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# **INVESTMENT POLICY STATEMENT**

**For**

**Retirement Plan of Creighton University**

**Prepared by:**

**Cornerstone Advisors Asset Management, LLC  
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**October 2017**

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## EXECUTIVE SUMMARY

**Type of Plan:**..... 403(b) Defined Contribution Plan

**Asset Value of Retirement Plan:**.....\$274,800,488.00 as of 06/30/2017

**Participant Directed Investment Options:**..... Yes

**Frequency to Change Investment Options:**..... Daily

**Asset Allocation as of 06/30/2017:**

**Current Asset Allocation:**

49.9% Equities

38.1% Multi Asset

12.0% Fixed Income/Cash

**Plan Demographics as of 06/30/2017:**

**Participant Count:**

Total Eligible:.....3488 (1,474 deferring)

Total Terminated with Balance:.....899

**Total:**.....**4387**

**Participant Count – By Age:**

Age 34 & under: 1203

Age 35 - 54: 1817

Age 55 - +: 1367

**Total:** **4387**

**Investment Options:** A diversified mix of investment options and asset allocation portfolios designed to provide plan participants with choices within the major asset classes and dominant investment styles.

**Investment Consultant:** Cornerstone Advisors Asset Management, LLC

**Record Keeper:** Principal

## EXECUTIVE SUMMARY

**Type of Plan:**..... 403(b) Defined Contribution Plan

**Asset Value of Retirement Plan:**.....\$236,321,733.00 as of 06/30/2017

**Participant Directed Investment Options:**..... Yes

**Frequency to Change Investment Options:**..... Daily

**Asset Allocation as of 6/30/2017:**

**Current Asset Allocation:**

46.9% Equities

7.7% Multi Asset

45.4% Fixed Income/Cash

**Plan Demographics as of 06/30/2017:**

**Participant Count:**

Total Active:.....363

Total Terminated with Balance:.....1055

**Total:**.....**1418**

**Participant Count – By Age:**

Age 34 & under: 5

Age 35 - 44: 106

Age 45 - 54: 278

Age 55 - 64: 459

Age 65 - +: 570

Age 65 + : 0

**Total: 1418**

**Investment Options:** A diversified mix of investment options and asset allocation portfolios designed to provide plan participants with choices within the major asset classes and dominant investment styles.

**Investment Consultant:** Cornerstone Advisors Asset Management, LLC

**Record Keeper:** TIAA

## PURPOSE

The purpose of this Investment Policy Statement (IPS) is to create a set of guidelines to assist the Committee and the Investment Consultant in selecting, supervising, monitoring and evaluating the Investment Options for participants of the Plan. The Plan's investment program is defined in the various sections of the IPS by:

- Stating in a written document the expectations, objectives and guidelines for the selection and retention of Investment Options for the Plan's assets.
- Providing for a diversified menu of Investment Options that will allow the Plan to comply with current ERISA regulations.
- Establishing formal criteria to monitor, evaluate and compare on a regular basis, the performance that each Investment Option achieves relative to its appropriate benchmark.

## ROLES & RESPONSIBILITIES

Creighton University sponsors the retirement plan. The plan allows for employer contributions and participant contributions. Creighton University has established a retirement plan committee (the Committee) to provide overall plan governance. The Committee meets formally on a quarterly basis, or more if required, to review the overall performance of the retirement plan. The Committee may hire an Investment Consultant, Recordkeeper, and other professional advisers to supervise the daily activities of the plan. The general responsibilities of the Committee and Investment Consultant are listed below. Other service providers' roles and responsibilities would be outlined in the service agreements entered into between Creighton University and the applicable service provider.

### General Responsibilities

#### Retirement Plan Committee

1. Determine investment objectives and policies as outlined in this statement.
2. Establish a list of acceptable investments and portfolio guidelines.
3. Provide information to plan participants regarding the investment option menu and performance against established objectives and policies.
4. Review and approve all Plan service agreements.
5. Negotiate compensation arrangements for investment service providers.
6. Monitor the performance of all service providers including money managers, investment managers, recordkeepers, and consultants.
7. Establish acceptable peer group performance for each investment manager.
8. Provide guidance to service providers on educational and communication programs.
9. Evaluate any administrative issues.
10. Amend and update the Investment Policy Statement as appropriate based on the future needs of the plan.

## Investment Consultant

1. Consult with and advise the Committee on plan fees and expenses.
2. Monitor the investments with respect to the stated objectives in this document.
3. Make recommendations on changes to plan investment options.
4. Negotiate with existing and advise on the retention or removal of service providers.
5. Provide the Committee with reporting adequate to meet its fiduciary responsibility to monitor performance.
6. Acknowledge its fiduciary responsibilities in writing.
7. Fully disclose all fees and compensation relative to the Plan.
8. Provide industry benchmarking data where appropriate.
9. Update Committee on, and provide guidance on, compliance with legislation and ERISA.

## Record Keeper

1. Process employee enrollments.
2. Manage and track participant accounts including processing transactions.
3. Log and track contribution types (pre-tax contributions, Roth, employer pre-tax match, etc.).
4. Generate plan documents and amendments to keep the plan in compliance
- ⑤. Manage and record loans, QDROs and process distributions.
6. Issue account statements to participants.
7. Provide customer support.
8. Provide employee education and track outcomes.
9. Conduct requested plan studies including contribution analysis and retirement readiness.

## STATEMENT OF OBJECTIVES

Investment objectives available to plan participants have been established in conjunction with a comprehensive review of current Investment Options. The objectives are:

- 1) To offer plan participants a diversified mix of investment options with varying degrees of risk and potential return characteristics.
- 2) To control and monitor the administrative and investment management costs of the Plan.
- 3) To provide plan participants with investment education and guidance to increase the probability of them achieving favorable long-term investment results.

## Time Horizon

The menu of Investment Options is based in part upon an investment horizon that ranges from short-term to long-term, depending on the participant, so interim fluctuations in overall returns should be viewed with appropriate perspective.

Short-term liquidity requirements are a function of each individual participant's investment objectives.

## Risk Tolerances

The Plan allows for individual accounts and requires participants to exercise independent control over all assets in their accounts. It is the responsibility of each participant to evaluate the available Investment Options, to make investment decisions based on his/her individual risk tolerance and long-term objectives and to ensure his/her investment selections are implemented. To that end, the Investment Consultant and the Committee will structure a menu of Investment Options that gives participants a broad selection of investment assets and styles corresponding with differing time frames and risk tolerances. The Investment Option menu will be representative of the major investment asset classes and styles (though it does not need to include all classes or styles) and provides opportunities for liquidity if a participant so desires.

In establishing the risk tolerances for the investment options available to plan participants, the Investment Consultant and the Committee will consider the following:

- The necessity of offering short, intermediate and long-term investment options in a variety of asset classes so that participants have the ability to diversify their portfolios based on their specific investment objectives.
- The understanding that there are varying degrees of investment knowledge and sophistication among Plan participants.

## Performance Expectations

Each Investment Option's overall annualized total return, net of fees, should perform above the median of a Callan/Lipper/Morningstar peer group and above an appropriate style specific index over a 3 and 5-year period of time.

## Asset Classes

The Investment Consultant and the Committee should offer a wide variety of investment choices to reflect the overall needs of plan participants, whose investment risk profile can be defined as conservative to aggressive. The asset classes listed below were noted as possible classes to include in the Plan's mix. There is no requirement that each class be represented as long as the Investment Consultant and the Committee determine that it is both prudent and appropriate to exclude a particular class.

- Domestic Equities

- International Equities
- Global Equities
- Fixed Income
- Index Funds
- Cash/Cash Equivalents
- Asset Allocation Portfolios

## **ADHERENCE TO PROSPECTUS**

It is expected that each Investment Option will be managed in accordance with its prospectus or other disclosure document.

## **SELECTION OF INVESTMENT OPTIONS**

The Investment Consultant and the Committee will select Investment Options that meet the following minimum criteria:

- 1) The Investment Option must be a mutual fund, a collective or commingled fund or a separate fund managed by a bank, insurance company, investment management company, or investment adviser as defined by the Investment Advisers Act of 1940
- 2) The Investment Option must be able to provide historical quarterly performance numbers for a period of at least three years reported net of fees.
- 3) The Investment Option must be able to provide performance evaluation reports prepared by an objective third party that illustrate the risk/return profile of its manager relative to other funds of like investment style.
- 4) The Investment Option must articulate in its prospectus or other disclosure documents a clear investment strategy that has been in place for a reasonable period and which the Investment Consultant can confirm has been adhered to over that time.
- 5) The manager or sponsor of the Investment Option shall have no outstanding legal judgments or past judgments, which, in the opinion of the Investment Consultant and Committee, reflect negatively upon it.
- 6) The Investment Option's manager should have been in place for three years or more or have an identifiable and portable track record from previous responsibilities.
- 7) The Investment Option must be valued on a daily basis.



In addition, the Investment Consultant and the Committee will select an appropriate Qualified Default Investment Alternative (QDIA) if applicable. The intent is to have the chosen QDIA, on its own, capable of meeting an employee's long-term retirement savings needs.

- The Committee has selected the American Funds Target Date Funds as the QDIA for the contract with Principal and the TIAA-CREF Lifecycle Target Date Funds as the QDIA for the contract with TIAA. The American Funds Target Date Funds and the TIAA-CREF Lifecycle Target Date Funds are Target Date Funds, which is a product with an asset allocation designed to help meet participants retirement goals based on their age, target retirement date or life expectancy. The investment allocations change over time to become more conservative with the increasing age of the participant. The Committee reserves the right to change the QDIA option in the future based on the needs of the plan and the availability of alternatives on the recordkeeping platform.

## CONTROL PROCEDURES

### Performance Objectives

The Investment Consultant and Committee will review overall investment performance on a regular and continuing basis to assure conformity with the criteria of the IPS. In addition, the Investment Consultant will regularly (no less frequently than annually) review the IPS in light of changing circumstances to determine whether it should recommend that the IPS be modified; however, absent significant changes in conditions, it is not expected that the IPS will change frequently.

### Monitoring of Investment Options

The Investment Consultant will evaluate performance of Investment Options on a quarterly basis to determine conformity with the performance expectations and other guidelines of this IPS, including the matters set forth below. It is understood that there are likely to be short-term periods during which performance of an Investment Option deviates from market indices. During such times, greater emphasis shall be placed on peer-performance comparisons with funds/managers employing similar styles.

On a timely basis, but not less than quarterly, the Investment Consultant will report to the Committee with respect to the issues listed below and other relevant matters. The Investment Consultant will monitor these issues on a regular and continuing basis throughout the year, consistent with its role and responsibility. These include:

- Material changes in the Investment Option's organization, investment philosophy, senior management and/or investment style consistency with its prospectus.
- Monitoring of the credit rating of guaranteed accounts determined by Moody's and S&P, withdrawal restrictions, market value adjustments, and if applicable, withdrawal fees/penalties.
- Comparisons of the Investment Option's results to appropriate indices and peer groups, specifically, including the Qualified Default Investment Alternative (QDIA), if applicable found in Appendix 1.

In evaluating performance, the Investment Consultant will consider whether any investment risk assumed over the benchmark index and the peer group results in at least a corresponding increase in performance above the benchmark and peer group.

In addition to the information covered during the quarterly reviews, the Investment Consultant will report to the Committee at least annually with respect to the performance of each Investment Option relative to funds of like investment style or strategy. Each Investment Option is expected to perform in the upper half of its style universe over complete business cycles, as defined.

The Investment Consultant will conduct a more in-depth review of the desirability of retaining a particular Investment Option if:

- The Investment Option performs in the bottom quartile (75th percentile) of its peer group over the most recent twelve-month period.
- The Investment Option performs below the 50th percentile of its peer group over the most recent 3-year and 5-year periods.
- The Investment Option falls in the southeast quadrant of the risk/return scatter plot for rolling 3-year period.
- The Investment Option has a rolling three-year risk adjusted return (Sharpe Ratio) that falls below the median within the appropriate peer group.
- The Investment Option has a negative alpha over a rolling 3-year period.
- The Investment Option has a major organizational change, such as a change in management, personnel, or investment style.

The Investment Consultant will advise the Committee as to what action it deems appropriate with respect to the selection and retention of the Investment Options in connection with the evaluations it makes in accordance with this IPS. Such action may include, but is not limited to, placing the continuation of an Investment Option on a "watch list" for a period pending action, freezing an Investment Option to new investments, terminating an Investment Option, terminating an Investment Option and replacing it with one that follows a similar investment style and asset class and/or adding an Investment Option that represents an additional investment style and/or asset class.

## Investment Policy Statement Acceptance

Prepared by:  
Cornerstone Advisors Asset Management, LLC

Accepted by:  
Creighton University's Retirement Plan  
Committee

\_\_\_\_\_  
Investment Consultant

  
\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Date

*1-08-2018*  
\_\_\_\_\_  
Date

## APPENDIX 1: Indices & Peer Groups

Asset Category		Index	Peer Group Universe
Domestic Equities	Large Cap Value	Russell 1000 Value	Large Cap Value Style
	Large Cap Core	S&P 500	Large Cap Broad Style
	Large Cap Growth	Russell 1000 Growth	Large Cap Growth Style
	Mid Cap Value	Russell Midcap Value	Mid Cap Value Style
	Mid Cap Broad	Russell Midcap	Mid Cap Broad Style
	Mid Cap Growth	Russell Midcap Growth	Mid Cap Growth Style
	Small Cap Value	Russell 2000 Value	Small Cap Value Style
	Small Cap Broad	Russell 2000	Small Cap Broad Style
	Small Cap Growth	Russell 2000 Growth	Small Cap Growth Style
	Specialty	S&P 500	Core Equity Style
International Equities	Large Cap Value	MSCI EAFE Value	Intl Large Cap Value
	Large Cap Core	MSCI EAFE	Intl Large Cap Core
	Large Cap Growth	MSCI EAFE Growth	Intl Large Cap Growth
	SMid Value	MSCI EAFE Small Cap	Lipper: Intl Sm/Mid Value
	SMid Growth	MSCI EAFE Small Cap	Lipper: Intl Sm/Mid Growth
	Small Cap Broad	MSCI EAFE Small Cap	Lipper: Intl Sm/Mid Core
	Emerging Markets	MSCI Emerging Markets	Emerging Mkts Style
	Specialty	MSCI EAFE	Intl Core Eq Style
Global Equities	Large Cap Value	MSCI ACWI	Gl Equity Style
	Large Cap Core	MSCI ACWI	Gl Equity Style
	Large Cap Growth	MSCI ACWI	Gl Equity Style
	Mid Cap Growth	MSCI ACWI	Gl Equity Style
	Small Cap Growth	MSCI World Small Cap	Gl Equity Style
	Balanced Allocation	40% EAFE/ 30% S&P/ 30% BC Agg	Gl Balanced Style
Fixed Income	Emerging Markets	Barclays Capital Gbl Emer Mkt Bond	Emer Mkt Bond
	Specialty	Barclays Capital High Yield Intermediate	High Yield Style
	High Yield Bond	Barclays Capital High Yield Intermediate	High Yield Style
	Global Bond	Barclays Capital Global Agg	Gl Fixed Income Style
	Core Bond	Barclays Capital Aggregate Bond	Intermediate Style
	Core Bond (Long Duration)	Barclays Capital Govt/Credit Long	Ext Maturity Style
	Core Bond (Intermediate Duration)	Barclays Capital Aggregate Bond	Intermediate Style
	Core Bond (Short Duration)	Barclays Capital 1-3yr Govt/Credit	Defensive FI Style
	Core Bond (Multisector Bond)	Barclays Capital US Universal Index	Core Plus Style
	Government Bond	Barclays Capital Gov Inter	Intermediate Style
	Government Bond (Long Duration)	Barclays Capital Gov Long	Ext Maturity Style
	Government Bond (Intermediate Duration)	Barclays Capital Gov Inter	Intermediate Style
	Government Bond (Short Duration)	Barclays Capital Gov 1-3 Yr	Defensive FI Style
	TIPS	Barclays Capital US TIPS	Lipper: TIPS Funds
	Short Term Bond	Barclays Capital 1-3yr Govt/Credit	Muni Bond-S/T DB

Asset Category		Index	Peer Group Universe
Real Estate Alternative	Real Estate Direct	DJ US Real Estate	Lipper: Real Estate
	Market Neutral	50% S&P 50% BC Agg	Dom Balanced Style
	Specialty	S&P 500	Core Equity Style
	Moderate Allocation	CPI + 5%	Dom Balanced Style
	TIPS	Barclays Capital US TIPS	Lipper: TIPS Funds
	Real Estate Investment Trust	DJ US Real Estate	Lipper: Real Estate
	Real Estate Investment Trust (Global Real Estate)	DJ US Real Estate	Lipper: GL Real Estate
	Real Estate Direct	DJ US Real Estate	Lipper: Real Estate
	Commodities	DJ:UBS Commodity Index	Lipper: Commodities
	Long-Short	S&P 500	Lipper: Long/Short Equity Funds
	Convertibles	ML Convertible Bonds	Lipper: Convertible Secs
	GTAA	CPI + 5%	Dom Balanced Style
Cash & Equivalents	GICs	Citi 90 Day T-Bill	Lipper: Instl Money Mkt
	Stable Value	Citi 90 Day T-Bill	Lipper: Instl Money Mkt
	Taxable Money Market	Citi 90 Day T-Bill	Lipper: Instl Money Mkt
Asset Allocations	Aggressive Allocation (CAAM)	AA Aggressive Index	CAAM: Risk Based Aggressive
	Aggressive Allocation	100% S&P	CAAM: Risk Based Aggressive
	Growth Allocation (CAAM)	AA Growth Index	CAAM: Risk Based Growth
	Growth Allocation	80% S&P 20% BC Agg	CAAM: Risk Based Growth
	Balanced Allocation (CAAM)	AA Balanced Index	CAAM: Risk Based Balanced
	Balanced Allocation	60% S&P 40% BC Agg	CAAM: Risk Based Balanced
	Balanced Allocation	40% EAFE/ 30% S&P/ 30% BC Agg	GI Balanced Style
	Moderate Allocation (CAAM)	AA Moderate Index	CAAM: Risk Based Moderate
	Moderate Allocation	40% S&P 60% BC Agg	CAAM: Risk Based Moderate
	Conservative Allocation (CAAM)	AA Conservative Index	CAAM: Risk Based Conservative
Target Date Allocations	Conservative Allocation	20% S&P 80% BC Agg	CAAM: Risk Based Conservative
	Target 2055	CAI Target Date Index 2050	Lipper: Mixed-Asset Tgt 2050+
	Target 2050	CAI Target Date Index 2050	Lipper: Mixed-Asset Tgt 2050+
	Target 2045	CAI Target Date Index 2045	Lipper: Mixed-Asset Tgt 2045
	Target 2040	CAI Target Date Index 2040	Lipper: Mixed-Asset Tgt 2040
	Target 2035	CAI Target Date Index 2035	Lipper: Mixed-Asset Tgt 2035
	Target 2030	CAI Target Date Index 2030	Lipper: Mixed-Asset Tgt 2030
	Target 2025	CAI Target Date Index 2025	Lipper: Mixed-Asset Tgt 2025
	Target 2020	CAI Target Date Index 2020	Lipper: Mixed-Asset Tgt 2020
	Target 2015	CAI Target Date Index 2015	Lipper: Mixed-Asset Tgt 2015
	Target 2010	CAI Target Date Index 2010	Lipper: Mixed-Asset Tgt 2010
	Target 2005	40% S&P 60% BC Agg	Lipper: Income
	Target Retirement	40% S&P 60% BC Agg	Lipper: Income

