

May 27, 2015

U.S. Department of Labor
Advisory Council on Employee Welfare and Pension Benefit Plans

Submitted by: Kyle J. Cavanaugh, Vice President of Administration, Duke University and Health System

Background

Duke University and Health System is located in Durham, North Carolina on nearly 9,000 acres in a city of more than 200,000 people. Duke also is active internationally through the Duke-NUS Graduate Medical School in Singapore, Duke Kunshan University in China, and numerous research and education programs across the globe.

We currently employ approximately 36,000 employees across our three hospitals, dozens of clinics, and ten schools and colleges. Duke provides services across three primary domains; education, research and health care. Our total operational budget is over \$4 billion, of which nearly 60% is dedicated to compensation and benefits.

Retirement Plans

Duke provides a variety of retirement plan options to our faculty and staff. Faculty and Exempt staff are automatically enrolled in a 403B Retirement Plan which currently holds approximately \$4.6 Billion in assets, and includes approximately 17,000 participants.

Duke also provides a Defined Benefit Plan to our Nonexempt employees. The current valuation of the plan is approximately \$1.5 billion and includes over 28,000 active and retired participants.

Thoughts Regarding Model Notices

Thank you for this opportunity to provide input regarding the drafting of model notices for lifetime participation in ERISA plans. Over the past several years we believe we have learned several lessons related to the provision of current model notices including the notices of:

- Universal Availability
- Qualified Default Investment Alternative
- Summary Annual Report
- Participant for Disclosure

In complying with the existing model notice requirement, and upon reflecting on the development of new model notices, I would encourage the committee to consider recommending as much flexibility for plan sponsors as possible. The feedback we

currently receive from our employees, is that many of the current model notices are simply too long for the average participant to absorb. Unfortunately in an environment where we are competing for attention against multiple venues and high volumes of information, we fear the essential points that are being conveyed are lost on the average participant.

An alternative to a fully prescribed model notice, could be the requirement to include the top 2-3 essential points, and allow plan sponsors the flexibility to customizing the notice for their specific culture.

An approach we are increasingly using with our employees is customization and target audiences. Our workforce is highly diverse, and we find that to have the greatest penetration, we need to increasingly segment our internal market and development communication strategies that utilize various needs (i.e. print, email, web sites, social media, etc.). Such an approach has been well received by our workforce. I have included a sample of a communication we recently deployed for a program entitled “Financial Fitness” that we hope you find helpful. As you will note, the programs offered are an attempt at segmenting the market.

In conclusion, I would simply reinforce the suggestion of flexibility. We firmly believe that a high level of flexibility would increase the likelihood that our participants will consume the information, which we believe would lead to more informed decision making of our participants.

Thank you again for the opportunity to provide input.