



Memorandum

To: Rhode Island State Investment Commission

From: Capital Cities, L.L.C.

Date: June 26, 2019

Re: Defined Contribution & Deferred Compensation Program Fee Analysis and TIAA Investment Structure Review Presentation

Capital Cities has prepared a Fee Analysis for the Rhode Island Defined Contribution and Deferred Compensation Program. Investment management, recordkeeper and investment consultant fees have been documented and benchmarked as part of the Fee Analysis. In addition, Capital Cities conducted an Investment Structure Review of the TIAA 401(a) and 457(b) Plans, evaluating the investment menus and investment options offered within each Plan.

The following recommendations were made within the presentation and require the State Investment Commission's vote during the June 26, 2019 meeting:

Fee Analysis:

- TIAA 457(b) Plan: Rebate the TIAA Traditional product's revenue-sharing within the TIAA 457(b) Plan, to the individual participants who have this investment election, to provide a more equitable fee arrangement.

TIAA Investment Structure Review:

- TIAA 401(a) Plan: Simplify the International Equity Index options by offering one broadly diversified International Equity Index option (SSGA Global All Cap ex U.S. Index), while also reducing investment management fees. Simplify the Small and Mid Cap Equity Index options by offering one broadly diversified Small/Mid Cap Equity Index option (SSGA U.S. Small/Mid Cap Index), while also reducing investment management fees.
- TIAA 457(b) Plan: Replace the current International Equity Index option with a more broadly diversified International Equity Index option (SSGA Global All Cap Equity ex U.S. Index), while also reducing the investment management expense.
- TIAA 401(a) and 457(b) Plans: Replace Vanguard Intl Index (fee: 0.035%) with SSGA S&P 500 Index (fee: 0.01%). Replace Vanguard Total Bond Mkt Index (fee: 0.035%) with SSGA US Bond Index (fee: 0.02%).