

Meeting Minutes – Deferred Compensation Committee



Date: Wednesday, August 23, 2017

Time: 10:00 – 11:00 a.m.

Room Location: Auditor Conference Room 3A

Status: A – Attended | X – Did Not Attend

Status	Invitees	Title
A	Dave Houser	Chair
A	Peggy Moak	Vice-Chair
A	Eric Schroth	Secretary
A	Pamela Knorr	Member
A	Brenda Lagrone	Member

Business:

1. A meeting has been scheduled for September 6, 2017 to discuss the fee study and Empower's annuity product and contract.
2. The committee members presented opinions and discussed whether an annuity product should be made available to county employees through the deferred compensation program.
 - a. There is a desire by some plan participants to have a stable flow of income in addition to CalPERS.
 - b. The annuity products offered through the deferred compensation program never drop below the value that is put in and can be passed on to a beneficiary.
 - c. The annuity products are complex and not well understood. There is concern that plan participants may not understand the drawbacks.
 - d. The products are well marketed and appear attractive, but the fees are high compared to most investments and the complexities of the product seem to favor the provider.
 - e. Lack of portability is an issue. If a participant is not happy with the product, it is not clear how much loss will be sustained upon termination. Some plans only return the original investment without regard to investment growth.
 - f. Employees close to retirement typically will receive many competing offers from private companies to invest in annuities. It is better to offer an annuity product through the county's plan than have participants who want an annuity product enroll in a potentially more predatory plan from an unknown provider.

3. The committee will develop questions regarding annuity products and submit them to Dave Houser who will forward them to Vincent Galindo with Hyas Group. Questions asked at the meeting include:
 - a. What are the termination provisions and the guaranteed base amount?
 - b. How is the base amount determined if it is passed on to a beneficiary?
 - c. Is automatic ratcheting appropriate for plan participants?
 - d. What portability issues arise if the plan provider changes?
4. The September 6th meeting is open to the public and requires notification be circulated at least 3 days in advance.
5. Hyas Group will obtain and review reports from the plan providers prior to regularly scheduled meetings.
6. A tentative schedule for quarterly meetings was established for the 2nd Wednesday of the 3rd month of each quarter ended. October 4th was tentatively scheduled for the second quarter ended 2017. Dave Houser will coordinate with Empower and ICMA regarding the proposed scheduling.

Outstanding Action Items:

1. Submit questions to Dave Houser regarding annuities, who will forward them to Vincent Galindo.
2. Dave Houser to coordinate with Empower and ICMA regarding scheduling of future meetings.

Meeting Adjourned