

**BOARD OF HIGHER EDUCATION**

**REQUEST FOR BOARD ACTION**

**NO.:** BHE 23-66

**BOARD DATE:** June 20, 2023

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**ESTABLISHMENT OF AN INVESTMENT COMMITTEE FOR THE 403(b)  
SUPPLEMENTAL RETIREMENT PLAN**

**MOVED:** The Board of Higher Education (BHE) hereby approves the Committee Charter (Attachment A) establishing a Department of Higher Education Retirement Plan Investment Committee specifically for administration of the 403(b) Supplemental Retirement Plan (the Committee Charter), as well as the Investment Policy Statement (Attachment B) by which the Committee and its administration of the 403(b) plan shall be guided.

**VOTED:** Motion approved and advanced to the full BHE by the Executive Committee on 6/12/2023; and adopted by the BHE on 6/20/2023.

Authority: M.G.L. c. 15A, Sections 6, 18A, and 40; 610 CMR 11

Contact: Joe Wallerstein, Interim Deputy Commissioner for Administration & Finance; Richard Nunes, Director, Retirement Plans Group

**Massachusetts Board of Higher Education**  
**ESTABLISHMENT OF AN INVESTMENT COMMITTEE FOR THE 403(b)**  
**SUPPLEMENTAL RETIREMENT PLAN**

**Background**

Massachusetts General Laws Chapter 15A, Section 18A directs the Board of Higher Education to establish a 403(b) Supplemental Retirement Plan (the Plan).

As the sponsor of the Plan, the Board, and certain employees of the Department of Higher Education (the Department or DHE), have fiduciary responsibility for the appropriate operation and administration of the Plan. The Plan, as approved and from time to time amended by the Board, identifies the Commissioner of Higher Education as the Plan Administrator, and delegates to the Commissioner the authority to administer the Plan, consistent with all applicable laws and fiduciary responsibilities.

The current environment in which these duties are executed requires greater formality and procedural oversight than in the past. Contemporary best practices include the establishment of a formal investment oversight committee and an Investment Policy Statement. The proposed Investment Committee Charter (Attachment A) and Investment Policy Statement (Attachment B) are derived from analogous instruments approved by this Board for the Optional Retirement Plan (ORP) in 2019, which were developed by the Department in close collaboration with the Plan's outside counsel and investment consulting firm.

The Charter provides for an Investment Committee, to be comprised of Department staff members and others as designated by the Commissioner, that shall select and monitor the investment offerings in the Plan. Specifically, Investment Committee will serve in an advisory capacity to the Commissioner in furtherance of the Commissioner's responsibilities as the Plan Administrator, and consistent with best practices, to ensure that the offerings available to Plan participants are prudent, diversified, and reasonably priced. The Committee's primary objective is to provide participants with a diverse set of investment options which encompass a variety of risk/return characteristics among which participants in the Plan can reasonably and adequately diversify their portfolios.

In turn, the Investment Policy Statement sets forth how and according to what guidelines the Investment Committee will complete the work of selecting and monitoring

investment offerings in the plan. The Investment Policy Statement is intended to incorporate sufficient flexibility to accommodate current and future economic and market conditions, as well as any changes in applicable statutory and regulatory requirements.

As such, the creation of the Investment Committee, and its adherence to an updated Investment Policy Statement, will enable the Department to execute the responsibilities associated with the maintenance of a bona fide retirement plan in a more prudent manner, in keeping with its, the Commissioner's, and the Board's fiduciary duties.