

**MARQUETTE UNIVERSITY 403 (b) RETIREMENT PLAN  
FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULE  
AS OF DECEMBER 31, 2018 AND 2017 AND FOR THE  
YEAR ENDED DECEMBER 31, 2018**

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**COLEMAN & WILLIAMS, LTD.**  
*A Professional Services Firm*

## **INDEPENDENT AUDITORS' REPORT**

To the Participants and Administrator of the  
Marquette University Employees' Retirement Plan:

### **Report on the Financial Statements**

We were engaged to audit the accompanying financial statements of Marquette University Employees' Retirement Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2018 and 2017, and the related statements of changes in net assets available for benefits for the year ended December 31, 2018, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### **Basis for Disclaimer of Opinion**

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by TIAA-CREF, the "Trustee" of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2018 and 2017, that the information provided to the plan administrator by the trustee is complete and accurate.

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### **Disclaimer of Opinion**

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

### **Other Matter**

The supplemental schedules as listed in the accompanying table of contents, as of or for the year ended December 31, 2018 are required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended, and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on these supplemental schedules.

### **Report on Form and Content in Compliance With DOL Rules and Regulations**

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended.

A handwritten signature in black ink, which appears to read "Coleman &amp; Williams, Ltd." The signature is written in a cursive, flowing style.

Milwaukee, Wisconsin  
September 3, 2019

**MARQUETTE UNIVERSITY 403 (b) RETIREMENT PLAN  
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS  
AS OF DECEMBER 31, 2018 AND 2017**

| <b>ASSETS</b>   | <b>YEAR ENDED DECEMBER 31,</b> |                       |
|---|--------------------------------|-----------------------|
|   | <b>2018</b>                    | <b>2017</b>           |
| Investments, at fair value:   |                                |                       |
| Investments at fair value ( level 1)  | \$ 430,197,070                 | \$ 465,359,170        |
| Guaranteed investment contracts<br>(Non Fully benefit-responsive)                           | 186,181,059                    | 185,933,222           |
| Total investments at fair value   | <b>616,378,129</b>             | <b>651,292,392</b>    |
| Investments, at contract value  |                                |                       |
| Guranteed investment Contracts<br>(Fully benefit-responsive)<br>contracts at contract value | 32,192,217                     | 32,205,227            |
| <b>Net assets available for benefits</b>  | <b>\$ 648,570,346</b>          | <b>\$ 683,497,619</b> |

See notes to financial statements

**MARQUETTE UNIVERSITY 403(b) RETIREMENT PLAN  
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

|  | <b>2018</b>             |
|--|-------------------------|
| <b>ADDITIONS</b>   |                         |
| Additions to net assets attributed to:                       |                         |
| Investment income  |                         |
| Net (depreciation)/appreciation in fair value of investments | \$ (29,225,356)         |
| Other investment income                                      | 10,435,603              |
| Revenue Credit   | 435,125                 |
| Total investment income                                      | (18,354,628)            |
| Contributions:   |                         |
| Employee   | 12,484,301              |
| Employer   | 11,387,890              |
| Rollovers  | 5,885,383               |
| Total contributions  | 29,757,574              |
| <br>   |                         |
| <b>Total additions</b>                                       | <b>11,402,946</b>       |
| <br>   |                         |
| <b>DEDUCTIONS</b>  |                         |
| Deductions from net assets attributed to:                    |                         |
| Distributions and withdrawals                                | 37,245,100              |
| Annuity Settlement Option                                    | 6,656,385               |
| Fees   | 2,434,240               |
| <b>Total deductions</b>                                      | <b>46,335,725</b>       |
| <br><b>Increase (Decrease)</b>                               | <br><b>(34,932,779)</b> |
| Plan Transfer; 01/01/2018                                    | -                       |
| Transfer during  | 5,506                   |
| <b>Total Plan Transfers</b>                                  | <b>5,506</b>            |
| <br>Net increase (Decrease)                                  | <br><b>(34,927,273)</b> |
| <br>Net assets available for benefits, beginning of year     | <br>683,497,619         |
| Net assets available for benefits, end of year               | \$ 648,570,346          |

See notes to financial statements

**MARQUETTE UNIVERSITY 403 (b) RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2018 AND 2017  
AND YEAR ENDED DECEMBER 31, 2018**

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**NOTE 1 – DESCRIPTION OF THE PLAN**

The following description of Marquette University Employees' Retirement Plan (the "Plan") provides only general information. Participants should refer to the Plan document provided to all participants for a more complete description of the Plan's provisions.

**GENERAL**

The Plan is a 403(b) retirement plan covering employees of Marquette University ("the University"). Employees who have completed at least two years of services and are age 21 and older are eligible to participate in the plan.

**CONTRIBUTIONS**

Employees are eligible to contribute to the plan on the first day of the month following their 2<sup>nd</sup> year anniversary from their date of hire. Employees who, at any period in their employment history, work for an eligible non-profit and either research or education institution for 2 years, may be eligible to waive out of part or all of the 2-year waiting period. The specifics of this eligibility are determined by the Marquette University Benefits Department.

Participating employees may make voluntary before-tax contributions up to \$18,500 as defined by the Plan. In addition, catch-up contributions are available to participants who are age 50 or older at the end of the plan year.

Employees electing to participate who make a minimum monthly contribution of 5% are eligible for an additional 8% employer match.

**INVESTMENT OPTIONS**

Participants may direct the investment of their account balances in whole percentages to any of the defined investment options. Participants may change their investment options at any time.

**PAYMENT OF BENEFITS**

At retirement, death or termination, participants or their beneficiaries are entitled to receive partial distributions, installment payments, or lump sum benefits equal to their vested account balances.

MARQUETTE UNIVERSITY 403 (b) RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2018 AND 2017  
AND YEAR ENDED DECEMBER 31, 2018

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**NOTE 1 – DESCRIPTION OF THE PLAN (CONTINUED)**

**VESTING**

Participants have at all times, a fully vested and non-forfeitable interest in all before-tax, after-tax and employer matching contributions, and earnings thereon, and may withdraw the total of such amount in accordance with the provisions of the Plan.

**PLAN LOANS**

Plan loans are made available to participants using the participant's The Teachers Insurance and Annuity Association (TIAA) Traditional Annuity account balance as collateral for the loan. The loan is issued directly from funds owned by TIAA and not directly from a participant's account. Adequate security is required; therefore, 110% of the loan balance is held as collateral to cover the outstanding loan in the event of default. The collateral securing the loan continues to earn interest. The collateralized balance is not available for transfer, withdrawal, retirement income benefits or survivor benefits.

Because the plan loan relationship is between TIAA and the participant, plan loans are not considered to be plan assets and therefore not disclosed in the financial statements.

Generally, the minimum loan amount that you may take is \$1,000 and the maximum loan amount is \$50,000. The maximum amount you can borrow may be less, however, depending on two factors: 1) the amount of your accumulation under the Plan, and 2) whether you have taken other loans from any of this Employer's plans within the last year. If you have not had a plan loan in the previous year, your maximum loan cannot be greater than one-half of your vested account balance or \$50,000, whichever is less. If you have had another loan, the \$50,000 maximum will be reduced by the highest outstanding loan balance in the 12-month period prior to the new loan. On December 31, 2018 and 2017, the balance of plan loans totaled \$2,070,804 and \$1,692,437 respectively. In 2018 and 2017, these balances were made up of 297 and 235 active accounts respectively. There were three loans in default totaling \$32,444 in 2018 and one in 2017 totaling \$1,508.



**MARQUETTE UNIVERSITY 403 (b) RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2018 AND 2017  
AND YEAR ENDED DECEMBER 31, 2018**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

The financial statements of the Plan have been prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America.

**NEW ACCOUNTING STANDARDS**

In July 2015, FASB issued ASU 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient*. Part I eliminates the requirement to measure the fair value of fully benefit-responsive investment contracts and provide certain disclosures. Contract value is the only required measure for fully benefit-responsive investment contracts. Part II eliminates the requirements to disclose individual investments that represent 5 percent or more of net assets available for benefits and the net appreciation or depreciation in fair value of investments by general type. Part II also simplifies the level of disaggregation of investments that are measured using fair value. Plans will continue to disaggregate investments that are measured using fair value by general type; however, plans are no longer required to also disaggregate investments by nature, characteristics and risks. Further, the disclosure of information about fair value measurements shall be provided by general type of plan asset. Part III is not applicable to the Plan. This standard has been adopted in the current year, with Parts I and II applied retrospectively, as required. Parts I and II are reflected in the statements of assets available for benefits and in the notes to the financial statements. Certain historical disclosures that are no longer required were removed.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**INCOME RECOGNITION**

Interest income is recorded as earned on the accrual basis. Dividends are recorded on the ex-dividend date.

**INVESTMENT VALUATION**

The Plan's investments are stated at fair value, except for fully benefit-responsive investment contracts, which are reported at contract value. Mutual funds are stated at fair value as

**MARQUETTE UNIVERSITY 403 (b) RETIREMENT PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2018 AND 2017**  
**AND YEAR ENDED DECEMBER 31, 2018**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

determined by quoted market prices, which represents the net asset value of shares held by the plan at year end.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Accounting principles generally accepted in the United States of America define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting principles generally accepted in the United States of America also establish a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

- Level 1:* Observable inputs such as quoted prices in active markets;
- Level 2:* Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3:* Unobservable inputs where there is little or no market data, which requires the reporting entity to develop its own assumptions.

Accounting principles generally accepted in the United States of America require the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair and contract value:

*Mutual and Money Market Funds* – These investments are public investment vehicles valued using the Net Asset Value (“NAV”) provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market and is classified within Level 1 of the valuation hierarchy

*Equity Funds and Fixed Income Funds* – Primarily valued using market quotations or prices obtained from independent pricing sources that employ various pricing methods to value the investments including matrix pricing. Each Account determines its unit value each day.

*Real Estate Funds* - Value is principally derived from the market value of the underlying real estate holdings or other real estate-related investments. Real estate holdings are valued principally using external appraisals, which are estimates of property values based on a professional's opinion.

**MARQUETTE UNIVERSITY 403 (b) RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2018 AND 2017  
AND YEAR ENDED DECEMBER 31, 2018**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Guaranteed investment contracts (Non-fully Benefit Responsive Portion)* – This investment is a guaranteed fixed income annuity backed by TIAA claims paying ability whereby the annuity guarantees principal and a minimum interest rate. The non-fully benefit responsive portion of these contracts provides an opportunity for additional amounts in excess of the guaranteed rate and is reported at fair value, classified within level 3 of the valuation hierarchy. See discussion at Note 5 for further details.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**NET APPRECIATION/ (DEPRECIATION) IN FAIR VALUE OF INVESTMENTS**

Net appreciation/ (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year. Net realized and unrealized appreciation/ (depreciation) is recorded in the accompanying statement of changes in net assets available for benefits as net appreciation/ (depreciation) in fair value of investments.

Brokerage fees are added to the acquisition costs of assets purchased and subtracted from the proceeds of assets sold.

**ADMINISTRATIVE EXPENSES**

Certain expenses incurred in connection with the general administration of the Plan are paid by the Plan and are recorded in the accompanying statement of changes in net assets available for benefits as other expenses.

**PAYMENT OF BENEFITS**

Benefits paid to participants are recorded when paid.

**DATE OF MANAGEMENT'S REVIEW**

Management has evaluated subsequent events through September 3, 2019 the date the financial statements were available to be issued.

**MARQUETTE UNIVERSITY 403 (b) RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2018 AND 2017  
AND YEAR ENDED DECEMBER 31, 2018**

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**NOTE 3 - INVESTMENTS**

The Plan Administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the Plan Administrator instructed the Plan's independent auditor not to perform any auditing procedures with respect to the following information certified by the custodian of the Plan (TIAA ) except for comparing such information to the information included in the Plan's financial statements and supplemental schedule as of December 31, 2018 and 2017, and for the year ended December 31, 2017.

- Investments as shown in the Statements of Net Assets Available for Benefits as of December 31, 2018 and 2017
- Net appreciation in fair value and contract value of investments and interest and dividends as shown in the Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2018
- Schedule H, Part IV, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2018.

The Plan's independent auditor did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements and supplemental schedule. The Trustee of the Plan executed all investment transactions and certified the assets of the plan as of December 31, 2018 and 2017.

All investment information disclosed in the accompanying financial statements and supplemental schedule, including investments held at December 31, 2018 and 2017, net appreciation/ (depreciation) in fair value of investments, investment income and investment expenses for the year then ended, was obtained or derived from the information supplied to the Plan administrator and certified as complete and accurate by the Trustee.

**NOTE 4 – INVESTMENT CONTRACT WITH INSURANCE COMPANY**

The Plan invests in unallocated guaranteed fixed annuity contracts with TIAA. As part of the contracts, the Insurance Company maintains a portion of the contributions in a “guaranteed account”, which is called the Traditional Annuity. The account is credited with earnings on the underlying investments and charged for withdrawals and administrative expenses charged by the Insurance Company. The guaranteed minimum rate of interest is based on a formula established by the Insurance Company and is between 1% and 3%. Any additional interest is not guaranteed.

**MARQUETTE UNIVERSITY 403 (b) RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2018 AND 2017  
AND YEAR ENDED DECEMBER 31, 2018**

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**NOTE 4 – INVESTMENT CONTRACT WITH INSURANCE COMPANY (CONTINUED)**

Certain Traditional Annuity individual annuity contracts are considered to be non benefit-responsive. These contracts are included in the financial statements at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering credit worthiness of the issuer. These contracts are subject to a 10-year withdrawal period. Upon termination of the contracts, the amount of each transfer payout annuity payment will be determined as of the annuity starting date for the transfer payout annuity by the amount of the Traditional Fixed Account accumulation and the interest rates in the rate schedules under which any premiums, additional amounts, and internal transfers were applied to the account. The portion of investment contracts with TIAA that is non benefit responsive was \$186,181,059 and \$185,933,222 at December 31, 2018 and 2017, respectively.

Certain Traditional Annuity individual annuity contracts with TIAA meet the fully benefit-responsive criteria and therefore are reported at contract value. Contract value is the relevant measure for fully benefit-responsive investment contracts because this is the amount received by participants if they were to initiate permitted transactions under the terms of the Plan. Upon termination of the investment contract, the lump sum liquidation value of the guaranteed account portion of the participant's accumulation value shall be equal to the product of (a) the participant's guaranteed account accumulation value of the liquidation date, reduced by the liquidation charge applicable on the liquidation date and (b) a market value adjustment percentage. There are no reserves against contract value for credit risk of the contract issuer or otherwise. This portion of the investment contract is included in the financial statements at contract value as reported to the Plan by TIAA at \$32,192,217 and \$32,205,227 on December 31 2018 and 2017, respectively.

Certain events limit the ability of the plan to transact at contract value with the issuers. Such events include (1) amendments to the plan documents (including complete or partial plan termination or merger with another plan);(2) changes to the plan's prohibition on competing investment options; (3) bankruptcy of the plan sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that significantly affect the plan's normal operations; (4) the failure of the plan to qualify for exemption from federal income taxes or any required prohibited transactions exemption under ERISA. The plan administrator believes that no events are probable of occurring that might limit the ability of the plan to transact at contract value with the contract issuer, and that also would limit the ability of the plan to transact at contract value with the participants.

The guaranteed investment contract does not permit TIAA to terminate the agreement prior to the scheduled maturity date.

**MARQUETTE UNIVERSITY 403 (b) RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2018 AND 2017  
AND YEAR ENDED DECEMBER 31, 2018**

**NOTE 5 – FAIR VALUE MEASUREMENTS**

The following table set forth by level, within the fair value hierarchy, the Plan’s assets at fair value as of December 31, 2018 and 2017:

**Assets at Fair Value as of December 31, 2018**

|                                   | <i>Level 1</i>       | <i>Level 2</i> | <i>Level 3</i>       | <i>Total</i>         |
|-----------------------------------|----------------------|----------------|----------------------|----------------------|
| Money Market Funds                | \$ 7,937,863         |                |                      | \$ 7,937,863         |
| Real Estate Funds                 | 33,672,682           |                |                      | 33,672,682           |
| Fixed Income Funds                | 36,349,571           |                |                      | 36,349,571           |
| Mutual Funds                      | 92,241,040           |                |                      | 92,241,040           |
| Equity Funds                      | 259,995,914          |                |                      | 259,995,914          |
| Guaranteed Investment Contracts   |                      |                | 186,181,059          | 186,181,059          |
| <b>Total assets at fair value</b> | <b>\$430,197,070</b> |                | <b>\$186,181,059</b> | <b>\$616,378,129</b> |

**Assets at Fair Value as of December 31, 2017**

|                                   | <i>Level 1</i>       | <i>Level 2</i> | <i>Level 3</i>       | <i>Total</i>         |
|-----------------------------------|----------------------|----------------|----------------------|----------------------|
| Money Market Funds                | \$ 6,345,528         |                |                      | \$ 7,937,863         |
| Real Estate Funds                 | 31,374,409           |                |                      | 33,672,682           |
| Fixed Income Funds                | 35,175,044           |                |                      | 36,349,571           |
| Mutual Funds                      | 96,378,327           |                |                      | 92,241,040           |
| Equity Funds                      | 296,085,862          |                |                      | 259,995,914          |
| Guaranteed Investment Contracts   |                      |                | 185,933,222          | 185,933,222          |
| <b>Total assets at fair value</b> | <b>\$465,359,170</b> |                | <b>\$185,933,222</b> | <b>\$651,292,392</b> |

The following table reconciles the beginning and ending fair value balances of the Plan’s Level 3 investments for the year ended December 31, 2018:

| <b><u>Guaranteed Investment Contracts</u></b> | <b><u>2018</u></b>    |
|---|-----------------------|
| Beginning Fair Value                          | <b>\$ 185,933,222</b> |
| Contributions                                 | 2,702,657             |
| Realized Gains (losses)                       | 5,774,882             |
| Unrealized Gains (losses)                     | 2,011,377             |
| Deductions, distributions, withdrawals        | (13,423,337)          |
| Net Transfers-in ( Net Transfers-out)         | 3,182,258             |
| <b>Ending fair Value</b>                      | <b>\$ 186,181,059</b> |

**MARQUETTE UNIVERSITY 403 (b) RETIREMENT PLAN  
 NOTES TO FINANCIAL STATEMENTS  
 AS OF DECEMBER 31, 2018 AND 2017  
 AND YEAR ENDED DECEMBER 31, 2018**

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**NOTE 5 – FAIR VALUE MEASUREMENTS(CONTINUED)**

The following table represents the Plan’s Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments and the significant unobservable inputs and the ranges of values for those inputs as of December 31, 2018 and 2017:

**December 31, 2018**

| <b>Instrument</b>               | <b>Fair Value</b> | <b>Valuation Technique</b> | <b>Unobservable inputs</b> | <b>Rate Range</b> |
|---------------------------------|-------------------|----------------------------|----------------------------|-------------------|
| Guaranteed Investment Contracts | \$ 186,181,059    | Discounted Cash Flow       | Discounted Rate Duration   | 3%-5%             |

**December 31, 2017**

| <b>Instrument</b>               | <b>Fair Value</b> | <b>Valuation Technique</b> | <b>Unobservable inputs</b> | <b>Rate Range</b> |
|---------------------------------|-------------------|----------------------------|----------------------------|-------------------|
| Guaranteed Investment Contracts | \$ 185,933,222    | Discounted Cash Flow       | Discounted Rate Duration   | 3%-5%             |

**NOTE 6– TAX STATUS**

The Internal Revenue Service (IRS) is yet to establish a process for issuing determination and opinion letters for 403(b) plans. Therefore, the Plan Administrator is not required to request a determination. However, the Plan administrator believes the Plan, as amended effective January 1, 2009, is being operated in compliance with Internal Revenue Code (IRC) section 403(b).

**NOTE 8 – PARTY-IN-INTEREST TRANSACTIONS**

Certain plan investments are shares of funds managed by TIAA. TIAA is the trustee of the Plan as defined by the plan and therefore, these transactions qualify as party-in-interest transactions. These transactions are not considered prohibited transactions under 29 CFR 408(b) of the ERISA regulations. Fees paid by the Plan for fund management services amounted to \$2,434,240 and \$2,567,735 for the years ended December 31, 2018 and 2017 respectively.

**MARQUETTE UNIVERSITY 403 (b) RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2018 AND 2017  
AND YEAR ENDED DECEMBER 31, 2018**

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**NOTE 9 – RISKS AND UNCERTAINTIES**

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment

securities will occur in the near term that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

**NOTE 10 –RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500**

As of December 31, 2018 and 2017, fees per the financial statements and the form 5500 were \$2,434,240 and \$2,567,735, respectively.



## **SUPPLEMENTAL SCHEDULE**

**MARQUETTE UNIVERSITY**  
**SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)**  
**PLAN #001, EIN: 39-0806251**  
**DECEMBER 31, 2018**

| (a) | (b)<br>Identity of Issue | (c)<br>Description on Investment | (d)<br>Cost | (e)<br>Market Value |
|-----|--------------------------|----------------------------------|-------------|---------------------|
| *   | Fixed Annuity Contract   | TIAA Traditional                 | **          | 186,181,059         |
| *   | Money Market Fund        | CREF Money Market R2             | **          | 4,992,981           |
| *   | Variable Annuity Fund    | CREF Stock R2                    | **          | 126,290,578         |
| *   | Variable Annuity Fund    | CREF Social Choice R2            | **          | 15,844,485          |
| *   | Variable Annuity Fund    | CREF Bond Market R2              | **          | 19,777,694          |
| *   | Variable Annuity Fund    | CREF Global Equities R2          | **          | 24,953,585          |
| *   | Variable Annuity Fund    | CREF Growth R2                   | **          | 28,691,288          |
| *   | Variable Annuity Fund    | CREF Equity Index R2             | **          | 17,467,628          |
| *   | Variable Annuity Fund    | CREF Inflation-Linked Bond R2    | **          | 5,376,273           |
| *   | Pooled Separate Account  | TIAA Real Estate                 | **          | 33,672,682          |
| *   | Mutual Fund              | TIAA-CREF Lfcyle Rtmt Inc-Inst   | **          | 801,463             |
| *   | Mutual Fund              | TIAA-CREF Lifecycle 2010-Inst    | **          | 1,112,179           |
| *   | Mutual Fund              | TIAA-CREF Lifecycle 2015-Inst    | **          | 2,627,001           |
| *   | Mutual Fund              | TIAA-CREF Lifecycle 2020-Inst    | **          | 6,546,078           |
| *   | Mutual Fund              | TIAA-CREF Lifecycle 2025-Inst    | **          | 9,001,132           |
| *   | Mutual Fund              | TIAA-CREF Lifecycle 2030-Inst    | **          | 12,651,603          |
| *   | Mutual Fund              | TIAA-CREF Lifecycle 2035-Inst    | **          | 13,010,186          |
| *   | Mutual Fund              | TIAA-CREF Lifecycle 2040-Inst    | **          | 17,900,196          |
| *   | Mutual Fund              | TIAA-CREF Lifecycle 2045-Inst    | **          | 7,358,190           |
| *   | Mutual Fund              | TIAA-CREF Lifecycle 2050-Inst    | **          | 4,346,472           |
| *   | Mutual Fund              | TIAA-CREF Lifecycle 2055-Inst    | **          | 1,004,722           |
| *   | Mutual Fund              | TIAA-CREF Money Market-Inst      | **          | 2,944,882           |

**MARQUETTE UNIVERSITY**  
**SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)**  
**PLAN #001, EIN: 39-0806251**  
**DECEMBER 31, 2018**

|   |  |                                |    |                    |
|---|--|--------------------------------|----|--------------------|
| * | Mutual Fund  | TIAA-CREF Lifecycle 2060-Inst  | ** | 37,332             |
|   | Mutual Fund  | DFA US Targeted Val Port Inst  | ** | 11,516,089         |
|   | Mutual Fund  | Vanguard Ttl Bd Mkt Idx Adm    | ** | 6,170,694          |
|   | Mutual Fund  | Vanguard Ttl Intl Stk Idx Inst | ** | 7,932,426          |
|   | Mutual Fund  | Vanguard Ttl Stk Mkt Idx Inst  | ** | 36,514,202         |
|   | Mutual Fund  | Dreyfus International Bond I   | ** | 1,477,343          |
|   | Mutual Fund  | Metropolitan West TotRet Bnd I | ** | 3,547,566          |
|   | Mutual Fund  | Lazard Intern Strat Eq Port I  | ** | 6,630,120          |
|   |  |                                |    | <u>616,378,129</u> |
|   | <b>Fully Benefit-Responsive Investment Contracts</b> |                                |    |                    |
|   | Fixed Annuity Contract                               | TIAA Traditional               |    | <u>32,192,217</u>  |

\* A party in-interest as defined by ERISA

\*\* Cost information is not required for participant-directed investments and is therefore, not included.

\$ 648,570,346