Duke University | Academic Council

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Minutes of the Meeting of the Academic Council
Thursday, March 22, 2018

Don Taylor (Chair, Academic Council / Sanford School of Public Policy): Thank you, everyone, for coming today. I guess the upside of the poor spring weather is that maybe the students are paying attention slightly more after spring break this year than some years. I've heard a few of our colleagues say this. We should run some experiments to see how the grades are this spring semester and see if it's an actual intervention or not. I don't think it's worth it, even if it is.

Our bylaws call for an Annual Faculty Meeting and this year, as we've done in many years, we're going to hold that at the same time as we hold one of our Academic Council meetings. Vince Price, our tenth President, who has been President for eight or nine months, is going to speak with us and then take some questions. And then after that, we're going to conduct some normal business and we're going to have a reception. I hope everyone is able to stay for the reception.

ANNUAL FACULTY MEETING / PRESIDENT PRICE ADDRESSES THE COUNCIL

Taylor: I'm not going to give Vince a long introduction. I think everyone knows where he has been and what he has done at this point. I will highlight the one thing that has stood out in my mind about Vince as he was making his transition to Duke and the beginning of his presidency. And that is, after he was selected as President, he said one of the reasons he was thrilled to become the President at Duke was that he would be thrilled to come join us on the faculty at Duke. He's the President of Duke but he's also the Walter Hines Page Professor of Public Policy and Political Science. I think our ECAC colleagues – we've enjoyed getting to know him this year and the dialogue has been a strong and open one, as you would expect from a faculty colleague. So, Vince, thanks for coming here today, and we look forward to your remarks. (applause)

Vince Price (President): Thank you very much for the introduction, Don. I am delighted to be here. Although I have to admit that the gravity of the setting is not lost on me. I understand that, as some of you may know, it was in his final address to the Academic Council that Terry Sanford spoke of his "Outrageous Ambitions." And I also understand in the past that this session has been billed as a "State of the University" address. This, instead, has been billed as "Reflections from President Price." (laughter) What I have in mind today, and I hope you will forgive me if I'm a bit less formal than some of my predecessors, but I will keep my opening remarks quite brief, and then we can have a conversation, a bit of dialogue, about where we are as a university and where I think we could be going.

It is hard to believe we're already in the spring semester of my first year as President. It truly does feel like only yesterday that Annette and I were moving into the Hart House and unpacking boxes and putting family photos on the shelves and so on. What a first year it has been. A delightful first year. Thanks to your teaching and mentorship, we've continued our proud tradition of Rhodes, Marshall, and Schwarzman Scholars. I had the pleasure to sit down and meet these students. It's clear to me that we're sending the brightest Dukies on to graduate study and preparing them for lifelong leadership. This is an important role for us in our educational work.

We opened the magnificent new Rubenstein Arts center, affectionately dubbed "The Ruby," which offers, as you know, classroom, rehearsal, and performance spaces for Duke artists to practice their craft. I have had the pleasure of sitting closer to professional dancers than I ever have in my life, literally just feet away. It's quite an experience, it's as though you were sitting on the stage during a performance of the American Ballet Theater. It's a stunning facility.

We've also begun implementing Together Duke, the academic strategic plan, which will help us to systematically advance our teaching, learning, and research. So this is a wonderful time for me to be arriving here at Duke.

This is also a period of transition for Duke. For one thing, we have a new President. The verdict's still out, but I hear he's a pretty good guy. (laughter) Two members of my senior leadership team will be retiring from Duke. Bob Shepherd, Vice President of Development and Alumni Affairs, and Phail Wynn, Vice President of Durham and Regional Affairs, have both been instrumental to the success of the Duke Forward campaign and our regional engagement efforts. They will be stepping down over the summer.

Steve Nowicki is also returning to the classroom full-time after a decade leading our efforts in undergraduate education. Thank you, Steve, for your leadership. (applause) And while we are sad to see Bob, Phail, and Steve move on to new roles, I am confident that we will find worthy successors to them through our ongoing searches.

I also want to take a brief moment to thank Kelly Brownell of Sanford, and Jeff Vincent of the Nicholas School - Jeff, I believe you're here today - David Levi of Law, I understand he is not able to be with us today – Kelly, Jeff, and David have led their schools to international prominence and trained thousands of students for leadership and distinguished public service. Your leadership and lasting contributions to Duke are so greatly appreciated, so thank you. (applause)

The good news is that we have found wonderfully accomplished new Deans in Kerry Abrams, Toddi Steelman, and Judith Kelly. I am pleased to report after those Deans take their positions mid-summer, eight of our ten Deans at Duke will be women. (applause) We truly have a bright future ahead.

Today, as we look ahead to that future, I am reminded of the question I posed in my inaugural address last October. If Duke University is called upon to rise with purpose to meet the challenges of a rapidly changing world, how do we build a stronger academic community, one that is ever committed to our enduring values while also adapting to and preparing for the future?

We have two, interconnected questions before us today, and I'd like to spend a bit of time thinking about them and talking with you about them. First: what do we wish the Duke of tomorrow will be? And secondly, what steps will need to be taken to get there? I've spent the past few months discussing these questions with members of the faculty and senior leadership, and I've had occasion to meet with many bright students, and my preliminary thinking along these lines has focused on five core areas of investment: Our people; our educational innovation; our campus environment; our regional partnerships; and our global network.

First and foremost, the Duke of tomorrow will be the place where the world's brightest minds go to meet the most important challenges before us, where we recognize that the discoveries and advances that will improve human lives begin with attracting the very best people – and most importantly, the best faculty. To get there, we will invest in recruiting and supporting select, world-class teams of faculty, building on the success of the Quantitative Initiative, and with a particular emphasis on strengthening discovery science and technology. We will also redouble our commitment to reaching the brightest students, wherever they are, and supporting them with necessary financial aid, and we will need to take a sober look at bending the cost curve for middle-income students.

The Duke of tomorrow will also, I believe, redefine education for the 21st century. The academic strategic plan has laid out many wonderful ideas for rethinking our undergraduate, graduate, and professional education strategies and forging new partnerships. We will invest in building on this work, to better fuse, I hope, our research and educational missions, to create innovative, team-based pedagogies and curricula, to take advantage of new technological opportunities, and to build a robust and responsive learning community that includes everyone.

Third, the Duke of tomorrow will be a diverse and stimulating campus that promotes personal growth among all of our students, faculty, staff, and visitors. We will invest in improved residential experiences for students; build on the reputation of Duke Athletics and our recent initiatives in the Arts; redevelop Central Campus; and improve well-being for all community members. This will be, if we are successful, a healthier, more vibrant and more inclusive environment for all of us – faculty, students, and staff – who call Duke home.

The Duke of tomorrow, I believe, will continue to heed James B. Duke's call to promote regional welfare. We will find new ways to use our educational and research resources to deepen and strengthen partnerships across the Carolinas, with a particular focus on our relationship with Durham, and through these partnerships, we can advance not just economic development, but community health, housing, public education, and transportation. We will also benefit from richer partnerships in the Triangle's thriving research ecosystem, building a new research commercialization strategy and offering innovative learning opportunities for our students.

Finally, the Duke of tomorrow will be an interconnected global community that supports lifelong growth and discovery. We will invest in developing next-generation engagement platforms that extend and deepen all aspects of university life, hopefully creating a robust, global, continually developing human-development cooperative. We will offer our alumni new opportunities for continuing education; but we should also see them as a deep reservoir of talent, drive and experience that we can draw upon to advance our educational, research, and service missions.

Yes, we will need to invest in our physical infrastructure in the coming years, but the more significant investments will be in the human infrastructure that is our true value proposition. These investments do not represent a redirection of our history or our mission. Quite the opposite: Duke's great strength is that we have always remained resolute in our purpose while remaining open to change. As we build toward tomorrow, we will remain steadfastly committed to a liberal arts education while also incubating radical new ideas, a balance that will help us be ready to address the fundamental changes that may arise five, ten, or twenty-five years from now. For the roots of our future lie not only in the decisions we make today, but in the hundred years' worth of history and stewardship that brought us here. We are the fortunate inheritors of the tremendous ambitions of the past, but we have not yet realized the great promise of tomorrow.

Thank you in advance for your help and support in each of these different ways as we rise with purpose to build the Duke University of tomorrow. Having sketched that out, I am very happy now to open the floor for any comments, questions, advice, or suggestions. (applause)

[As no questions are immediately posed…]
Taylor: There's no way that's true. (laughter)

Peter Feaver (Political Science): Could you explain in a little bit more detail how the lifelong learning thing would work, and is that a revenue stream? (laughter)

Price: Yes. So I would like to see it develop into a revenue stream, or at least open opportunities for different revenue streams. But principally, what I'm thinking about here is the idea that, and this will require new and unprecedented levels of collaboration between alumni affairs and the academic community here at Duke, but in a sense, I'm thinking of the earliest model of the university, which brought scholars together from different disciplines around libraries, because that was the research infrastructure at the time, and the degrees that they granted, which have the same Latin phrasing about the bearer of this certificate being entitled to all the rights and privileges appertaining to that degree, that was a membership certificate in the scholarly guild. It wasn't a certificate of completion, it was a certificate of membership. So I'm thinking that that's what the alumni body should be. It should be, not quite an eleventh school, but a global community of people who remain engaged, who continue to learn, and that this is a two-way flow. It's not just our providing services, continuing professional development of education, intellectual experiences to the alumni, but that we're also leveraging their network, their experiences, their resources, and pulling that into our work here on campus. That's the ambition, at least. I think technological platforms make this all something that we can contemplate today and it probably wouldn't have been true a decade or a decade and a half ago. Some of the impulses we already have are moving along these lines. So we have this fabulous program that allows students to upload papers and have them reviewed and critiqued by alumni and receive feedback. That's just one small example of the kind of thing that we could be doing. The conversion of that to revenue streams is a larger proposition but I think we'll have to figure out how we pay for this, because it will involve investments. Some of that will be a flow of revenue as kind of a set of fees that alumni would pay for services that are worth it. As those services are developed, they can be rolled out to other constituencies, perhaps at higher price points. There is an opportunity here to develop a kind of continuing education programs that I think do have some revenue potential. But the initial move is not to generate revenues, it's to generate a more vibrant network of intellectually-engaged alumni.

Kerry Haynie (Political Science / African and African American Studies): You've mentioned curtailing or containing costs. Any ideas of how that might look in the future as we try to attract a more diverse, in a broader sense, faculty, staff and student population? Cost is an issue, particularly for students.

Price: A couple of thoughts on that. As I talk to different groups around campus, my sense is that one of our great strengths as an institution is that we're willing to experiment, we launch a lot of things, we sort of put faith in letting a thousand flowers bloom. We're not as good at pruning the garden. We're not as good at being hard-nosed and thinking, what is it we want out of these programs? At the front end of those exercises, thinking deeply about how we'll know if it's successful or not. I think if we're more rigorous about that - the last thing I want to do is quell that experimental appetite. But I think we could be a lot more disciplined. My sense is that a lot of resources just naturally flow in a decentralized system into places where they're sub-optimally deployed. If we're going to pool our resources together for larger investments, I think we have to be more disciplined about that. Central behavior as well as behavior of the various constituent groups. But we have to be aligned and agree upon the larger strategic needs of things. So that's one device. We've had a lot of conversations about financial aid, making sure that we evaluate those expenditures very carefully. We're very stressed in managing the financial aid commitments we've already made. We'll have to continue to fundraise for that. But just making sure that, again, those are employed optimally and serve the needs of students across the income spectrum. There are a lot of ways, I think it comes down to discipline. I don't think that the proposition is one of looking for programs to cut, which is a retrospective maneuver, but prospectively, to be a lot more focused around making sure that the programs we're launching are actually moving us toward these larger strategic things that we've laid out for ourselves.

Cynthia Shortell (School of Medicine): Historically, the professional and academic arms of the school haven't been highly integrated. Do you think that it would be desirable to improve their collaboration, and if so, what are your thoughts about how to best do that?

Price: And you're speaking of the professional educational programs?

Shortell: School of Medicine, School of Nursing.

Price: I do think that there's a tremendous opportunity here. There are many good reasons why the best professional educational programs are deeply academic and are advancing practice through research and mobilize the academic resources of the university. That would create best-in-class professional programs. On the academic side of the house, my sense is that our connection to the world, which is oftentimes through the professions, is our best opportunity to identify compelling research questions. So there's every reason to do this. And then within the professional educational programs, there's every reason to become much more deeply cross-disciplinary in our thinking. There's a lot of talk about inter-professional education in various health career paths, for example. I think it's more rhetorical than real at the moment. But I think coupling the professional education of students in Law or Business or Engineering and respecting the important differences professionally and what those programs are trying to do, but to leverage strengths in other professional schools is a powerful maneuver and is likely to be the next big move for development in the trajectory of professional degree programs.

Judith Kelley (Public Policy and Political Science): The modern university sits somewhat uncomfortably in the modern world right now. Opinion polls show that a large segment of the population is not content, even outright distrustful of what goes on on campuses. You have spoken a lot about your vision for what happens on campus, our connection with Durham and global, but our nation and what is going on in our nation, how do you see us addressing some of these challenges of skepticism, both towards science and towards the values and the skills that we're imparting at the university?

Price: I am concerned about the general tendencies of the US population and the political leadership and the public leadership in the US. To kind of walk back from its posture in the post-World War II period, demonstrated by the willingness to make more investments in infrastructure, not just the education infrastructure but the physical infrastructure of the country, highway systems, et cetera. Today there seems to be a shrinking of the appetite for comparable infrastructural investments when the need has never been greater. In fact, I would say the need is probably greater today than at that juncture in US history. So I share your interest in doing this. I think, strategically, the approach that I would like to follow is one that starts at the local level and radiates out. I am concerned that looking to Washington and overlooking the Carolinas is a mistake. You can do both, but the tendency is to actually overlook the opportunities that are more proximate and the responsibilities that are more proximate. I think that the scale of the venture renders it more likely to be tractable to novel solutions. So for all kinds of reasons, I think that the ambition is clearly not just national but global, but the path toward impact is clearly local. I also think that elite institutions like Duke have to adopt a more humble posture with respect to the way we interact with our communities. Because we are in danger, because of the political rhetoric of being positioned as not elite in the positive senses of that term but in the negative senses of that term, disconnected, unconcerned, not publically spirited. The final thing I'll say is, because of the stresses on flagship public institutions, I think the private institutions probably bear the burden, the ethical, maybe moral burden, of leadership here for a variety of reasons. So I think now is the time to be thinking deeply about these things. My biggest fear is that we will be perceived as a source of money, given the collapse of other sources of funding for communities. You see that nonprofits are oftentimes squarely in the sights, as opposed to being viewed as an intellectual resource, a powerful opportunity to build out through our strengths in education and research, what's needed to get the job done. And if we're not proactive, we will be increasingly positioned as having too much money and not doing enough with it. You see this undercurrent very clearly in the recent tax legislation.

Craig Henriquez (Biomedical Engineering): Tell us a little more about plans for investing in the sciences and technology and how that will be coupled with the infrastructure element in terms of new buildings or facilities to do science, because science is extremely expensive, and to do it at a level that is going to make an impact, we have to invest a lot of money. I'm talking maybe hundreds of millions of dollars or more.

Price: I think it has a B in front of it.

Henriquez: Maybe a billion dollars. So that's a lot. How to do that over a reasonable timescale is going to be an interesting challenge. Maybe tell us a little more about your thoughts on that.

Price: There are a lot of conversations going on about how to build our strengths. In a sense, the move that this institution made in the 1970s was to strengthen our academic standing and the vitality of our programs with vigorous programs that recruited principally in the Humanities and Social Sciences. We were very effective at doing that. Now is a moment in time when a similar ambitious effort ought to be launched, I believe, in the Sciences and generally in technology, writ large. I think three things come to mind in terms of how to approach this, because it is very expensive. The first is, because it is so expensive, we have to think differently about hiring. And we probably have to think differently about the physical infrastructure. It puts a premium on partnership. Partnership across academic units and across schools in this case, to identify areas where we have either unique assets that can be leveraged through a couple of catalytic hires, or areas where there is foundational expertise that isn't quite in place but is the missing ingredient to catapult our work. That should be a very strategic discipline process that engages the Deans, Sally's office, Gene Washington. That is happening. Those relationships are very robust so I'm very encouraged. I'm also encouraged by the fact that we do partnerships well. This is why I referred to the Quantitative Initiative. It's that kind of logic. The second thing I'll say is, with respect to the physical infrastructure, it is very expensive. I think a lot of it will be part and parcel of the hiring. Because the startup packages require, even among junior hires now, it's considerable. So we have already started to redirect some of our fundraising efforts to amass the startup capital required to do that. Because if we're not serious about it, and we don't recognize the investments in new hires, this whole project could be short-lived. With respect to the physical infrastructure, this is an opportunity for us to leverage the Triangle, which is a huge opportunity for Duke, as it is for UNC and NC State. There is a lot of expensive equipment and I don't care where it is. It doesn't have to be on the Duke campus. So cross-institutional partnerships and amassing, again, in a strategic way, a physical infrastructure, gives us an opportunity to sort of play a game that a lot of other peer institutions would be challenged to do. So those are three ways in which I think we should be attacking this. The final thing I'll say is, the impulse oftentimes is to go out and hire some big stars, and we'll probably want to do something like that, but the smart money is on hiring early trajectory scientists. Because what we do now is going to make the difference 15 years from now, as was the case in the 70s, by the way. So I think we have to be disciplined about that. This is a substantial investment in the human infrastructure and in the Sciences today, it's hard to do a lot without equipment, so that will be a necessary investment, but the primary thrust is to bring the intellectual firepower to Duke.

Any other questions or comments or advice for a new President? I just want to say a couple of things, perhaps in closing. I don't know how much time I have…

Taylor: Ten more minutes.

Price: Okay, this will be long winded. (laughter) I wanted to say a couple things. One is that, Don referenced the fact that I've had an opportunity to sit down with ECAC and what you heard from me today is actually, I hope, not too dissimilar from what I have been talking with ECAC about. This Council is a wonderful vehicle for coordinating the activities of the university and I just wanted to give a shout out to your leadership in ECAC because I think you've done a terrific job. You've been very supportive. I say this having grown up as an administrator through the equivalent of the Academic Council at my prior institution. So I appreciate the fact that you're sitting here and you're spending the time and that you're part of this process. What I've laid out today are obviously in the order of aims and ambitions, as opposed to general projects. But as they are converted into actual projects, I look forward to a lot of robust conversation about how to best do that. Thank you very much. (applause)

ANNUAL FACULTY MEETING ADDRESS TO THE COUNCIL BY THE CHAIR

Taylor: Those of you who might know the Faculty Handbook backward and forward are aware that Appendix B: Bylaws of the University Faculty indicate that at the Annual Faculty Meeting, "the chair of the Academic Council shall report on the activities of the Council for the previous year and on plans for the ensuing year."

I will issue a written report in May 2018 with details of the Council's Business during this year and a look ahead to next year, but I will provide a quick summary now: two key faculty committees are working feverishly to finish their work by May. The Provost's Tenure Standards Committee (co-chaired by Bruce Jentleson, Sanford School, and Anne Allison, Cultural Anthropology) and the Academic Council's Ad Hoc Committee on Faculty Rank Distribution (chaired by Gavan Fitzsimons, Fuqua). Both of these committees will provide important information and stimulate conversation about what it means for we faculty to replenish and remake ourselves.

The first committee will issue its report to the Provost, who will then begin the process of deciding how to proceed. Next year, I anticipate that ECAC and the Council will engage the Provost in dialogue about Duke's tenure processes, and indeed we have already had some general discussions. This is an issue of fundamental importance to the future of Duke. The Academic Council's Ad Hoc Faculty Rank Distribution Committee will provide a common set of facts that the individual schools, departments, and the Academic Council can use to engage in discussions about the faculty at Duke—past and future. I think that all of us understand that there have been changes in the makeup of the faculty over the past 20 years. However, the magnitudes of the changes differ greatly across parts of Duke, as do the reasons they have occurred. A shared understanding of reality in this area will help us to have informed dialogue and discussion going forward about the faculty at Duke.
Next year, ECAC will use the submission of this report to review our current rules on Academic Council representation and how we conduct elections, and we will report to the Council our thoughts on this and hear from the Council members as well.

ECAC is hopeful that we will be able to bring a proposal to the Council in April 2018 for a revision of the Appendix Z "Consensual Relationships Policy" in the Faculty Handbook. I mentioned at our February meeting that ECAC has been working on a proposed revision with respect to undergraduate students. We had some feedback from Council members that we needed to also consider revisions for our policy with respect to graduate and professional students. ECAC has developed a draft revision of the policy contained in Appendix Z for undergraduate students as well as for graduate and professional students, and we have engaged in substantial dialogue: with the Provost, the President, University Counsel's office, Office of Institutional Equity, and the Vice Provost of Faculty Development. We are taking the proposal to the Dean's Cabinet next week, and after that ECAC will decide whether we are able to bring forward our proposal at the April 2018 meeting. Stay tuned.

Both this year and most certainly next, ECAC has and will be involved in providing feedback and faculty perspective on Duke's efforts to revise and modernize our approach to proactively improving the climate at Duke for faculty, staff and students, preventing harassment of all types, and also working to improve our processes and procedures for adjudicating claims of harassment. I anticipate that there will be discussion of these issues in Academic Council next year.

Academic Freedom and Freedom of Expression are issues of central importance to the University. ECAC has sought to give some unhurried time to discuss these issues, without having a clear agenda for our discussions. We read and discussed Erwin Chemerinsky's book "Free Speech on Campus" and I recommend it to you. The Provost's Forum this past March 1 focused on these issues, and included Professor Chemerinsky providing the most lucid 8 minute monologue that I have heard on the role of the University, academic freedom and freedom of expression—I understand that this is available on tape and I highly recommend it to you.

ECAC plans to give more time to this topic next year as this is a key issue to the University both internally, as well as to how we are viewed externally. The country is watching us on campus, and rightly so. Our country needs for us to demonstrate how to talk about hard and important matters, with a spirit of openness and mutual respect, in a manner such that all sides can speak and be heard, as we seek truth, evidence, knowledge and the common good.

The members of ECAC (Kirsten Corazzini, Gráinne Fitzsimons, Claudia Gunsch, Andrew Janiak, Mari Shinohara, Erika Weinthal, Larry Zelenak) have been great colleagues this year and we have worked together very well as a team. Those of you who have served on ECAC know that two staff members are crucial to the functioning of the Academic Council and ECAC—many thanks to Sandra Walton and Susan Jennings.

It is an honor to serve the Faculty at Duke as Chair of the Academic Council. Thank You.

So I think that will end the Annual Faculty Meeting portion of the meeting and you can look for a longer written report. We're going to go ahead and conduct some normal business and as I said, we're going to have a reception afterward, so I hope that you might be able to stay for the reception.

APPROVAL OF THE FEBRUARY 15 MEETING MINUTES

Taylor: The minutes from our February 15 meeting of the Academic Council were posted with today's agenda. Any corrections or edits to the minutes?

(Minutes approved by voice vote without dissent)

VOTE ON THE PROPOSAL FOR A NEW MASTER'S DEGREE IN CRITICAL ASIAN HUMANITIES

Taylor: Next, we're going to vote on the proposal for a new master's degree in Critical Asian Humanities. This was discussed at the February 15 meeting. All the materials were posted in February and they've also been posted today. Carlos Rojas, who presented last time, is traveling today. Leo Ching, his colleague, is here today. Are there any questions or comments about this before we move to a vote?

(Proposal approved by voice vote without dissent)

Congratulations. (applause)

QUESTION SUBMITTED FOR THE EXECUTIVE VICE PRESIDENT AND THE VICE PRESIDENT FOR ADMINISTRATION

Taylor: Next on the agenda: faculty members may submit questions that will be addressed by relevant members of the administration and one was submitted related to changes in our 403(b) retirement program. You can see the questions as they were put forward by a faculty member. I think Kyle Cavanaugh and Tallman [Trask] are going to have a presentation and then a Q&A session. Thank you both for coming.

What prompted the changes to our retirement plans, and why the particular change that was announced?
That is, why are we moving to just one vendor, and why Fidelity in particular? Is the decision final?
Was the decision made in keeping with the Christie Rules?

Tallman Trask (Executive Vice President): This is, unfortunately, quite complicated. So I thought before we had a discussion, I would ask Kyle to walk you through where we are and how we got there, and then we'll step back and be happy to answer any questions you have.

Kyle Cavanaugh (Vice President, Administration): Good afternoon. As I start on this, I thought providing some really quick context is important in terms of how we got here and what's driving this. It really goes back to around 2009 when there were three coalescing types of issues: changes in what is referred to as the Employee Retirement Income Security Act (ERISA), you then had two federal agencies, both the IRS and the Department of Labor, that put out new regulations. What happened there is that it really crystalized and elevated what a nonprofit's fiduciary responsibilities are as it relates to the management and the oversight of a 403(b) plan. 403(b), you may or may not know, is actually a section in the IRS code, and that is the specific area that this is governing. As that started, one of the first things that we did, along with virtually every single one of our peers, was to actually create an oversight committee that is very different than other committees that we have here, because that committee actually had individual and organizational fiduciary responsibilities. When that committee was created in the summer of 2010, we followed the normal structure where ECAC was asked for recommendations to populate that committee. We also then looked out and had representation from the Health System. We also had representation from those that are managing our endowment in DUMAC, and then also from the Provost's Office and the central administration. The responsibility there is really in this middle bullet of trying to coordinate across multiple vendor platforms [refers to slide]. I think it is important to have some historical context here in terms of, how do organizations that are not for profit actually get into what is referred to as a multiple-vendor environment? If we were starting the university from scratch, we would never have multiple vendors today. But back in the 60s, 70s, 80s, you had strong limitations by vendors, some able to offer annuity, but not mutual funds, some mutual funds but not annuities. That has changed dramatically in the market and now you have record keepers that actually can offer multiple different types of products. What we're going through right now, if you look at every one of our peers, every single one of them, they each have an investment advisory committee that has this fiduciary responsibility. Some are slightly ahead of us in terms of the changes they have made. Some are right where we are, some are slightly behind us.

I'd like to just kind of call out a couple of my colleagues. When this was started in 2010, representation that we had from

ECAC was Rich Schmalbeck, and Rich is a colleague, I'd like to publically thank you for your early efforts with this. We got a twofer with Rich. Not only was he a representative of the faculty and also at the time, chairing the Faculty Compensation Committee, as you might know, he's pretty deep in tax law as well. So that helped us enormously as we got our legs under us. When Rich rolled off, Nan Jokerst joined this group. And this group, which I'll come back to several times, actually now holds, me included, individual, legal, fiduciary responsibility in terms of the oversight of the retirement plan. So this is a new development here. This area, as Tallman mentioned, has gotten so complicated that it actually exceeded the expertise that we had in our internal General Counsel's office. So we have actually hired outside counsel that attends each one of our meetings from Morgan Lewis, who is kind of an expert in ERISA, and that's Greg Needles. Greg sits with us during those meetings. I mentioned earlier that the individuals listed here have fiduciary responsibility [refers to slide]. We also are allowed, as the law provides, to actually have a co-fiduciary agent. We have selected CAPTRUST as that vendor who has worked with us over the last several years. They actually share in co-fiduciary responsibility in the oversight of these plans.

This is just a very quick sample of the other organizations that CAPTRUST is working with as I referenced earlier [refers to slide]. Every one of these have essentially the same type of fiduciary structure as we do. In addition to that, each one of them are either already where we are or they're on the same path to get there. The responsibilities, as I mentioned, and I'm going to drill into this in a little bit, are that we now have, that committee, a fiduciary responsibility to actually review the investment options that we're providing for our employees. What you can think about this, if we thought about this as a continuum, what got crystalized in 2009 is, if an organization is offering a retirement plan, it must identify who the fiduciary agents are, and those fiduciary agents then have a legal responsibility for the oversight of those plans. We could argue that we have actually been a little bit too slow in some of our moves here. I would argue back that the reason for that is we wanted to be very systematic in the moves that we made. So earlier in 2010, you may recall we actually had five service providers. So we actually had a fifth company, Scudder. So we eliminated Scudder. And since that time, this committee has made probably three to four dozen moves as it relates to its fiduciary responsibility. So it implemented, for example, a lifecycle fund, Target Date Fund class through Vanguard. That is in there today. That will continue, we'll talk a little bit more about that. In addition, it had to look at individual funds that were actually in what we refer to as Tier 1 and Tier 2. This is enormously time consuming and detailed work. So this is just a very small example of what this committee has been doing for some time, looking at individual funds that are in Tier 1 and Tier 2, and actually making assessments as to whether those funds are actually too risky in terms of our population. Remember, their decision making here is to make the best decision for all participants in the plan. So over the last couple years, an example would be a Pemco fund was looked at over a three, five year performance. It had significant changes in their senior leadership. It came up in our methodology that we use with CAPTRUST as a red area in subsequent meetings so it was actually removed from the fund class. One of the things that I want to mention is that this is something in the new world order that we're going to be living with under these federal regulations for the foreseeable future. What we're going through right now, we will be going through with some regularity over the next couple of years, unless something else changes in the federal law. The members of this committee, one, not only carry that legal fiduciary responsibility, but this is enormously time consuming work on the committee's part.

We're not alone. These are organizations in terms of peers that I work with that have either already made these moves or are in the process of [refers to slide]. As an example, Vanderbilt made the exact same moves that we are making, but they did it about two years ago. So we're not blazing new paths as we go through this. I wanted to distinguish this committee's fiduciary responsibility, and as I mentioned earlier, how we populated that committee, working with ECAC and having faculty representation on that. I wanted to distinguish where the committee does not have a role. The committee has no oversight, for example, on the retirement contribution formula. That is actually administered by the institution. Let me say a word or two about that. If you take a look across our peers, we are arguably number one in terms of our retirement contribution formula. This actually has its basis, when I arrived here nine years ago, I had to find out, why are we doing this, and what is referred to as the social security bend point. This actually was a faculty creation many years ago. It's very different than what you might think of as what's referred to as the social security max. The social security max right now is in the 120s. This is the actual bend point. There is no one else in the country that has a formula exactly like this. This was a Duke faculty creation many years ago. If you remember during the economic downturn, one of the things that was being looked at was our comprehensive benefit package. All things were on the table and there were lots of conversations with the Faculty Compensation Committee and Peter Lange and I spent lots of time with ECAC and we looked at a variety of different things. Would we modify, for example, the children's tuition plan? Everybody said no, let's leave that alone. Would we modify the retirement formula? We ran dozens and dozens of models. We actually looked at running what are referred to as retirement readiness analyses in there, and at the end, the decision was to not change that. I would argue that if we were to look at this again, we would do so with faculty voices central to this, separate to that fiduciary committee. So I would try to separate those two out for you. If you take a look, I mentioned that we used to have five, now we're at four, look across our peers, there's not a single peer now that has as many service providers as we do. So we're somewhat of an outlier at this point in time. As we look back at that fiduciary responsibility, there are several core things that this group has to look at. For example, what are the record keeper fees that are actually paid by participants in the plan? It's clear that if you have four providers, that fee structure is much higher than if you have a single record keeper. In addition, in there, as I mentioned earlier, the monitoring of funds are in there, and then actually, what is the disruption ability in here? I thought you might be interested in this. If we take a look at the percentages of our participants, and remember, this cuts across the entire Duke enterprise, so all 38,000 faculty and staff that we have at Duke. TIAA is rounded up at about 15%. Vanguard is about 34%, and that's a little bit misleading, because we use that as the default vendor and the default option. So if we hire someone and they make no election in terms of a vendor, they make no elections in terms of their asset allocation, that's where that goes. So I'd argue that that's a little bit artificially inflated. Fidelity is at about 28%, and then Valic at about 22-24% in there. It's primarily a Health System phenomenon that we see in there. One of the things that we were looking at when the committee was starting its work, was to say, we need to move in the best interest of our faculty and staff, and what are the options here? We wanted to make sure that there was a vendor that actually could serve both populations. Right now, Fidelity actually has the largest market share in 403(b) space in the nation. So they are the largest provider that is out there. By going to an single record keeper, and I'll come back to that term in a second, it does simplify the enrollment process, it simplifies certainly the account management process, it streamlines issues in terms of planned distributions on loans, on hardships, on minimal distributions based on age, and then enhanced participant communication.

One of the things that I think has been confusing is that a record keeper does not mean that that's the sole investment option that person has. So we're going to show an example of this. But one of the things we wanted to ensure is that whatever record keeper was selected, it would be what is referred to as an open architecture. What that means is that the record keeper could actually support other investment options. So as an example of that, the way that I've been describing it to people coming out of the committee is that you can think of these as three large buckets of options that are there. The first bucket is in Tier 1. Tier 1, again, fiduciary responsibility for actually monitoring the funds that are in Tier 1 and in Tier 2. In Tier 1 they are what are referred to as the Vanguard Target Date Funds. So, again, just to remind us, Fidelity is the record keeper, but we can put the Vanguard funds on a Fidelity platform. All of those people that we mentioned that have kind of defaulted, they actually will be able to continue exactly in that role. Where the committee has been spending an inordinate amount of time, and I'd like to recognize Nan along with all of the other members here, we owe these people a great debt of gratitude, especially Nan, I'd like to publically thank you. The engagement and the amount of time and effort these people have been spending and looking literally at fund by fund by fund, in terms of performance, and selecting what are considered to be the best in class options for our faculty and staff. I can say confidently that the 28 investments that have been selected to be in the core lineup are labeled as "best in class." Now, one of the things that the committee, and one of the reasons, I would argue, that we have taken the duration of time that we have, is wanting to preserve as much choice for people as possible. Today, arguably, across all four platforms, if you took a look at individual investment options that are in there, there are probably access to 400 funds. So now we create two tiers, a tier of select Target Date Funds and then these quality investment funds. But what will be a brand new option is a brokerage window. This brokerage window will have up to

11,000 mutual fund options for people. So for those brave hearts that want to go ahead and go it on their own in terms of how they want to manage their funds, they will have enormous options here. Under the law, one of the things that we're obligated to say and also to caution people, is that fiduciary body, that committee, has responsibility to monitor the funds in Tier 1 and Tier 2. Although we are allowed to open and offer this brokerage window, there is no requirement or obligation or responsibility to monitor the performance of the funds in Tier 3. That's kind of a word of caution for those of you who are in there.

I won't go through every one of these for you and I won't go through the core lineup as well, but these are the Target Date Funds that are available today [refers to slide]. They will be sitting on the Fidelity platform tomorrow. So these will become undisrupted. I should have mentioned earlier that one of the things that the committee also spent an inordinate amount of time thinking through is the timing of this and not wanting to do this during the course of a calendar year and try to provide people with as much lead time as possible. That was the reason to provide people with nearly ten months of notice here. Nobody has to do anything yet until we get into the latter portion of the summer, into the fall.

These are the 28 investment funds [refers to slide]. As I mentioned earlier, you can think of Fidelity as the record keeper, but if you take a look at the names of these funds, many, I would say the majority, are not Fidelity funds. So Fidelity has an open architecture and the group will then be monitoring these on a regular basis. I again want to commend the committee. They spent an inordinate amount of time really doing hard work in representing our faculty and staff. I do want to call out two things that are of interest here. One is the way that we structure this: if you look at the Stable Value Fund, we will be able to, and it will sit on just the side of the structure with Fidelity, but we will still be able to offer the TIAA traditional fixed annuity. So for those individuals who want to have an option in the annuity world, that will continue. We will also have an option through the Valic fixed annuity fund. These will be the areas where, going forward, the committee will be doing its ongoing work. I'm just going to go back here for a second and show you this. On a quarterly basis, this committee will be looking at those Target Date Funds and those 28 funds in very deep detail. It is very possible that over the next two, three, five years, that we see some changes in those 28. When we see changes where we've seen some significant decrement in terms of performance and significant leadership changes, it's not one single variable, it's many, that the committee will be compelled to take some action. We're not anticipating that, but I just wanted to give that as a head's up.

Where we are at this point in time is initial communication has gone out with this. We've been running many town halls. If you and your department have any interest in having dedicated meetings, we're happy to do that. I should also say that the CEO of Fidelity came down and met with President Price and me and some others. Fidelity has committed. They are going to establish a strong presence in close proximity to the campus. Exactly where that will be is yet to be determined. Let me stop there and

I'll turn it back to Dr. Trask for any questions you many have.

Trask: As you see, it is complicated. It's been a long effort. This is how you have been caught up in the fiscal reforms in the aftermath of the collapse of 2008, 2009, 2010. A number of rules were passed that affect how employers must manage their employees' retirement funds. There's a similar set of rules that control how individual advisors must deal with people. You may have seen the reports last week. So we have no idea where this is going. I want to go back to the questions that were asked. I think you see what prompted the changes. The university now has a fiduciary duty to make sure you don't invest some funds in an imprudent way. That's all this is trying to do. Once we establish the brokerage window, good luck. In that window, we have not certified anything as good, bad, or indifferent. There will be a warning that says, proceed down this path at your own risk. But if you wish to proceed and do any of those 11,000 alternatives, that will be your prerogative. The one vendor issue is primarily a cost of record keeping. It's not one vendor for investment, it's one vendor for record keeping. I think that's pretty straightforward.

The decision is final in one sense and quite murky in another. Those funds are reviewed constantly. So the 28 funds you see there now will not be the same 28 funds three years from now, depending on what that investment committee decides in its fiduciary duties. If, in fact, the Department of Justice and the Department of Labor change the rules that force this change or those rules are overturned for institutions as opposed to individuals, we'll be happy to revisit this question as best we can. In terms of the Christie Rule question, we have been in discussions with ECAC about the creation of this committee, its responsibilities and its membership since 2010. We had a long debate about what it really means to comply with the Christie Rule but there is certainly no intent to get around it in any way here. I've said to ECAC, if, in their view, this committee should be a little more faculty-centric, we're happy to make that change.

Dennis Clements (School of Medicine): Does CAPTRUST stay involved?

Cavanaugh: Yes. I think two different things here. First of all, the rules allow us, as employers, to actually have an SEC-registered provider to work with us. As that gets connected to us, they actually also assume the fiduciary responsibility. So the answer is yes. It's possible that over time we might have someone else sitting here, but I can't imagine that we would not have that support.

Clements: I think they're fabulous.

Cavanaugh: Some of you may or may not know, but those who are faculty members in the School of Medicine who also have an appointment in PDC [Private Diagnostic Clinic], CAPTRUST has been working very closely with PDC for many years.

Haynie: Tallman, you said towards the end of your remarks that in two or three years it will be revisited. Does that mean we may then have to choose yet another set of funds? The committee's responsibility is to decide between two funds?

Trask: The committee has to make a fiduciary choice that it is responsible to let you invest in those funds. Some of those funds may not meet that test in the future. If they don't they'll be replaced with other funds. We're trying to be as conservative as we can here. We're not going to switch these out randomly. We have picked these with the expectation that they will be stable for quite some time. But things happen in those funds that we have to pay attention to.

Cavanaugh: Kerry, to answer your question also, I can't imagine that in those 28, that there is a wholesale chance, but it is possible that one of those funds can fall out from a performance standpoint, it would be that fund specifically, not the whole body of funds.

Haynie: If I may follow up, and this is from a colleague who asked me to ask this question: these rules and changes apply for a youngster like me (laughter), we're all in the same boat in terms of moving to these changes?

Trask: Everyone. Actually, most of the people in this plan are not faculty. Most people are staff. It applies to everyone.

Haynie: Regardless of where you are in terms of lifecycle, everybody. Okay, thank you.

Prasad Kasibhatla (Nicholas School of the Environment): The last step of transferring the account – is there a risk associated with loss of value because of either fees or because of timing when you sell and then buy? Is there a significant risk potential there?

Cavanaugh: I think there will be very individualized circumstances. So I think you could have either/or during those periods of time. Individuals will be given, as we go to the fall, options – the scale of this is very different. The actual action of this is not different than what we've done a couple dozen times over the last couple of years. You might not have been in a fund that we've actually done this. The way that it works is, if you're in a fund today that's going to be eliminated, there is going to be a communication that goes out that shows actually the mapping strategy. But you, individually, will have absolute choice. If you take no choice, then it will be mapped to a like fund in those 28.

Jim Cox (Law School): One of my tasks most of the time is teaching about regulation of financial markets so I don't quibble with the changes that were made here. I do want to make a suggestion of what the process might be like going forward. One of the questions you had in the bullet points was, did this process comply with the Christie Rules? Whether the Christie Rules applied or not, I think you give a lot of cover if on a regular basis you've made a report to the Faculty Compensation Committee about what this committee is. The committee you have is not a faculty committee. I appreciate the way you did it, and I'm not going to suggest you change the composition of the committee at all. But I do think on a regular basis, to provide cover for you and reassurance to the faculty, who is a small sector of this, I understand, but that you do have periodic reports about what changes are going on. The biggest discomfort I've heard in the Law School, anyway, is the fact that, who was consulted on the faculty about this process? I don't want to quibble about that, but I think you would lay that to rest if you had that built into the process.

Trask: We agree with that. We are going to talk much more with the Faculty Compensation Committee. And we've asked Don for some additional faculty names to put on this committee. I should say, at least at one point in the past, a faculty member who understood the fiduciary risk of being on this committee decided not to be on the committee. (laughter)

Josh Socolar (Physics): Could you just clarify for me exactly what the term "fiduciary responsibility" means in this context? Are you bound to consider questions about socially responsible investing? How do you pick these 28 funds?

Trask: I can let Dr. Cox answer. (laughter)

Cavanaugh: I'll take a stab at it. First, as I think I mentioned early on, this is a different body. No one has asked, but let me just kind of lay it out there. You know that we also have some litigation going on in this space which is related but separate. Those individuals on the committees, yours truly included, are personally named in this litigation. So you have a personal and organizational fiduciary responsibility to make decisions in the best interests of the entire population. So it doesn't mean that you can't consider other voices, but you ultimately have to make the fiduciary responsibility. It's a very different bar than we normally have.

Socolar: Is the only consideration, then, financial payoffs of the different funds? I consider it in my interest, for example, to consider some other factors.

Trask: We believe there is flexibility. It is uncertain how much flexibility there is. There is at least an argument which is in the core of the lawsuit that driving anything away from minimal cost, maximum return is a violation of ERISA. I don't think that will prevail, but that's the nature of the lawsuit. The rules here that prevail are not the same prudent man rules that apply to endowment investments. I think right now, the fact of the matter is that there is a lot of uncertainty as to what these rules actually mean. We're just trying to meander down a road that keeps changing. I think the reality is this structure is likely to be with us for quite some time, but it will be modified slightly over time as the DOJ and the DOL and the courts say more about what it really means to manage employee investments.

Socolar: Just a follow up: would it be possible, for example, for the Faculty Compensation Committee to tell you what our interests are, rather than have you decide what they are?

Trask: I think Kyle and his colleagues would be happy to give the Faculty Compensation Committee the fiduciary responsibility (laughter).But I don't think you want to do that. We will try to figure out a way to get more faculty involvement in the discussion. I think what we did here was in good faith. We thought we were following the rules. I think where we are is about right. But we'll be sensitive going forward to having more faculty discussion, both in the committee, and by having more members. The problem is, because of the nature of the fiduciary rules, people are not representative of others when they're on this committee.

Julie Edell (Fuqua School of Business): Can you explain to us, if you're in funds other than the 28 or the Tier 1 funds, what you will have to do and what your options will be? We understand that Tier 3 allows you to be anywhere, and so just give us a little more explanation of that process.

Cavanaugh: If I may, hopefully this is really clean and straightforward, let me just give you one small example. Let's say that someone today is invested and let's say they're with Fidelity and they're in xyz fund. That xyz fund is not in the core lineup, those 28. One of the things that will happen is there will be a communication that goes out and it takes all 400 of the existing funds and it shows what the mapping strategies are. Some funds, for example, if someone is in a lifecycle fund, a Target Date Fund in Vanguard today, that same one will be next to that. They don't have to do anything if that's what they want to do. The example that I was saying there, where it goes away, it will show what fund it will get mapped to. That's only if the person takes no action. The person is always in control of doing that. Let me also say, not that I'm recommending this, but very different than, say, how we have to run our pre-tax healthcare plans, where an individual, unless they have a life event happen, only has an opportunity once a year to make a selection decision. Here, after this happens in January of next year, as a person looks at that and says, that's actually not what I want to do, they can make that change in the following month. So they don't have to wait any period of time. Individuals are always in control of that.

Edell: But if I may: so if you're in a fund that you don't want to go to one of the ones you've selected, how does that work? I then say, okay, I want to go to Tier 3?

Trask: Some of the funds we map identically to funds in Tier 3 and you'll be automatically mapped. Some will not map automatically but we'll say, here's a fund in Tier 3 that's quite like it. It has the same objectives and the same distributions. It's run by a different company. If you don't do anything, you'll go to that one. Or you can say, I don't want to do any of that, I want to move my money into something else.

Edell: Or stay where it is.

Trask: You can't stay where it is if it's not in one of the core funds. Unless it's in the window. If it's in the window, you'll automatically map to that fund. We hope to have out in the very early fall the list of the thousand-plus funds that will be in the window. So everyone can see it.

Edell: The window is Tier 3 and there's only certain funds even in Tier 3?

Trask: There are 11,000, I guess that is a certain on some level.

Edell: So you should be able to stay where you are.

Ruth Day (Psychology and Neuroscience): You told us about the distribution of participants across the four providers but it was combined with faculty and staff. Do you have rough figures for just faculty? Like is the percentage of TIAA higher than 15% combined across everyone?

Cavanaugh: Don't hold me to these exact numbers, I'm going off of memory here. I want to say it's in the high 30s for TIAA. One of the things that is happening, not only in our environment but across the country is the level of participation is going down in there as others have come up, especially in the Fidelity space.

Day: What would be the distribution across the others, approximately?
Cavanaugh: For faculty? Vanguard, especially in the Target Date Funds, is very high. We've had a lot of faculty – I don't want to give you a false number off the top of my head.

Day: 40s, 50s?

Cavanaugh: One of the challenges that we have in this space, and I know no one in this room is guilty of this, is that if you take a look at how people sometimes make their investment options, is they get hired and they turn to the person next to them and say, what did you do? We have a lot of that. And one of the things that we're working here, and it's one of the things that I probably didn't highlight enough, is, Fidelity, under the Department of Labor rules, will actually be much more aggressive in the advice space and so they actually will take on a fiduciary responsibility in the advice space as well. So the service that is going to be provided we're anticipating is going to be higher as well.

Emily Klein (Nicholas School of the Environment): Will they push Fidelity?

Trask: No. They have a fiduciary duty not to if there's a better option.

Billy Pizer (Sanford School of Public Policy): Just a quick question. Once you go through this process of switching to Fidelity and the 11,000 funds plus 28, when the funds drop out of Tier 2, presumably the funds will then reappear in Tier 3? Or are some of those funds in Tier 2, are we just going to have to move things around again when somebody drops off?

Cavanaugh: It depends. So there's a lot in the specifics of that. You asked a couple of different questions that were embedded in there. One is, if that fund actually fell out of there, it would be whether or not that fund is available through a brokerage window. That will be a question. If it is, and the individual wants to stay in that fund, they have the ability to do that. So there are two options there.

Harvey Cohen (School of Medicine): It sounds like from what you just answered, is it possible then to be in Tier 2 for a bunch of stuff and then in Tier 3 for some stuff as well?

Trask: Yes.

Cohen: So you can split it.

Cavanaugh: Further, Harvey, if I may, there are really massive options here for our folks. We have some people who want to keep their assets in a Target Date Fund and those are kind of a set of stocks and equities. And others in there take a portion of that and possibly put in into an annuity product, whether that's through Valic or TIAA. And possibly, if they wanted to, also going to the brokerage window. So people will have massive options.

Pat Halpin (Nicholas School of the Environment): Quick question on the different tiers. Is there a different fee structure from Tier 1 to Tier 2 to Tier 3?

Cavanaugh: One of the core reasons of going through this is actually taking a look at collapsing both the record keeping fee and then the individual fees that are in there. We actually will be lowering fees in many of the areas. They will be tied to individual funds, though. Those are linked into individual funds.

Trask: And, in the brokerage window, we do not control the fee.

Pat Linville (Fuqua School of Business): I don't know if anyone else has looked at theirs, but I sort of took what was on the list and I called Vanguard because most of mine have been in Vanguard over the years and I've done a lot of research so I called Fidelity to try to see the map. I don't know, does anybody else sort of see? Over half of my current funds in Vanguard are not available. When I tried to see the matches, one growth fund was not a growth fund, so that you really have to do a lot of research and see, is this the kind of fund that you still want to be in? I was told then that I would have to sell these Vanguard funds. I would love to think that the market's going to cooperate. It may or may not be a good time to do that. And the amount of research that it takes to look at these distributions. So it's a lot of cost, both financially and time-wise, to do a lot of shifting in a short period of time. I was wondering whether there were any thoughts, and I worry about people who are already retired, they've set things up. Is there any possibility of letting people that really do prefer – they're closer to retirement, they've spent a lot of time, maybe they're on retirement, but they have more of a choice. Because when I looked, almost all of Fidelity's comparable funds had not done as well as my Vanguard funds. So that's why I had chosen it. So to give us a little bit more, those that would choose that.

Cavanaugh: Unfortunately not. It goes back to this issue of the monitoring responsibility. So, for example, if you were to actually retain those, then you'd be where we are now, having 400 individual funds that would have to be monitored on a quarterly basis. It also doesn't accomplish the scale of actually driving down the price structure. It sounds like you're ahead of the game in terms of the research that you did. But that's exactly the next communication that will be going out to every individual, of which there are about 31,000. So it's not just those that are receiving contribution, but remember, people can do voluntaries. So even our folks that are in the pension plan have the opportunity to do this. And we'll have that individual mapping so people will be informed well in advance of when these changes are going to come in.

Speaker: Valic and TIAA's fixed annuity funds have substantial restrictions on the ability to move money between funds. During this period of time, will those restrictions be relaxed?

Cavanaugh: No, not in the annuity products themselves. One of the things that the committee felt was very important to Duke – if you look at that core lineup, one of the things that we had still in the core lineup are to retain those two annuity options. They will still have the existing restrictions that exist today, going forward.

Speaker: But should the investor want to move out of them, will this reorganization allow you to move more money out of those funds?

Cavanaugh: We wouldn't have the ability to influence how the annuity contract is actually set up. That's actually in the structure of the annuity contract itself.

Alex Hartemink (Computer Science / Biology): On that earlier question about Vanguard, all of the Tier 1 funds are in Vanguard, the majority of the Tier 2 funds are in Vanguard, and a plurality of users use Vanguard, so why was Fidelity chosen?

Cavanaugh: Remember, Fidelity is the record keeper in our Target Date Fund.

Hartemink: As opposed to Vanguard being the record keeper.

Cavanaugh: A combination of things. One is the fiduciary responsibility on the advice. What advice that Fidelity is willing to actually step up and assume that responsibility. The other is taking a look at the record keeping share of that in terms of the cost of that. Lowest cost option there. Then in terms of the tools that they have, so it's not only the individual counselor working with the individual, but the tools that are available for people. So it's a combination of those variables.

Pizer: Is there any option that you could roll over you current retirement into a rollover IRA so you don't have to do anything with the existing funds?

Cavanaugh: The short answer is yes. The longer answer is, I think you have to be very thoughtful of that. So for example, we have individuals that choose to actually roll out their funds, almost on a monthly basis and actually have someone else invest them for them. I'm not recommending that somebody do that, but that's an option that's out there.

Taylor: Anyone else? Thank you everyone for coming. I hope you'll stay around for our reception.