01	1,426	$0.24	1,437	$0.24	1,437	$1.11	1,447
Vanguard Federal Money Market Inv	$0.78	212	$1.29	217	$27.46	206	$4.00	247	$0.31	232	$0.31	232	-$4.26	213
T. Rowe Price Stable Value Common Trust A	$0.86	268	$0.73	288	$1.23	306	$1.42	337	$0.39	360	$0.39	360	$0.74	389
TIAA Traditional	$4.66	1,769	$3.13	1,714	$5.16	1,724	$6.26	1,710	$4.77	1,681	$4.77	1,681	$4.75	1,663
PIMCO Total Return Instl	$0.10	652	$0.09	631	$0.40	569	$0.80	581	$0.16	580	$0.16	580	$0.78	568
DFA Inflation Protected Securities Portfolio Inst	$1.70	953	$1.56	953	$1.33	963	$0.84	989	$2.58	1,007	$2.58	1,007	$1.40	1,034
American Century High Income	$0.72	885	$0.41	875	$0.09	871	-$0.18	892	$0.54	885	$0.54	885	$2.29	885
T. Rowe Price Inst LC Growth	-$0.03	389	-$1.13	381	-$0.37	368	$1.41	387	$1.26	401	$1.26	401	-$0.41	418
Diamond Hill Large Cap Fund Y	$0.31	996	$0.54	1,025	-$0.69	1,023	-$0.09	1,041	$0.25	1,056	$0.25	1,056	$3.62	1,089
William Blair Small Md C Grw I	$0.32	1,046	$0.20	1,070	-$1.08	1,081	-$1.15	1,138	-$1.21	1,157	-$1.21	1,157	-$1.33	1,086
DFA US Targeted Val Port Inst	-$0.12	1,208	-$0.03	1,210	-$0.24	1,195	$0.13	1,247	$0.29	1,267	$0.29	1,267	-$0.47	1,266
Dodge & Cox Global Stock Fund	-$0.94	774	-$0.76	744	-$2.14	663	$0.06	658	$0.53	684	$0.53	684	$0.79	738
Harding International Equit Inst	-$0.58	730	-$0.65	690	-$0.85	589	$0.15	584	$0.87	616	$0.87	616	$1.97	735
MFS International Value R6	$0.64	1,267	$0.81	1,262	-$0.52	1,266	-$0.30	1,319	$0.32	1,306	$0.32	1,306	$1.72	1,334
Cohen & Steers Inst Realty Shares	$0.35	1,468	$0.82	1,455	$0.26	1,435	-$0.17	1,470	-$0.18	1,481	-$0.18	1,481	$0.79	1,467
Mutual Fund Window	$0.16	52	$0.58	53	$0.33	52	$0.26	54	$0.43	56	$0.43	56	$0.77	57
Total	**$0.00**		**$0.00**		**$0.00**		**$0.00**		**$0.00**		**$0.00**		**$0.00**	

Net Transfers In (Darker shades represent larger transfers while lighter shades represent smaller transfers)
Net Transfers Out (Darker shades represent larger transfers while lighter shades represent smaller transfers)

Source: TIAA

Annual Investment Fee Monitoring & Transparency – As of 3/31/2021

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	$23,405,842	0.06%	$14,044	0.00%	$0	0.06%	$14,044	0.035%	$8,089	0.09%	$22,133
Vanguard Target Retirement 2015 Trust Plus	$49,940,367	0.06%	$29,964	0.00%	$0	0.06%	$29,964	0.035%	$17,259	0.09%	$47,224
Vanguard Target Retirement 2020 Trust Plus	$95,867,462	0.06%	$57,520	0.00%	$0	0.06%	$57,520	0.035%	$33,132	0.09%	$90,652
Vanguard Target Retirement 2025 Trust Plus	$120,844,773	0.06%	$72,507	0.00%	$0	0.06%	$72,507	0.035%	$41,764	0.09%	$114,271
Vanguard Target Retirement 2030 Trust Plus	$164,539,435	0.06%	$98,724	0.00%	$0	0.06%	$98,724	0.035%	$56,865	0.09%	$155,588
Vanguard Target Retirement 2035 Trust Plus	$183,631,524	0.06%	$110,179	0.00%	$0	0.06%	$110,179	0.035%	$63,463	0.09%	$173,642
Vanguard Target Retirement 2040 Trust Plus	$169,966,570	0.06%	$101,980	0.00%	$0	0.06%	$101,980	0.035%	$58,740	0.09%	$160,720
Vanguard Target Retirement 2045 Trust Plus	$141,481,870	0.06%	$84,889	0.00%	$0	0.06%	$84,889	0.035%	$48,896	0.09%	$133,785
Vanguard Target Retirement 2050 Trust Plus	$84,922,195	0.06%	$50,953	0.00%	$0	0.06%	$50,953	0.035%	$29,349	0.09%	$80,302
Vanguard Target Retirement 2055 Trust Plus	$34,033,968	0.06%	$20,420	0.00%	$0	0.06%	$20,420	0.035%	$11,762	0.09%	$32,183
Vanguard Target Retirement 2060 Trust Plus	$10,973,316	0.06%	$6,584	0.00%	$0	0.06%	$6,584	0.035%	$3,792	0.09%	$10,376
Vanguard Target Retirement 2065 Trust Plus	$289,801	0.06%	$174	0.00%	$0	0.06%	$174	0.035%	$100	0.09%	$274
Vanguard Target Retirement Income - Instl.	$8,926,371	0.09%	$8,034	0.00%	$0	0.09%	$8,034	0.035%	$3,085	0.12%	$11,119
Vanguard Target Retirement 2015 - Instl.	$16,779,311	0.09%	$15,101	0.00%	$0	0.09%	$15,101	0.035%	$5,799	0.12%	$20,900
Vanguard Target Retirement 2020 - Instl.	$20,180,212	0.09%	$18,162	0.00%	$0	0.09%	$18,162	0.035%	$6,974	0.12%	$25,136
Vanguard Target Retirement 2025 - Instl.	$26,902,459	0.09%	$24,212	0.00%	$0	0.09%	$24,212	0.035%	$9,297	0.12%	$33,510
Vanguard Target Retirement 2030 - Instl.	$23,151,517	0.09%	$20,836	0.00%	$0	0.09%	$20,836	0.035%	$8,001	0.12%	$28,838
Vanguard Target Retirement 2035 - Instl.	$17,169,121	0.09%	$15,452	0.00%	$0	0.09%	$15,452	0.035%	$5,934	0.12%	$21,386
Vanguard Target Retirement 2040 - Instl.	$15,516,708	0.09%	$13,965	0.00%	$0	0.09%	$13,965	0.035%	$5,363	0.12%	$19,328
Vanguard Target Retirement 2045 - Instl.	$15,904,799	0.09%	$14,314	0.00%	$0	0.09%	$14,314	0.035%	$5,497	0.12%	$19,811
Vanguard Target Retirement 2050 - Instl.	$16,643,369	0.09%	$14,979	0.00%	$0	0.09%	$14,979	0.035%	$5,752	0.12%	$20,731
Vanguard Target Retirement 2055 - Instl.	$9,007,754	0.09%	$8,107	0.00%	$0	0.09%	$8,107	0.035%	$3,113	0.12%	$11,220
Vanguard Target Retirement 2060 - Instl.	$755,600	0.09%	$680	0.00%	$0	0.09%	$680	0.035%	$261	0.12%	$941
Vanguard Target Retirement 2065 - Instl.	$67,417	0.09%	$61	0.00%	$0	0.09%	$61	0.035%	$23	0.12%	$84
Vanguard Total Bond Market Index Fund	$60,621,130	0.04%	$21,217	0.00%	$0	0.04%	$21,217	0.035%	$20,951	0.07%	$42,168
Vanguard Total International Bond Index Fund - Adm.	$3,860,656	0.11%	$4,247	0.00%	$0	0.11%	$4,247	0.035%	$1,334	0.14%	$5,581
Vanguard Total Stock Market Index Fund	$69,169,298	0.03%	$20,751	0.00%	$0	0.03%	$20,751	0.035%	$23,905	0.06%	$44,656
Vanguard Institutional Index Fund - Instl. Plus	$211,949,362	0.02%	$42,390	0.00%	$0	0.02%	$42,390	0.035%	$73,250	0.05%	$115,640
Vanguard FTSE Social Index Fund - Adm.	$6,280,574	0.14%	$8,793	0.00%	$0	0.14%	$8,793	0.035%	$2,171	0.17%	$10,963
Vanguard Extended Market Index Fund - Instl.	$83,601,619	0.05%	$41,801	0.00%	$0	0.05%	$41,801	0.035%	$28,893	0.08%	$70,694
Vanguard Total International Stock Index Fund	$13,591,527	0.08%	$10,873	0.00%	$0	0.08%	$10,873	0.035%	$4,697	0.11%	$15,570
Vanguard Developed Market Index Fund	$73,449,348	0.05%	$36,725	0.00%	$0	0.05%	$36,725	0.035%	$25,384	0.08%	$62,109
Vanguard Emerging Markets Stock Index Fund - Instl.	$51,266,456	0.10%	$51,266	0.00%	$0	0.10%	$51,266	0.035%	$17,718	0.13%	$68,984
Vanguard Federal Money Market Fund	$47,233,498	0.11%	$51,957	0.00%	$0	0.11%	$51,957	0.035%	$16,324	0.14%	$68,281
T. Rowe Price Stable Value Common Trust Fund A	$12,481,477	0.45%	$56,541	0.00%	$0	0.45%	$56,541	0.035%	$4,314	0.49%	$60,855
TIAA Traditional - RC & RCP	$260,203,932	0.46%	$1,196,938	0.15%	($390,306)	0.31%	$806,632	0.035%	$89,926	0.34%	$896,559
PIMCO Total Return Fund	$26,864,445	0.46%	$123,576	0.00%	$0	0.46%	$123,576	0.035%	$9,284	0.49%	$132,861
DFA Inflation-Protected Securities Portfolio	$34,993,513	0.11%	$38,493	0.00%	$0	0.11%	$38,493	0.035%	$12,094	0.14%	$50,587
American Century High Income	$35,333,429	0.59%	$208,467	0.00%	$0	0.59%	$208,467	0.035%	$12,211	0.62%	$220,678
T. Rowe Price Instl. Large Cap Growth Fund	$56,388,256	0.56%	$315,774	0.00%	$0	0.56%	$315,774	0.035%	$19,488	0.59%	$335,262
Diamond Hill Large Cap	$42,474,759	0.55%	$233,611	0.00%	$0	0.55%	$233,611	0.035%	$14,679	0.58%	$248,290
William Blair Small/Mid Cap Growth Fund	$43,117,536	1.10%	$474,293	0.15%	($64,676)	0.95%	$409,617	0.035%	$14,901	0.98%	$424,518
DFA U.S. Targeted Value	$54,119,664	0.33%	$178,595	0.00%	$0	0.33%	$178,595	0.035%	$18,704	0.36%	$197,299
Dodge & Cox Global Stock Fund	$36,528,886	0.62%	$226,479	0.10%	($36,529)	0.52%	$189,950	0.035%	$12,624	0.55%	$202,575
Harding Loevner International Equity Instl.	$18,230,063	0.81%	$147,664	0.15%	($27,345)	0.66%	$120,318	0.035%	$6,300	0.69%	$126,619
MFS International Value Fund	$45,315,842	0.63%	$285,490	0.00%	$0	0.63%	$285,490	0.035%	$15,661	0.66%	$301,151
Cohen and Steers Instl. Realty Shares	$33,443,993	0.75%	$250,830	0.00%	$0	0.75%	$250,830	0.035%	$11,558	0.78%	$262,388
Mutual Fund Window	$35,022,261	0.00%	$0	0.00%	$0	0.00%	$0	0.035%	$12,104	0.03%	$12,104
Total	$2,606,443,285	0.19%	$4,828,613	-0.02%	($518,856)	0.17%	$4,309,757	0.035%	$900,787	0.20%	$5,210,544
Without Brokerage	$2,571,421,025	0.19%	$4,828,613	-0.02%	($518,856)	0.17%	$4,309,757	0.035%	$888,683	0.20%	$5,198,440

Source: TIAA

Morningstar Model Portfolios – RC Performance

As of 3/31/2021

	Performance(%)					
	1 Quarter	1 Year	3 Years	5 Years	Since Inception	Inception Date
RC						
Very Conservative RC	-0.1	10.2	5.8	5.3	4.6	04/01/2014
Very Conservative Benchmark RC	*-0.3*	*9.5*	*5.6*	*5.1*	*4.5*	
Conservative RC	1.5	20.1	6.9	7.1	5.7	04/01/2014
Conservative Benchmark RC	*1.7*	*20.3*	*7.4*	*7.3*	*6.0*	
Moderately Conservative RC	2.2	27.9	9.0	9.2	7.6	04/01/2014
Moderately Conservative Benchmark RC	*2.5*	*27.7*	*8.7*	*8.8*	*7.1*	
Moderate RC	3.4	36.4	9.7	10.1	8.0	04/01/2014
Moderate Benchmark RC	*3.7*	*35.7*	*9.7*	*10.2*	*8.0*	
Moderately Aggressive RC	5.2	45.9	11.3	11.7	9.0	04/01/2014
Moderately Aggressive Benchmark RC	*4.6*	*43.6*	*10.7*	*11.3*	*8.7*	
Aggressive RC	6.0	54.7	12.6	13.2	10.0	04/01/2014
Aggressive Benchmark RC	*5.4*	*51.8*	*11.8*	*12.7*	*9.6*	
Very Aggressive RC	7.3	63.6	13.2	14.1	10.4	04/01/2014
Very Aggressive Benchmark RC	*6.4*	*59.9*	*12.4*	*13.7*	*10.1*	
RC Ex-TIAA						
Very Conservative RC Ex-TIAA	-1.3	9.0	5.5	4.5	4.0	04/01/2014
Very Conservative Benchmark RC Ex-TIAA	*-2.1*	*8.3*	*6.0*	*4.8*	*4.2*	
Conservative RC Ex-TIAA	0.2	18.9	7.1	6.8	5.5	04/01/2014
Conservative Benchmark RC Ex-TIAA	*0.2*	*19.2*	*7.8*	*7.1*	*5.8*	
Moderately Conservative RC Ex-TIAA	0.9	26.5	8.7	8.6	7.1	04/01/2014
Moderately Conservative Benchmark RC Ex-TIAA	*1.2*	*26.8*	*9.0*	*8.5*	*6.9*	
Moderate RC Ex-TIAA	2.8	35.5	9.6	9.7	7.7	04/01/2014
Moderate Benchmark RC Ex-TIAA	*2.7*	*35.2*	*10.0*	*10.0*	*7.8*	
Moderately Aggressive RC Ex-TIAA	4.8	45.4	11.0	11.2	8.7	04/01/2014
Moderately Aggressive Benchmark RC Ex-TIAA	*3.9*	*43.5*	*10.8*	*11.2*	*8.6*	
Aggressive RC Ex-TIAA	5.7	54.0	11.9	12.7	9.6	04/01/2014
Aggressive Benchmark RC Ex-TIAA	*5.1*	*51.8*	*11.6*	*12.5*	*9.4*	
Very Aggressive RC Ex-TIAA	7.4	63.8	13.1	14.0	10.4	04/01/2014
Very Aggressive Benchmark RC Ex-TIAA	*6.4*	*60.0*	*12.4*	*13.7*	*10.1*	

Morningstar Model Portfolios – RC Allocations

As of 3/31/2021

RC

Fund Name	Very Conservative	Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive	Very Aggressive
American Century High Income Y	8%	10%	7%	6%	5%	-	-
Cohen & Steers Instl Realty Shares	-	-	4%	4%	3%	4%	4%
DFA Inflation-Protected Securities I	11%	7%	7%	5%	3%	3%	-
DFA US Targeted Value I	-	-	-	-	5%	-	4%
Diamond Hill Large Cap Y	-	5%	3%	6%	8%	16%	17%
Dodge & Cox Global Stock	-	3%	3%	3%	3%	9%	6%
Harding International Eq Inst	-	3%	3%	4%	3%	5%	6%
MFS International Value R6	5%	5%	6%	6%	3%	14%	-
PIMCO Total Return Instl	10%	6%	3%	4%	-	-	-
T. Rowe Price Large-Cap Growth I	-	-	3%	-	-	-	-
T. Rowe Price Stable Value Fund	10%	7%	5%	3%	-	-	-
TIAA Traditional	40%	34%	30%	22%	15%	7%	-
Vanguard Developed Markets Idx Instl	-	-	3%	6%	13%	6%	19%
Vanguard Emerging Mkts Stock Idx I	-	3%	3%	5%	8%	8%	12%
Vanguard Extended Market Idx I	3%	8%	13%	13%	5%	18%	18%
Vanguard Institutional Index Instl Pl	3%	3%	4%	13%	19%	10%	14%
Vanguard Total Bond Market Index I	10%	6%	3%	-	4%	-	-
William Blair Small-Mid Cap Gr I	-	-	-	-	3%	-	-

RC Ex-TIAA

Fund Name	Very Conservative	Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive	Very Aggressive
American Century High Income Y	9%	10%	7%	6%	5%	-	-
Cohen & Steers Instl Realty Shares	-	-	4%	4%	3%	4%	4%
DFA Inflation-Protected Securities I	11%	8%	7%	5%	3%	3%	-
DFA US Targeted Value I	-	-	-	-	5%	-	4%
Diamond Hill Large Cap Y	-	6%	3%	7%	8%	16%	17%
Dodge & Cox Global Stock	-	-	3%	3%	3%	7%	6%
Harding International Eq Inst	-	3%	3%	4%	3%	6%	6%
MFS International Value R6	4%	6%	6%	6%	3%	15%	-
PIMCO Total Return Instl	11%	6%	5%	4%	-	3%	-
T. Rowe Price Large-Cap Growth I	-	-	4%	-	-	-	-
T. Rowe Price Stable Value Fund	24%	19%	15%	11%	7%	4%	-
Vanguard Developed Markets Idx Instl	-	-	3%	6%	13%	5%	19%
Vanguard Emerging Mkts Stock Idx I	-	3%	3%	5%	8%	8%	12%
Vanguard Extended Market Idx I	3%	8%	13%	13%	5%	18%	18%
Vanguard Institutional Index Instl Pl	3%	3%	3%	12%	19%	11%	14%
Vanguard Total Bond Market Index I	35%	28%	21%	14%	12%	-	-
William Blair Small-Mid Cap Gr I	-	-	-	-	3%	-	-

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

Morningstar Model Portfolios – RC Benchmarks

As of 3/31/2021

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	29%	19%	13%	9%	6%	3%	-
Blmbg. Barc. US Corp HY	7%	7%	5%	4%	3%	-	-
Citi Treasury Bill 3 Mo.	3%	3%	-	-	-	-	-
FTSE NAREIT All Equity REITs	-	-	3%	3%	3%	3%	4%
MSCI EAFE GR	4%	8%	12%	16%	20%	24%	27%
MSCI EM GR	-	3%	4%	6%	8%	10%	13%
Russell 1000 Growth	-	3%	7%	8%	9%	11%	12%
Russell 1000 Value	3%	7%	7%	12%	14%	16%	18%
Russell 2000 Growth	-	-	3%	3%	3%	4%	5%
Russell 2000 Value	-	3%	3%	3%	4%	5%	6%
Russell Mid Cap Growth	3%	3%	3%	3%	5%	6%	6%
Russell Mid Cap Value	-	3%	3%	6%	7%	8%	9%
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%	8%	7%	5%	3%	3%	-
Blmbg. Barc. US Agg. Bond	71%	55%	43%	31%	21%	10%	-
Blmbg. Barc. US Corp HY	8%	7%	5%	4%	3%	-	-
Citi Treasury Bill 3 Mo.							
FTSE NAREIT All Equity REITs	-	-	3%	3%	3%	3%	4%
MSCI EAFE GR	4%	8%	12%	16%	20%	24%	27%
MSCI EM GR	-	3%	4%	6%	8%	10%	13%
Russell 1000 Growth	-	3%	7%	8%	9%	11%	12%
Russell 1000 Value	3%	7%	7%	12%	14%	16%	18%
Russell 2000 Growth	-	-	3%	3%	3%	4%	5%
Russell 2000 Value	-	3%	3%	3%	4%	5%	6%
Russell Mid Cap Growth	3%	3%	3%	3%	5%	6%	6%
Russell Mid Cap Value	-	3%	3%	6%	7%	8%	9%

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

Empower Results®

Morningstar Model Portfolios – RCP Performance

As of 3/31/2021

	Performance(%)					
	1 Quarter	1 Year	3 Years	5 Years	Since Inception	Inception Date
RCP						
Very Conservative RCP	0.0	9.7	5.4	4.9	4.3	04/01/2014
Very Conservative Benchmark RCP	*-0.1*	*8.7*	*4.9*	*4.6*	*4.0*	
Conservative RCP	1.3	20.7	6.9	6.9	5.4	04/01/2014
Conservative Benchmark RCP	*1.6*	*19.8*	*7.0*	*6.9*	*5.7*	
Moderately Conservative RCP	2.2	29.3	8.8	8.9	7.3	04/01/2014
Moderately Conservative Benchmark RCP	*2.3*	*27.7*	*8.4*	*8.4*	*6.8*	
Moderate RCP	3.8	38.2	10.1	10.1	8.0	04/01/2014
Moderate Benchmark RCP	*3.4*	*35.9*	*9.8*	*10.0*	*7.8*	
Moderately Aggressive RCP	5.1	47.7	11.4	11.5	9.0	04/01/2014
Moderately Aggressive Benchmark RCP	*4.3*	*43.3*	*10.6*	*11.2*	*8.6*	
Aggressive RCP	6.0	56.0	12.6	13.1	9.9	04/01/2014
Aggressive Benchmark RCP	*5.1*	*51.7*	*11.6*	*12.6*	*9.5*	
Very Aggressive RCP	7.2	65.4	13.2	14.1	10.5	04/01/2014
Very Aggressive Benchmark RCP	*6.4*	*60.4*	*12.5*	*13.7*	*10.2*	
RCP Ex-TIAA						
Very Conservative RCP Ex-TIAA	-2.2	8.0	6.2	4.9	4.4	04/01/2014
Very Conservative Benchmark RCP Ex-TIAA	*-1.8*	*7.8*	*5.7*	*4.6*	*4.1*	
Conservative RCP Ex-TIAA	-0.2	19.2	7.4	7.0	5.7	04/01/2014
Conservative Benchmark RCP Ex-TIAA	*0.3*	*19.1*	*7.6*	*6.9*	*5.7*	
Moderately Conservative RCP Ex-TIAA	0.4	26.4	9.0	8.8	7.2	04/01/2014
Moderately Conservative Benchmark RCP Ex-TIAA	*1.3*	*26.3*	*8.8*	*8.4*	*6.8*	
Moderate RCP Ex-TIAA	2.4	36.4	10.1	9.9	7.8	04/01/2014
Moderate Benchmark RCP Ex-TIAA	*2.8*	*35.2*	*10.0*	*10.0*	*7.8*	
Moderately Aggressive RCP Ex-TIAA	4.6	47.0	11.6	11.5	8.9	04/01/2014
Moderately Aggressive Benchmark RCP Ex-TIAA	*3.9*	*43.4*	*10.8*	*11.2*	*8.6*	
Aggressive RCP Ex-TIAA	5.5	55.8	12.2	12.8	9.7	04/01/2014
Aggressive Benchmark RCP Ex-TIAA	*5.0*	*52.2*	*11.6*	*12.5*	*9.4*	
Very Aggressive RCP Ex-TIAA	7.2	65.2	13.1	14.1	10.5	04/01/2014
Very Aggressive Benchmark RCP Ex-TIAA	*6.4*	*60.2*	*12.4*	*13.7*	*10.1*	

Morningstar Model Portfolios – RCP Allocations

As of 3/31/2021

RCP

Fund Name	Very Conservative	Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive	Very Aggressive
American Century High Income Y	7%	7%	7%	6%	6%	-	-
Cohen & Steers Instl Realty Shares	-	-	3%	3%	3%	3%	4%
DFA Inflation-Protected Securities I	6%	6%	5%	4%	3%	-	-
DFA US Targeted Value I	-	-	-	3%	5%	3%	4%
Diamond Hill Large Cap Y	3%	8%	4%	7%	8%	15%	17%
Dodge & Cox Global Stock	-	-	3%	3%	3%	7%	6%
Harding International Eq Inst	-	-	4%	3%	3%	7%	5%
MFS International Value	-	10%	4%	3%	3%	11%	-
PIMCO Total Return Instl	26%	15%	10%	5%	-	-	-
TIAA Traditional	40%	32%	25%	16%	10%	5%	-
Vanguard Developed Markets Idx Instl	4%	-	4%	10%	13%	7%	20%
Vanguard Emerging Mkts Stock Idx I	-	3%	3%	5%	8%	8%	12%
Vanguard Extended Market Idx I	-	9%	12%	8%	5%	15%	18%
Vanguard Federal Money Market Inv	5%	-	-	-	-	-	-
Vanguard Institutional Index Instl Pl	-	-	8%	15%	19%	13%	14%
Vanguard Total Bond Market Index I	-	3%	3%	6%	5%	6%	-
Vanguard Total International Bond Market Index	6%	7%	5%	3%	3%	-	-
William Blair Small-Mid Cap Gr I	3%	-	-	-	3%	-	-

RCP Ex-TIAA

Fund Name	Very Conservative	Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive	Very Aggressive
American Century High Income Y	8%	8%	6%	5%	4%	-	-
Cohen & Steers Instl Realty Shares	-	-	3%	4%	3%	3%	4%
DFA Inflation-Protected Securities I	10%	8%	6%	4%	3%	-	-
DFA US Targeted Value I	-	-	-	-	6%	-	4%
Diamond Hill Large Cap Y	-	6%	3%	6%	8%	13%	17%
Dodge & Cox Global Stock	-	3%	3%	4%	3%	10%	6%
Harding International Eq Inst	-	-	3%	3%	3%	3%	5%
MFS International Value	5%	7%	6%	6%	3%	15%	-
PIMCO Total Return Instl	6%	5%	6%	5%	-	-	-
T. Rowe Price Large-Cap Growth I	-	-	3%	-	-	-	-
Vanguard Developed Markets Idx Instl	-	-	3%	6%	14%	6%	20%
Vanguard Emerging Mkts Stock Idx I	-	3%	3%	5%	7%	8%	12%
Vanguard Extended Market Idx I	3%	8%	14%	13%	4%	19%	18%
Vanguard Federal Money Market Inv	6%	3%	3%	-	-	-	-
Vanguard Institutional Index Instl Pl	3%	3%	4%	13%	20%	12%	14%
Vanguard Total Bond Market Index I	56%	42%	30%	22%	19%	7%	-
Vanguard Total International Bond Market Index	3%	4%	4%	4%	-	4%	-
William Blair Small-Mid Cap Gr I	-	-	-	-	3%	-	-

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

Empower Results®

Morningstar Model Portfolios – RCP Benchmarks

As of 3/31/2021

RCP Benchmarks

Index	Very Conservative	Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive	Very Aggressive
Blmbg. Barc. Global Inflation-Linked US TIPS	10%	8%	6%	4%	3%	-	-
Blmbg. Barc. US Agg. Bond 1-3 Years	18%	13%	10%	8%	5%	4%	-
Blmbg. Barc. US Corp HY	7%	6%	5%	4%	3%	-	-
Blmbg. Barc. US Long Gov't./Credit	5%	5%	4%	4%	3%	4%	-
Citi Treasury Bill 3 Mo.	3%	-	-	-	-	-	-
Blmbg. Barc. Global Agg ex-USD Flt Adj RIC Cpd	7%	6%	5%	4%	3%	-	-
FTSE NAREIT All Equity REITs	-	-	3%	3%	3%	3%	4%
MSCI EAFE GR	4%	8%	12%	16%	20%	24%	27%
MSCI EM GR	-	3%	4%	6%	8%	10%	13%
Russell 1000 Growth	-	3%	7%	8%	9%	11%	12%
Russell 1000 Value	3%	7%	7%	12%	14%	16%	18%
Russell 2000 Growth	-	-	3%	3%	3%	4%	5%
Russell 2000 Value	-	3%	3%	3%	4%	5%	6%
Russell Mid Cap Growth	3%	3%	3%	3%	5%	6%	6%
Russell Mid Cap Value	-	3%	3%	6%	7%	8%	9%
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	10%	8%	6%	4%	3%	-	-
Blmbg. Barc. US Agg. Bond	59%	46%	36%	28%	18%	10%	-
Blmbg. Barc. US Corp HY	7%	6%	5%	4%	3%	-	-
Citi Treasury Bill 3 Mo.	7%	4%	3%	-	-	-	-
Blmbg. Barc. Global Agg ex-USD Flt Adj RIC Cpd	7%	6%	5%	4%	3%	3%	-
FTSE NAREIT All Equity REITs	-	-	3%	3%	3%	3%	4%
MSCI EAFE GR	4%	8%	12%	16%	20%	24%	27%
MSCI EM GR	-	3%	4%	6%	8%	10%	13%
Russell 1000 Growth	-	3%	7%	8%	9%	11%	12%
Russell 1000 Value	3%	7%	7%	12%	14%	16%	18%
Russell 2000 Growth	-	-	3%	3%	3%	4%	5%
Russell 2000 Value	-	3%	3%	3%	4%	5%	6%
Russell Mid Cap Growth	3%	3%	3%	3%	5%	6%	6%
Russell Mid Cap Value	-	3%	3%	6%	7%	8%	9%

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

Morningstar Model Portfolios – Static Allocation Performance

As of 3/31/2021

	Performance(%)					
	1 Quarter	1 Year	3 Years	5 Years	Since Inception	Inception Date
RC						
Very Conservative RC (Static)	-0.2	9.6	5.6	5.1	4.6	04/01/2014
Very Conservative Benchmark RC (Static)	*0.2*	*9.4*	*5.3*	*4.9*	*4.3*	
Conservative RC (Static)	1.9	21.3	7.6	7.5	6.2	04/01/2014
Conservative Benchmark RC (Static)	*1.9*	*20.4*	*7.3*	*7.3*	*6.0*	
Moderately Conservative RC (Static)	3.4	29.7	9.2	9.2	7.4	04/01/2014
Moderately Conservative Benchmark RC (Static)	*2.9*	*27.5*	*8.5*	*8.5*	*7.0*	
Moderate RC (Static)	4.5	39.4	10.8	10.9	8.6	04/01/2014
Moderate Benchmark RC (Static)	*3.9*	*36.6*	*9.7*	*10.1*	*7.9*	
Moderately Aggressive RC (Static)	5.8	48.2	11.9	12.3	9.5	04/01/2014
Moderately Aggressive Benchmark RC (Static)	*4.8*	*44.1*	*10.7*	*11.3*	*8.7*	
Aggressive RC (Static)	6.6	57.2	13.1	14.0	10.5	04/01/2014
Aggressive Benchmark RC (Static)	*5.5*	*52.3*	*11.7*	*12.5*	*9.5*	
Very Aggressive RC (Static)	7.8	66.8	13.3	14.5	10.6	04/01/2014
Very Aggressive Benchmark RC (Static)	*6.6*	*60.7*	*12.3*	*13.5*	*10.0*	
RCP						
Very Conservative RCP (Static)	-0.2	10.5	5.7	5.1	4.4	04/01/2014
Very Conservative Benchmark RCP (Static)	*0.1*	*9.1*	*5.0*	*4.6*	*4.0*	
Conservative RCP (Static)	1.9	21.1	7.4	7.2	5.9	04/01/2014
Conservative Benchmark RCP (Static)	*1.7*	*20.1*	*7.1*	*7.0*	*5.7*	
Moderately Conservative RCP (Static)	3.2	29.3	9.1	8.9	7.2	04/01/2014
Moderately Conservative Benchmark RCP (Static)	*2.6*	*27.1*	*8.4*	*8.3*	*6.7*	
Moderate RCP (Static)	4.2	39.1	10.7	10.7	8.4	04/01/2014
Moderate Benchmark RCP (Static)	*3.6*	*36.2*	*9.6*	*9.9*	*7.7*	
Moderately Aggressive RCP (Static)	5.5	47.8	11.8	12.1	9.3	04/01/2014
Moderately Aggressive Benchmark RCP (Static)	*4.7*	*43.8*	*10.6*	*11.1*	*8.5*	
Aggressive RCP (Static)	6.5	57.0	13.1	13.9	10.5	04/01/2014
Aggressive Benchmark RCP (Static)	*5.2*	*52.1*	*11.7*	*12.5*	*9.5*	
Very Aggressive RCP (Static)	7.8	66.8	13.3	14.5	10.6	04/01/2014
Very Aggressive Benchmark RCP (Static)	*6.6*	*60.7*	*12.3*	*13.5*	*10.0*	

Discussion Topics

Vanguard Target Retirement Trusts/Funds

- Each of the Vanguard Target Retirement Trusts/Funds posted a positive absolute return that closely approximated the return of its respective performance benchmark during the first quarter
  - The Target Retirement Income Trust Plus, with its greater proportion of fixed income assets, returned 0.1%
  - The longer-dated, more equity-heavy Target Retirement 2065 Trust Plus returned 4.6%
- For the twelve months ended March 31, 2021, all the Vanguard Target Retirement Trusts/Funds posted a strong positive absolute return but exhibited a modest level of tracking error
  - The Target Retirement Income Trust returned 17.1%, while the Target Retirement 2065 Trust Plus returned 51.9%
  - Relative underperformance was due to a combination of fair value pricing adjustments, underlying fund tracking, and the negative impact of expenses
- 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 Funds' investment management fees detracted from results
- The Vanguard Target Retirement Funds remain "Buy" rated by our Global Investment Management Research Team

Lower Cost Vanguard Share Class Option

- Due to sizeable asset growth, the Plans are now eligible to transition to lower cost share class options of the Vanguard FTSE Social Index Fund
- Transitioning from the "Admiral" class shares to the "Institutional" class shares will lower fees for participants invested in this fund
- The investment philosophies, objectives, and overall portfolio management processes between the various share class options will remain unchanged

As of March 31, 2021

Fund	Assets	Current	Institutional	Estimated Annual Savings
Vanguard FTSE Social Index Fund	$6,280,574	VFTAX @ 0.14%	VFTNX @ 0.12%	$1,256

- We recommend the Committee transition to the lower cost "Institutional" share class as soon as administratively feasible following appropriate notice to participants

T. Rowe Price Stable Value Common Trust Fund

- The Fund registered "Red" on the Watch List during the first 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
- The Fund's performance trailed the return of its benchmark, the Hueler Stable Value Index, by 0.1 percentage point during the first quarter
- The Fund's relative performance was primarily attributable to:
  - An overweight to duration as interest rates rose modestly during the period
  - The negative impact of fees (0.45%)
- For the twelve months ended March 31, 2021, the Fund generated a return of 2.0% versus the benchmark's return of 2.1%
  - Positions in shorter duration corporate bonds and longer-duration securitized credit modestly detracted from results
- Longer-term annualized performance remained adverse relative to the Fund's performance benchmark but ranked favorable relative to its peer group median
- The strategy remains "Buy" rated by our Global Investment Management Research Team
- As an important part of the ongoing due diligence process, we recommend the Committee initiate a "competitive review" to compare the Fund's positioning, historical performance, fees, etc. to other viable candidates

Vanguard Target Retirement Fund Enhancements

- In March, Vanguard announced several enhancements to its Target Retirement Funds meant to enhance its management and reduce transaction costs
- These changes include adjustments to the rebalance policy threshold, use of futures to improve trading, and moving the glide path roll down process from a quarterly to monthly frequency
- These changes do not impact the overall methodology or main components of Vanguard's Target Retirement Fund series
- We expect these changes to allow for greater efficiency in aligning the actual asset allocation to its strategic glide path while reducing transaction costs that may otherwise occur from larger or more frequent adjustments
- We recommend the Committee take no action
- A detailed Flash Report in included under Section 5 of this presentation

March 2021

Flash Report

Vanguard – Target Retirement Fund Enhancements

Recommendation

Vanguard recently announced several enhancements to its Target Retirement target date funds. These changes include adjustments to the rebalance policy threshold, use of futures to improve trading, and moving the glide path roll down process from a quarterly to monthly frequency. These changes do not impact the overall methodology or main components of the target date suite, rather they are meant to enhance its management and reduce transaction costs after the period of heightened tracking error and transactions costs experienced in 2020.

Additionally, Vanguard previously lowered the investment minimum for its Institutional Target Retirement mutual funds from $100 million to $5 million. Clients who now meet the lower investment minimum should consider whether moving to this series is appropriate for their participants. Some recordkeepers may automatically transition clients to the lower cost share class.

There are no changes to existing ratings due to this news, which Aon views favorably.

Background

The changes Vanguard made are meant to improve the ongoing management of the target date series rather than make material changes to the underlying components or objectives of the series. We expect these changes to allow for greater efficiency in aligning the actual asset allocation to its strategic glide path while reducing transaction costs that may otherwise occur from larger or more frequent adjustments.

Outside of the systematic, recurring adjustments that occur based on the glide path, each target date manager, both actively and passively implemented, set boundaries for when to adjust the actual asset allocation relative to its glide path target. These variations most commonly occur from investor cash flows or market movements. Historically, when allocations reviewed daily deviated more than 0.75% from its intended glide path target, Vanguard would rebalance to within 0.50% of target. With the recent change, the manager has slightly expanded this threshold to allow for up to 2.0% deviations. Above that level will require a rebalance to within 1.0%. This tolerance increase is meant to reduce repetitive trading during volatile markets and the transaction costs that occur from these trades. In addition, the use of equity and interest rate futures, up to 2% of each fund's total assets, can likewise help improve trading efficiency versus buys and sells of the underlying funds.

Regarding the glide path roll down process, Vanguard is changing the frequency of those adjustments from a quarterly to monthly basis. This will result in smaller adjustments on a more frequent basis compared to the current process. While this action does increase the frequency of these trades, Vanguard believes transaction costs can be reduced due to the reduction in the size of each trade.

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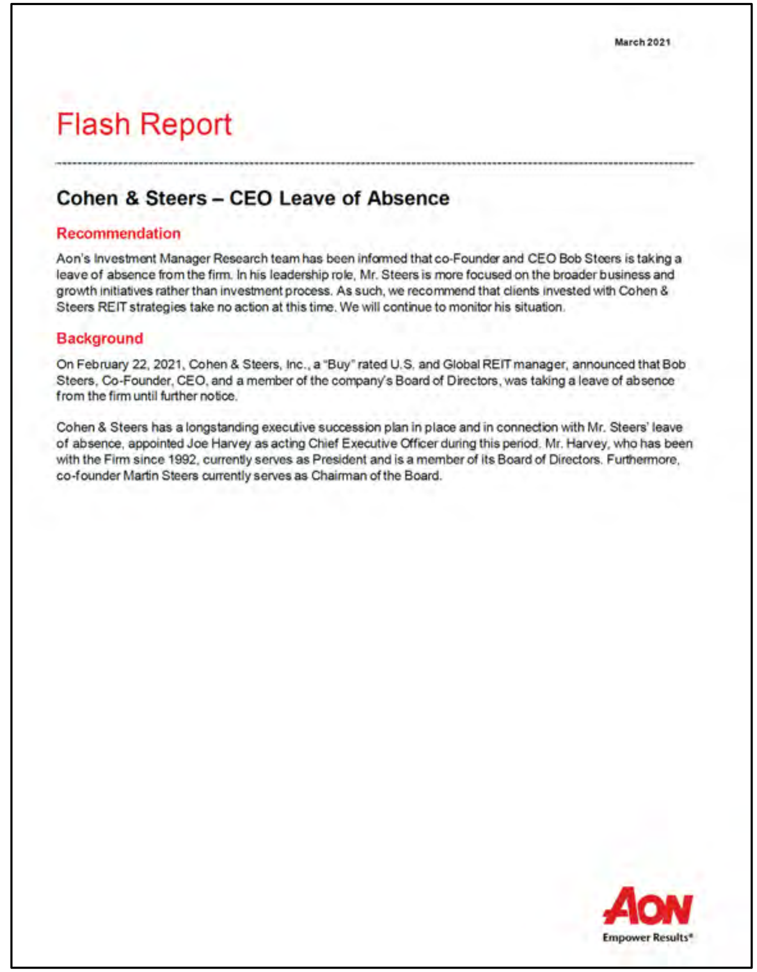
Cohen & Steers – CEO Leave of Absence

- In February, Cohen & Steers announced that co-founder and CEO Bob Steers is taking a leave of absence from the firm until further notice
- In his leadership role, Mr. Steers is more focused on the broader business and growth initiatives rather than investment process
- Cohen & Steers has a longstanding executive succession plan in place and in connection with Mr. Steers' leave of absence, has appointed Joe Harvey as acting Chief Executive Officer
- Mr. Harvey, who has been with the firm since 1992, currently serves as President and is a member of its Board of Directors. Furthermore, co-founder Martin Steers currently serves as Chairman of the Board
- Aon recommends that clients invested with Cohen & Steers REIT strategies take no action at this time
- A detailed Flash Report in included under Section 6 of this presentation



March 2021

Flash Report

Cohen & Steers – CEO Leave of Absence

Recommendation

Aon's Investment Manager Research team has been informed that co-Founder and CEO Bob Steers is taking a leave of absence from the firm. In his leadership role, Mr. Steers is more focused on the broader business and growth initiatives rather than investment process. As such, we recommend that clients invested with Cohen & Steers REIT strategies take no action at this time. We will continue to monitor his situation.

Background

On February 22, 2021, Cohen & Steers, Inc., a "Buy" rated U.S. and Global REIT manager, announced that Bob Steers, Co-Founder, CEO, and a member of the company's Board of Directors, was taking a leave of absence from the firm until further notice.

Cohen & Steers has a longstanding executive succession plan in place and in connection with Mr. Steers' leave of absence, appointed Joe Harvey as acting Chief Executive Officer during this period. Mr. Harvey, who has been with the Firm since 1992, currently serves as President and is a member of its Board of Directors. Furthermore, co-founder Martin Steers currently serves as Chairman of the Board.

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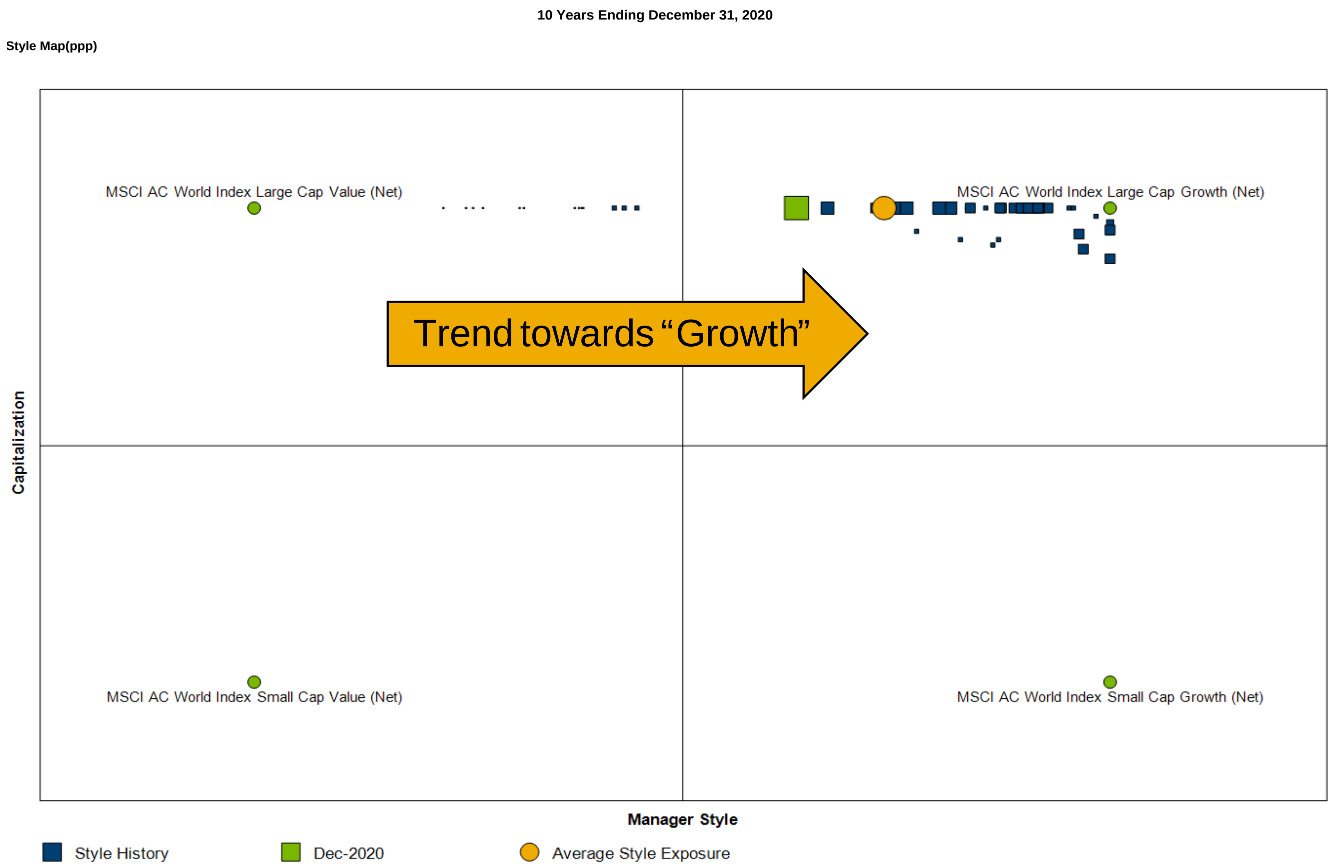
Discussion Topics

Overview

- As detailed in the tables on the following pages:
  - A review of the MFS International Value Fund's longer-term historical performance illustrates that the portfolio initially exhibited a value-oriented investment style
  - Recent performance exhibits a core/growth style bias
  - The Fund also exhibits a "growth" style tilt based upon a review of the portfolio's holdings as of December 31, 2020
- We recommend the Committee:
  - Opportunistically consider the merits of having a value-oriented non-U.S. equity manager
    - Research shows that participants generally do not know when to favor value vs. growth investment strategies
    - Our experience is that the DC marketplace continues to trend towards streamlined, style neutral investment menus
  - Initiate a "competitive review" to compare the Fund's positioning, historical performance, fees, etc. to other viable value-oriented investment candidates

MFS International Value Fund – Returns Based Style Analysis

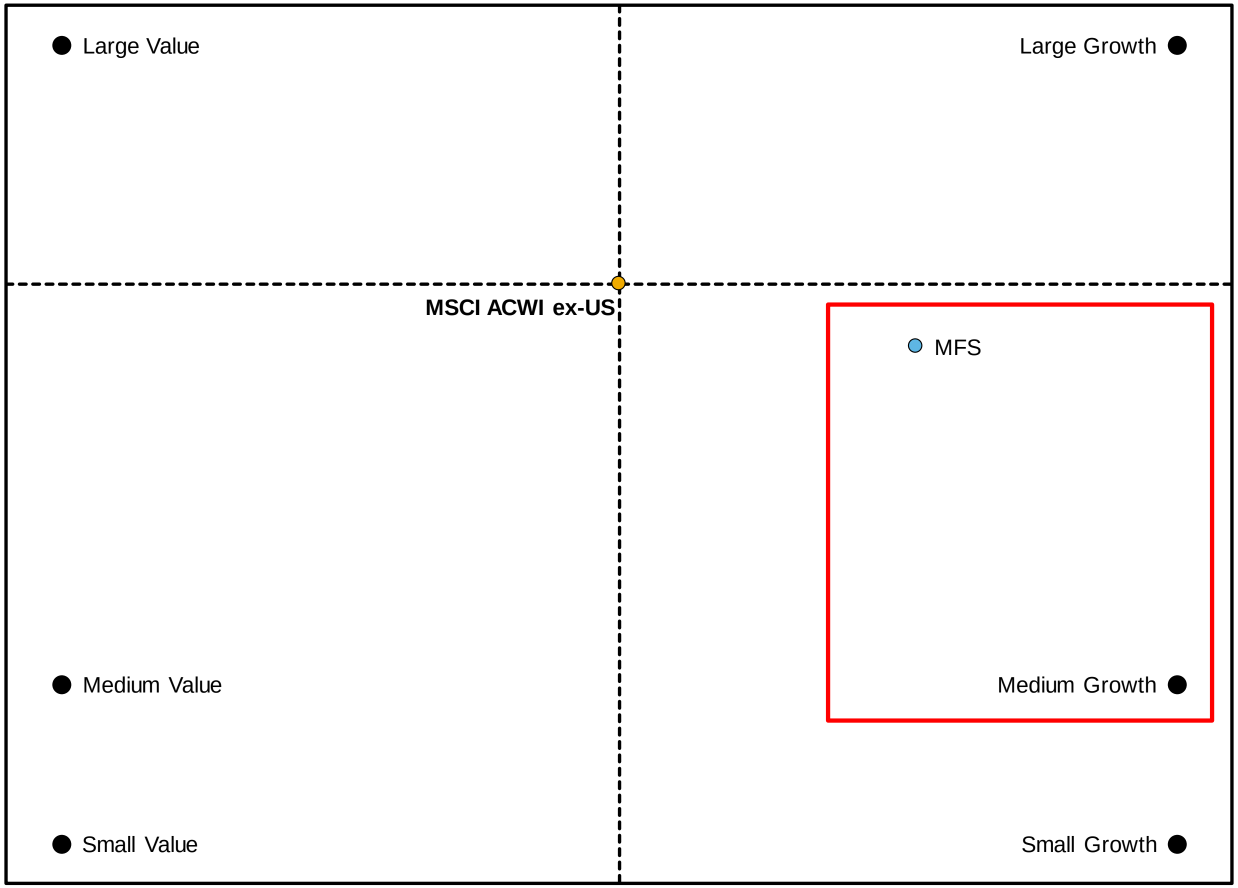
- A review of longer-term historical performance indicates the MFS International Value Fund (MINJX) initially utilized a value-oriented investment style
- More recently, the Fund has exhibited a core/growth style bias based on performance



Note: Based on monthly returns, 3-year rolling periods

MFS International Value Fund – Holdings Based Style Analysis

- The Fund also exhibits a “growth” style tilt based upon its holdings as of December 31, 2020



Discussion Topics

Flash Report

Vanguard – Target Retirement Fund Enhancements

Recommendation

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Discussion Topics

Flash Report

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Recommendation

Aon's Investment Manager Research team has been informed that co-founder and CEO Bob Steers is taking a leave of absence from the firm. In his leadership role, Mr. Steers is more focused on the broader business and growth initiatives rather than investment process. As such, we recommend that clients invested with Cohen & Steers REIT strategies take no action at this time. We will continue to monitor his situation.

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Discussion Topics

Second Quarter 2021

Aon Quarterly Update

Retirement Legal Consulting & Compliance

In this Issue

Prior Issues

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

Editor's Note

Spring has arrived, bringing with it—renewed optimism for all of our readers!

This edition of the *Quarterly Update* opens with reporting on the American Rescue Plan Act of 2021 (ARPA), the latest round of coronavirus-related economic relief legislation. As ARPA's funding relief is for both single employer and multiemployer pension plans, we anticipate the relief will likely have a significant impact on both plan sponsors and their plans in the near future.

What a difference a quarter makes! In our last *Quarterly Update*, we reported on the final November 2020 regulations in the area of "environmental, social, and corporate governance" (ESG) investments. With the partisan change in the White House in January, we update our reporting on these ESG regulations with the Department of Labor's (DOL's) announcement that it would not be enforcing these regulations (along with many others)!

We next offer a trio of complementary articles. After years of *ad hoc* missing participant guidance through the DOL audit process, we are pleased to include an article on the DOL's long-awaited, definitive guidance regarding best practices for addressing missing participant issues. We follow with an article reporting on the DOL's court actions to compel Metropolitan Life Insurance Company to comply with an administrative subpoena in connection with the DOL's investigation of annuity payments due pension plan retirees. Finally, we close this trio with an article regarding the importance of marital status with respect to the administration of qualified retirement plans (e.g., for purposes of determining the normal form of payment, obtaining spousal consent if required, and the availability of optional payment forms).

In recent editions of the *Quarterly Update*, we have reported on the challenges that plan sponsors and fiduciaries face in addressing their cybersecurity responsibilities for defined contribution (DC) plan data, including the rise in cybersecurity-related litigation. In this edition, we add to our reporting with an article on the U.S. Government Accountability Office's report on fiduciary issues involving cybersecurity and DC plans and its recommendation that the Secretary of Labor develop and issue guidance that identifies minimum expectations for mitigating cybersecurity risks.

We've previously reported on the increased interest by plan sponsors in, and the use of, mandatory arbitration provisions in their qualified retirement plans in recent years. We close out this edition with an article on a recent Second Circuit Court of Appeals decision that appears to split with the Ninth Circuit decision we previously covered. As we know our readers have continued interest in this area, we will continue to monitor the courts, including a pending Seventh Circuit case.

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.

Susan Motter

Susan Motter
Associate Partner

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ARPA to the Rescue—Significant Pension Funding Relief

by Ben Bergeson, Matthew Bond, Eric Keener, and Beverly Rose

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 (ARPA), the latest round of coronavirus-related economic relief legislation. Among other provisions, ARPA includes funding relief for both single employer and multiemployer pension plans. This relief will likely have a significant impact on these plans and their sponsors in the near and intermediate term. ARPA also provides special funding rules for community newspaper pension plans and expands the restrictions on tax-deductibility of executive compensation under Section 162(m) of the Internal Revenue Code (Code).

The single employer pension funding provisions include a further extension and expansion of interest rate stabilization, which was first enacted in the Moving Ahead for Progress in the 21st Century Act in 2012, and later extended in the Highway and Transportation Funding Act in 2014 and the Bipartisan Budget Act of 2015. Under interest rate stabilization, the segment interest rates used to calculate liabilities for minimum funding purposes are adjusted as needed to fall within a "corridor" around a 25-year average of the segment rates. ARPA narrows the interest rate corridor from 10% to 5% of the 25-year average in 2020. The corridor remains at 5% through 2025, and then expands by 5% per year until reaching 30% in 2030 and beyond.

Significantly, ARPA also adds a 5% floor on the 25-year average of the segment rates before application of the corridor. This further disconnects the funding interest rates from current market rates in a historically low interest rate environment. As a result, plan sponsors taking advantage of the relief may see lower plan funding ratios on a market basis. They may also see higher Pension Benefit Guaranty Corporation (PBGC) variable-rate premiums unless they are at the variable-rate premium cap. In addition to the interest rate stabilization changes, ARPA also makes a permanent change in the amortization period for funding shortfalls, from seven years under prior law to 15 years under the new law.

Plan sponsors have multiple options for when these provisions will take effect. The interest rate stabilization provisions were effective in 2020 by default but can be deferred to as late as 2022, either for minimum funding and benefit restrictions under Code Section 436 or for benefit restrictions alone. The change to the shortfall amortization period is effective in 2022 by default but can be applied as early as 2019. As a result, all sponsors will need to learn about the changes and options and make appropriate decisions and elections.

The optimal effective dates will depend on plan-specific and sponsor-specific factors. Sponsors and fiduciaries may need multiyear projections to understand the potential impact on plan funded status and contribution requirements. IRS guidance will be needed on several issues, including the implications of revising valuation results for prior plan years. Sponsors will also need to consider potential implications beyond minimum funding and benefit restrictions, including plan design, investment strategy, contribution strategy, and pension settlement opportunities.

The ARPA multiemployer pension provisions include a new program that will provide assistance to financially troubled plans through 2051, changes to reduce minimum contribution requirements in the near term (though this may not translate to contribution reductions for participating employers, since employer contributions are generally fixed via collective bargaining agreements), and increased PBGC premiums starting in 2031. The financial assistance for troubled plans is funded by a transfer of federal revenues and does not need to be repaid. Many details of this program remain to be clarified through PBGC guidance. Since the financial assistance does not cover benefits payable after 2051, further action may be needed in the future if a troubled plan's financial status does not substantially improve in the interim. While some prior legislative proposals had included fundamental reform of multiemployer plan funding requirements and plan designs, such as upper limits on liability interest rates and flexibility to create "composite" plans that vary benefits based on plan funding levels, ARPA does not include such provisions. As a result, it is possible that some plans' financial conditions could further deteriorate in the future.

In summary, ARPA makes significant changes to the landscape for single employer and multiemployer pension plans. Plan sponsors should discuss these law changes with their actuarial, investment, and executive compensation consultants to understand the impact on their plans and organizations and determine how best to respond to the opportunities the new law presents. Please contact your Aon consultant for more information.

DOL Will Not Enforce Recent 2020 ESG and Proxy Voting Regulations

by John Van Duzer

In a recent development that caught few observers by surprise, the Department of Labor (DOL) issued an announcement on March 10, 2021 advising that it would not be enforcing its November 2020 final regulations on "environmental, social, and corporate governance" (ESG) investments. As discussed more fully in the **First Quarter 2021** issue of our *Quarterly Update*, those 2020 regulations represented the latest development in an ongoing conflict between Republican and Democratic administrations over these ESG issues. The regulations stated that plan fiduciaries needed to focus on "pecuniary factors" in choosing investment options—i.e., factors that are expected to have a material effect on the risk and/or return of an investment. That earlier guidance also suggested that because ESG factors are typically non-pecuniary, their role should be minimized in the course of making investment decisions.

The March 10 announcement generally provides a more favorable outlook for ESG investments (consistent with prior guidance issued during periods of a Democratic administration). The DOL has apparently heard from a number of public commenters (e.g., asset managers, labor organizations, and investment advisers) suggesting that because of being rushed through the regulatory process, the 2020 regulations failed to properly consider and address substantial favorable evidence about ESG considerations in improving investment value and long-term investment returns. Beyond that, the new rules have apparently had a chilling effect on the appropriate integration of ESG factors into investment decisions. For these reasons, the DOL intends to revisit the prior regulations and will not enforce or otherwise pursue enforcement actions against plan fiduciaries relating to those regulations, unless and until further guidance is issued.

The DOL cautions that it is not precluded from enforcing any requirements of the Employee Retirement Income Security Act of 1974 (ERISA), specifically including the duties of prudence and loyalty under Section 404 of ERISA. Also, note that a plan participant or other private party may still bring a lawsuit under these final regulations (i.e., the regulations have not been revoked or amended), and plan fiduciaries should consider this possibility in the course of making investment decisions.

In addition, the March 10 announcement states that the DOL will (similarly) not be enforcing final DOL regulations on proxy voting and shareholder rights, unless and until further notice. Those regulations were issued on December 16, 2020 and are discussed in more detail in the First Quarter 2021 issue of our *Quarterly Update*. In general, the regulations address a fiduciary's obligation to act prudently and for the exclusive benefit of participants and beneficiaries with respect to the exercise of shareholder rights and proxy voting under ERISA in connection with plan investments in shares of stock. As with the 2020 ESG regulations, the 2020 proxy voting regulations stated that the process of exercising shareholder rights and proxy voting under ERISA may not be structured in such a way as to subordinate the interests of plan participants and beneficiaries to any non-pecuniary objective.

We encourage readers who wish to better understand the significance of these DOL nonenforcement policies and/or to consider changes to their investments or investment policies to contact Aon's Investment and Retirement Legal Consulting & Compliance consultants.

DOL Issues Definitive Missing Participant Guidance

by Alison Katz and Jennifer Ross Berrian

After several years of focusing on missing participants during retirement plan audits, the Department of Labor's (DOL's) Employee Benefits Security Administration (EBSA) issued guidance on January 12, 2021, regarding best practices for addressing missing participant issues. Three key pieces of guidance were issued providing a broad range of insights into practices and policies that prudent fiduciaries should consider for addressing issues with respect to the timely payment of vested benefits. One piece of guidance details the DOL's best practices, another provides insight into audit guidelines, while the third permits plan sponsors of terminating defined contribution (DC) plans to utilize the Pension Benefit Guaranty Corporation's (PBGC's) missing participant program.

Best Practices Regarding Missing Participants

One of the pieces of guidance, entitled "Missing Participants – Best Practices for Pension Plans," contains a wealth of information that plan sponsors should review and utilize. The best practices guidance describes a range of detailed best practices to help reduce and avoid missing participant issues, as well as "red flags" that may indicate a lack of sufficient plan procedures. Careful attention on both fronts will ultimately help plan sponsors ensure that plan participants receive timely payment of the benefits they are owed from the plan and may help resolve or even avoid any future DOL audit.

The best practice guidance, applicable to both defined benefit (DB) and DC plans, focuses on four key areas:

- Maintaining accurate census information for the plan's participant population;
- Implementing effective communication strategies;
- Performing missing participant searches; and
- Documenting procedures and actions, including returned mail handling and uncashed check procedures.

While the list of best practices included in the guidance is extensive, EBSA has noted that not every practice is necessarily appropriate for every plan. Plan fiduciaries have the flexibility to determine which steps are appropriate for their own plan and population and weigh facts and circumstances specific to each plan and participant, as well as consider the balance between the size of the benefit and the cost of search efforts. A rigorous and thoughtful consideration of the appropriate practices for each plan as well as development of documentation as to how the selected procedures will be applied will be an important part of the prudent fiduciary process.

Audit Guidance
Compliance Assistance Release 2021-01 outlines the approach that EBSA regional offices use for the Terminated Vested Participants Project (TVPP). The TVPP is an audit and enforcement initiative geared toward facilitating the timely payment of vested benefits from DB plans. The release outlines the key facets of the TVPP process in an effort to ensure consistent investigative processes nationally and give plan sponsors a clear view into what the audit process entails.

The guidance focuses on four key areas. These include information on plan characteristics that may trigger an audit; information to be requested by the agent; errors that examiners are looking for; and how cases are closed. Some of the errors that the agents are looking for include systemic errors in recordkeeping and administration and inadequate procedures for the following:

- Identifying and locating missing participants and beneficiaries;
- Contacting participants and beneficiaries approaching required commencement dates;
- Explaining the consequences of failure to make a commencement election to participants and beneficiaries nearing required commencement dates; and
- Dealing with uncashed checks.

Use of PBGC Missing Participant Program for Terminating DC Plans
Finally, EBSA issued Field Assistance Bulletin 2021-01 authorizing terminating DC plans to use the PBGC missing participant program for missing or nonresponsive participants' account balances. This will be a helpful tool for plan sponsors terminating DC plans. However, it is important to note that although the use of the PBGC program is permitted, it does not preclude the DOL from pursuing plan sponsors for failure to diligently search for participants and beneficiaries prior to the transfer of account balances.

These three key pieces of guidance establish a roadmap for plan fiduciaries to formalize and document robust plan administration policies and procedures to mitigate future issues with missing and nonresponsive participants, ultimately facilitating timely payment of vested benefits. Aon suggests that all plan sponsors consider and implement the best practices guidance. Please contact your Aon consultant for assistance.

DOL Continues to Pursue Payments to Missing Annuitants

by Tom Meagher

On March 31, the Department of Labor (DOL) went to court to compel Metropolitan Life Insurance Company (MetLife) to comply with an administrative subpoena issued on January 5, 2021 by the Employee Benefits Security Administration (EBSA) in connection with the DOL's investigation of annuity payments due pension plan retirees.

The action by the DOL is based on EBSA's 2019 investigation of MetLife to determine, among other issues, whether MetLife's actions constituted violations of Title I of the Employee Retirement Income Security Act of 1974 (ERISA), whether MetLife's subsequent actions adequately remedied any such violations, and whether information about MetLife's risk transfer business indicates other possible violations.

While the intent of this article is not to get into the merits of the DOL investigation—and MetLife may have any number of defenses to the DOL's claims—MetLife has argued that ERISA does not apply because, once an individual's participant status is properly terminated, there should be no further ERISA obligations to the participant. The DOL counters by stating that ERISA is intended to address situations in which a transaction purports to terminate a participant's or beneficiary's status, but such status is not properly terminated unless an insurance company fully guarantees the entire benefit rights of the individual. Whether MetLife has fully guaranteed the entire benefit to the participant or beneficiary is the question that the DOL is pursuing as part of its investigation involving payments to missing annuitants.

While MetLife has previously settled several missing annuitant-related issues with the New York State Department of Financial Services and the U.S. Securities and Exchange Commission, neither of those settlements address ERISA violations. We will continue to monitor developments between MetLife and the DOL and their impact on both employers and insurers conducting de-risking transactions.

Please do not hesitate to contact **Ari Jacobs** or **Alan Parikh** (Aon's Pension Risk Transfer Team) if you would like to discuss any of these issues in more detail.

Marital Status: When Less is More

by Hitz Burton

Marital status is central to the administration of qualified retirement plans. In a defined benefit (DB) pension plan, and a money purchase plan which is a specific type of defined contribution (DC) plan, marital status determines (i) the normal form of payment (i.e., joint and survivor or single life annuity) from the plan; (ii) whether waiver of the normal form requires spousal consent; and (iii) often, in many plans, the availability of optional payment forms. For 401(k) and other DC plans, marital status will establish the primary or default beneficiary. For all qualified retirement plans, when a participant dies prior to commencing benefits, the participant's marital status as of the date of death will typically establish a specified date by which death benefits, if any, must be paid (or begin to be paid).

Since marital status is critical to plan administration, the natural inclination of some DB plan sponsors is to actively track marital status from an employee's date of hire and throughout their employment period with the plan sponsor and beyond to ultimate retirement. This approach might have made sense historically when more DB pension plans were administered in-house. And this may also continue to make sense for DC plans administered through web-based benefit platforms where beneficiary solicitations can be requested (or confirmed) when participants log in to check balances or make investment changes. But, for DB plans that typically pay benefits at normal retirement (e.g., age 65) or other specified age, the effort associated with the ongoing tracking of marital status for what may be a 30 or 40-year period from initial date of hire to ultimate retirement and benefit commencement may require too great of an ongoing commitment. Rather, the efforts of plan fiduciaries and a third-party recordkeeper may be better directed to other qualified plan or fiduciary compliance-related goals (e.g., locating missing participants).

There are a variety of reasons why tracking marital status over a participant's working career may prove to be difficult, including increased worker mobility and marital status changes among other circumstances. As an alternative to ongoing tracking of marital status, Aon suggests that plan sponsors and fiduciaries direct their attention to focusing their efforts—at the exact moment when it matters most—when the participant contacts the plan to commence benefits or is required to commence benefits under plan terms or based on federal tax law. For example, the benefit election kit, including the distribution election form, should require the participant to make a formal attestation of his or her current marital status.

In certain circumstances, a participant may attest to being single and want to elect a lump-sum distribution. But, how should a plan sponsor respond if it has employment or other records which suggest the participant is actually married (e.g., recent election of employer-provided group medical coverage including coverage for spouse or spouse and family)? While it is reasonable for a plan sponsor to investigate such situations where there is an actual or apparent discrepancy, plan sponsors and fiduciaries should be mindful that requesting copies of a divorce decree or property settlement agreement may make the plan or the fiduciary responsible for complying with the decree or agreement. Nonetheless, it is most important that plan administrators and fiduciaries make the correct payments to the proper parties and avoid situations where incorrect payments may expose the plan to over or underpayment errors or other related operational failures.

One final word of caution on marital status information. If a plan possesses marital status information, even where the information is dated and not generally to be relied upon for benefit commencement purposes (e.g., joint and survivor election paperwork), Aon still recommends that such information be retained. While dated marital information may not be particularly useful for its original or primary intended purpose, the spousal information may still prove useful to a plan if the plan later has difficulty locating the participant to commence benefits at normal retirement or at a tax-required distribution date or to locate a beneficiary where the participant dies prior to benefit commencement.

If you are interested in evaluating your retirement plan's current practices regarding participant marital status and would like our view of administrative best practices for your specific retirement plan, Aon's Retirement Legal Consulting & Compliance consultants are available to help you fully assess your current marital status policy and related procedures and to make recommendations regarding proposed risk mitigation enhancements.

Cybersecurity—GAO Report and New DOL Guidance

by Tom Meagher

Plan sponsors and fiduciaries have long been wrestling with how best to address their cybersecurity responsibilities for defined contribution (DC) plan data. With each new cybersecurity lawsuit comes allegations that the fiduciaries have breached their fiduciary responsibility to the plan and its participants resulting in significant loss of plan data and related assets.

While the courts continue to frame out the responsibility of plan fiduciaries, the U.S. Government Accountability Office (GAO) recently issued a report regarding the fiduciary issues involving cybersecurity and DC plans (GAO Report). The GAO Report was of particular interest in that it noted that plan sponsors and service providers, recordkeepers, third-party administrators, payroll providers, and custodians reported sharing a vast amount of personally identifiable information (PII) and plan asset data to assist them in their respective roles in administering DC plans. The GAO Report went on to note that, while current sources of information on cyberattacks do not break down the numbers by industry—including those specific to DC plans—in recent years, a number of legal claims allege that unauthorized access to and distribution of retirement plan assets have occurred, resulting in a loss in retirement plan assets which, to date, have not been fully recovered. In assessing fiduciary exposure to cyberattacks, the GAO Report also noted that many times cyber insurance policies do not replace funds stolen from participants' accounts and frequently have provisions, such as caps on payouts or exclusions for certain types of attacks, which limit the amount of coverage for a cyberattack. The GAO Report also noted that employers usually purchase cyber insurance for their entire enterprise, which may not be tailored to or adequate for the specific needs of a retirement plan, such as replacing stolen retirement account funds.

The GAO Report concluded by recommending that the Secretary of Labor (i) formally state whether cybersecurity for private sector employer-sponsored DC retirement plans is a plan fiduciary responsibility under the Employee Retirement Income Security Act of 1974 (ERISA) and (ii) develop and issue guidance that identifies minimum expectations for mitigating cybersecurity risks that outline the specific requirements that should be taken by all entities involved in administering private sector employer-sponsored DC retirement plans.

Following issuance of the GAO Report, there have been several new developments regarding the fiduciary obligation to protect participant data. The first involves the case of *Harmon v. Shell Oil* (S.D. Tex. 2021) in which the U.S. District Court concluded that plan data was neither an "investment" nor "participant contributions" and thus was not a "plan asset" under ERISA. The court thereupon dismissed certain of the fiduciary claims against the recordkeeper (Fidelity) and Shell based on a conclusion that plan data was not a plan asset (and thus Fidelity was not a fiduciary under ERISA). Shortly following the *Harmon* decision, the Department of Labor (DOL) issued guidance relating to how plan sponsors should address their risks relating to cybersecurity threats. The DOL guidance notes that responsible plan fiduciaries have an obligation to ensure proper mitigation of cybersecurity risks and sets forth the actions that plan sponsors and fiduciaries should undertake in selecting and monitoring the cybersecurity practices of service providers. The DOL further noted that fiduciaries should consider annual assessments and independent third-party audits to ensure that they have made (and are making) prudent decisions on their service providers and protecting their participant data.

While this new DOL guidance is obviously quite helpful to plan sponsors and fiduciaries, there has been little doubt that plan fiduciaries must act prudently to protect PII from improper use or disclosure and document their efforts.

Aon and its cybersecurity firm, Stroz Friedberg, are available to work with fiduciary committees and plan sponsors in assessing their cybersecurity exposure involving DC plans and how best to address in view of their ERISA obligations.

Second Circuit Rejects Mandatory Arbitration of ERISA Claim

by Hitz Burton

On March 4, in a 2-1 decision, the Second Circuit Court of Appeals in *Cooper v. Ruane, Cunniff & Goldfarb Inc.* held that a participant's fiduciary breach claims brought under the Employee Retirement Income Security Act of 1974 (ERISA) were not subject to a mandatory arbitration provision in an employee handbook intended to cover "all legal claims arising out of or relating to employment" and to which the participant consented.

Cooper, a participant in the DST Systems, Inc. 401(k) and Profit-Sharing Plan (Plan), brought breach of loyalty and prudence claims against the Plan's long-time investment adviser (Ruane, Cunniff & Goldfarb Inc.) for the Plan's concentrated position in the employer securities of an unrelated single employer stock (Valeant Pharmaceuticals). At its peak, the investment in Valeant Pharmaceuticals represented approximately 30% of the Plan's $1.4 billion in assets.

In reversing the prior district court decision which found that Cooper's claims were subject to arbitration, the Second Circuit noted that the participant's ERISA fiduciary breach claims did not "relate to" his employment since the merits of his claims did not involve facts which were specific or uniquely particular to his employment with DST Systems. The Second Circuit then remanded the decision back to the district court for further proceedings consistent with its decision.

Whatever the ultimate disposition of this specific case, the Second Circuit decision in *Cooper* appears to potentially be at odds with the recent Ninth Circuit Court of Appeals decision in *Dorman v. Charles Schwab & Co.* which we previously summarized in the **Fourth Quarter 2019** issue of our *Quarterly Update*. The validity of an arbitration clause was also recently argued on March 30 in the Seventh Circuit Court of Appeals (relating to a provision in the Triad Manufacturing, Inc. Employee Stock Ownership Plan requiring these disputes to be resolved through binding arbitration). That decision is still pending.

As we previously described, plan sponsors have shown an increased interest in and use of mandatory arbitration provisions in their qualified retirement plans in recent years. And the Ninth Circuit's *Dorman* decision was something of a surprise since it held that class action claims alleging an ERISA fiduciary breach could be subject to a plan's mandatory arbitration provisions. While it has generally been thought that a participant's individual claim for benefits (e.g., a claim by a single participant alleging that a plan calculated his final average pay incorrectly by understating his pay or credited service) might be subject to a properly structured mandatory arbitration provision, it was less clear that the same provision could be used to compel arbitration for a fiduciary breach claim.

Unlike an individual claim for benefits, fiduciary breach claims are typically brought by one or more individual participants on behalf of the plan itself. Since fiduciary breach claims can be protective of the plan itself and similarly situated participants, courts have generally been reluctant to enforce an individual's waiver of a right to bring suit and enforce an arbitration clause where, as in *Cooper*, fiduciary breach allegations are made. If, in fact, this apparent disagreement between the Second and Ninth (and eventually the Seventh) Circuits arises, it may be that the U.S. Supreme Court will need to step in to resolve the issue of whether, and under what circumstances, a mandatory arbitration provision can be enforced for various types of claims involving an ERISA retirement plan.

If you are interested in evaluating whether adding a mandatory arbitration provision to your retirement plan makes sense or you are considering adding such a provision as a protective mechanism and would like our input on how to properly structure and adequately disclose such a provision, Aon's Retirement Legal Consulting & Compliance consultants are available to help you fully assess your options and to implement any decision you make.

Quarterly Roundup of Other New Developments

by Sandy Combs, Teresa Kruse, and Jan Raines

Where Oh Where Has My DC Vendor Gone?

Over the last 15 years, we have seen a lot of defined contribution (DC) plan vendor consolidation—Wells Fargo, which previously acquired Wachovia, has sold its recordkeeping business to Principal Financial Group; Merrill Lynch, which had previously acquired AMVESCAP's recordkeeping business, was bought by Bank of America; Ascensus has acquired the legacy BB&T's recordkeeping business from Truist; and Empower has acquired MassMutual's recordkeeping business, following its recordkeeping acquisitions from The Hartford and MetLife—and these are just a few of the examples. We have also seen recordkeepers outsource services to other firms; for example, Vanguard has outsourced recordkeeping and technology operations to Infosys. It's not likely that this consolidation or outsourcing trend will end anytime soon, as organizations find themselves at a crossroads of needing to be profitable, but having to "keep up with the Joneses" with improved technology and more financial tools, while having to continually reduce fees.

If your DC plan recordkeeper is one of many that has been caught up in what seems to be a never-ending saga of vendors buying other vendors, you may be asking yourself, "why should I care?" or perhaps "what do I do now?" One of the key fiduciary principles outlined in the Employee Retirement Income Security Act of 1974 (ERISA) is to always act in the best interests of participants and beneficiaries in the plan. Further, ERISA requires prudent processes be followed when making decisions on behalf of those participants. And one of the primary responsibilities of fiduciaries is to prudently hire service providers.

Let's say the fiduciary committee went through a very thorough and deliberate process to select Vendor A for its DC plan, but then a few years later Vendor A was acquired by Vendor B. While it "sounded like" participants would benefit from the consolidation, the fiduciaries did not perform any due diligence on Vendor B (for example, made no effort to compare what else was available in the marketplace at the time of the vendor consolidation) and have no documentation to prove that the vendor (Vendor B) provides appropriate services (for a reasonable fee) for the participants. This "decision" (no action is still a decision) has now put the fiduciaries at risk if questioned later (or find themselves as defendants in a lawsuit) regarding their "choice" of vendor (or vendor fees).

Performing a vendor search can provide fiduciaries with the appropriate documentation to show that a thorough and prudent process was followed in determining which vendor best meets the needs of the plan and its participants for a reasonable fee. Many fiduciaries will delay performing a vendor search (sometimes for many, many years) because they don't want to change vendors and commence a conversion—but a vendor search does not require a move to a new vendor, though it does permit the plan fiduciary to validate its reliance on the current vendor selection. Of course, if fiduciaries find that another vendor can provide more or better services for a reasonable fee, it may be prudent to make that move—and wouldn't the plan fiduciary want to have the best possible solution for plan participants?

So, if you find yourself with a new DC plan vendor through no fault of your own, it may be time to do a vendor search. It's prudent to find out the impact of the vendor consolidation to plan participants and plan-related fees and compare that to what is available in the marketplace—and then to document the process followed and the decisions made. Aon's Defined Contribution Consulting group has a deep knowledge of DC plan vendor capabilities and an expertise in plan governance and fiduciary processes, and these consultants are available to assist you in performing a vendor search.

A Tale of Two Breaches

Whether it is the best of times or the worst of times, a fiduciary breach has consequences whenever it occurs. After an investigation by the Department of Labor's Employee Benefit Security Administration, the U.S. District Court for the District of Minnesota issued a consent order and judgment against fiduciaries of The Sartell Group Inc.'s retirement plan for failure to remit employee contributions and loan repayments to the plan. In the case of *Scalia v. Sartell Group, Inc.,* the fiduciaries have been ordered to restore the missed payments to the participant accounts and pay a civil penalty. The judgment removed and permanently enjoined one of the fiduciaries from acting as a service provider or fiduciary to any ERISA-covered employee benefit plan and is requiring another fiduciary to undergo no less than eight hours of fiduciary training and education by a nationally recognized authority.

Another breach of fiduciary duty is seen in the case of *Hammer v. Johnson Senior Center.* In this case, an employee of Johnson Senior Center contributed her portion of the health insurance premium from each paycheck. Johnson Senior Center failed to make its health insurance payments to the insurer, and the court ruled that the employer, and certain management employees, were ERISA fiduciaries who breached their duties of loyalty, care, and prudence by failing to properly make the payments for health insurance coverage.

Both of these cases remind plan fiduciaries of the importance of ensuring plan assets (which include employee contributions) are used for the exclusive benefit of the participants and beneficiaries in a plan. Mishandling plan assets (including late payments) can result in a breach of fiduciary duty and a prohibited transaction, which could have personal liability implications for the plan fiduciaries under ERISA.

If your fiduciary or administrative committee has need to provide or update your fiduciary training, Aon's Defined Contribution Consulting group has fiduciary experts who can help committees and their members understand their fiduciary responsibilities under ERISA. *Scalia v. Sartell Group, Inc., 2020 WL 6286199 (D. Minn. 2020); Hammer v. Johnson Senior Ctr., 2020 WL 7029160 (W.D. Va. 2020)*.

Investment Policy Statement (IPS)—Ideally "Specifically Vague"

As a matter of prudent practice, Aon recommends that fiduciary committees establish and follow a written IPS. Having a well-structured IPS helps ensure that roles and responsibilities regarding the plan investments are established, provides guidelines for investment review, and establishes criteria for selecting and eliminating investment funds/managers. While it is not required by ERISA or the Department of Labor (DOL), it can be an important tool in establishing a structured and consistent process for qualified plan fiduciaries. In our experience with DOL audits, one of the first items requested is a copy of the plan's IPS.

A recent article published in PLANSPONSOR titled "Having an IPS Doesn't Necessarily Increase Plan Sponsor Liability" discussed some plan sponsors' resistance to having an IPS out of concern that it increases fiduciary liability. Aon believes that a properly structured IPS reduces overall liability as long as (and this is key) the policies established are prudent—and are followed. Fiduciary liability may be increased by failure to follow the IPS but using and maintaining a properly drafted IPS puts plan fiduciaries in a better position to defend investment decisions. Importantly, the IPS should always allow plan fiduciaries to exercise discretion to accommodate situations that may not quite fit the quantitative policy in the IPS; building in discretion provides flexibility and helps avoid tripwires. That combination of specific guidelines and flexibility has been referred to as "specifically vague," which seems to properly describe the balance needed for a functional IPS. Periodic review of a plan's IPS is recommended; Aon Investment Consultants are always available to assist with drafting or reviewing an IPS.

"ERISA Jail" is Real

The **Third Quarter 2018** issue of our *Quarterly Update* covered the case of *Caldwell & Partners v. Vantage Benefits Administrators.* Vantage Benefits Administrators (Vantage), a third-party administrator, recordkeeper, and fiduciary, was charged with breaching ERISA fiduciary duties due to fraud and misappropriation of plan assets. The co-owners of Vantage, Jeffrey Richie (Chief Executive Officer) and his spouse Wendy Richie, were alleged to have transferred plan assets directly to business accounts and supplied false information to avoid detection.

As a follow-up on this case, Jeffrey and Wendy Richie were indicted by a federal grand jury in October 2018 and accused of embezzling retirement funds from at least 1,000 participants by submitting fraudulent distribution requests and directing the proceeds to a Vantage-owned account. The couple pled guilty in June 2020 and confessed to submitting more than 90 unauthorized distribution requests during the period in question. Wendy Richie pled guilty to two counts of theft from an employee benefit plan and one count of aggravated identity theft, while Jeffrey Richie pled guilty to two counts of aiding and abetting his wife's theft.

While it is somewhat unusual for fiduciaries to be sentenced to prison for fiduciary breaches, in December 2020 Jeffrey and Wendy Richie were sentenced to prison for 7 years and 3 months, and 11 years, respectively. Together they were ordered to pay $20 million in restitution for the embezzlement scheme with the presiding judge noting that "We are proud to hold the Richies accountable for this brazen misconduct." It is anyone's guess as to how much of the $20 million in restitution may be recoverable. *Caldwell & Partners v. Vantage Benefits Administrators, 2018 BL 82574 (N.D. Tex. 2018).*

Retirement Plan Litigation Update

Retirement plan litigation has been prevalent over the past decade impacting corporate plan sponsors, financial institutions that are also plan sponsors, and universities sponsoring 403(b) plans. DC plan cases generally fall into the following three areas: inappropriate or imprudent investment choices; excessive fees; and self-dealing. Recently, several cases involving universities and other institutions have been dismissed (in full or in part) or settled, including cases involving DeMoulas Super Markets Inc. (settled for $17.5M and other remedies); DST Systems Inc. (settled for $26.9M), along with their investment advisory firm Ruane Cunniff & Goldfarb Inc. (settled for $21.4M) and Robert D. Goldfarb, Ruane's CEO (settled for $30.4M); Norton Healthcare and its investment advisor, Lockton Financial Advisors (settled for $5.75M, to be split between both firms); and University of Pennsylvania (settled for $13M and other remedies).

Plan sponsors seeking to reduce their litigation risk use a variety of strategies including improving their fiduciary process for plan governance, increasing the number of passive funds in their plans, and implementing better fee transparency. Aon has a team of plan governance specialists who can work with clients to evaluate their fiduciary processes with an eye to confirming that they are supportive of establishing a prudent process for decision making.

New Retirement Plan Cases

The hits just keep on coming, as the saying goes. The high rate of retirement plan cases being filed against plan fiduciaries continues, and the pace does not seem to be slowing down. Although the list of recently filed cases is only illustrative, it is intended to provide a summary of the types of claims being alleged against plan fiduciaries and their committees. The recent themes of excessive fees and concerns involving target date funds continued this quarter as cases were brought against Takeda Pharmaceuticals U.S.A.; Cognizant Technology Solutions U.S. Corp.; Associated Banc-Corp; Mercedes Benz U.S. Int'l, Inc.; Coca-Cola Bottlers' Ass'n; Columbus Regional Healthcare System; NFP Retirement, Inc.; and Natixis Investment Managers, L.P. In addition, a case was brought against the trustees at American Trust Co. for an unauthorized account access incident. While the employers in these cases may have several valid defenses to these claims, the incidence of claims of fiduciary breaches continues to increase in the current environment.

Aon will continue to track these cases, and others, as they develop.

Please see the applicable Disclosures and Disclaimers on page 10.

Recent Publications

Keeping Your ADP/ACP Safe Harbor Safe under Old and New Rules

By Daniel Schwallie
Journal of Pension Planning & Compliance (Spring 2021)

Actual deferral percentage (ADP) and actual contribution percentage (ACP) safe harbor designs can eliminate the need for ADP and/or ACP testing and ensure that highly compensated employees can maximize deferrals and matching contributions under 401(k) and 403(b) plans. However, there are many nuances to ADP/ACP safe harbor requirements that may be overlooked in design or administration that can cause a plan to lose its safe harbor status. This article considers those requirements including recent guidance on midyear changes to safe harbor plans.

Click **here** to read the article.

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About Aon

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