

## Meeting Minutes – Deferred Compensation Committee



**Date:** Friday, June 8, 2018

**Time:** 1:00 – 5:00 p.m.

**Room Location:** Auditor Conference Room 3A

Status: A – Attended | X – Did Not Attend

Status	Invitees	Title
X	Dave Houser	Chair
A	Peggy Moak	Vice-Chair
A	Eric Schroth	Secretary
A	Raeshell Forrester	HR Representative
X	Pamela Knorr	Member
A	Brenda Lagrone	Member
A	Erika Armstrong	ICMA – Regional Manager Northern California
A	Mark Tomasini	ICMA – Retirement Plans Specialist
A	Dave Ramirez	Empower – Client Relationship Director
A	Darren Wagerman	Empower - Key Retirement Plan Counselor
A	Vincent Galindo	Hyas Group – Senior Consultant

### Approval of Prior Meeting Minutes:

Approved

### Public Comment:

None

### Business:

1. The HR Department acts as Administrator of the Plans, and signs all beneficiary designation forms and withdrawal requests that are submitted for processing, then forwards those to the Record Keeper for final action. Rae Forrester reported that a request for distribution to a beneficiary revealed that the County failed to sign the subject change beneficiary request a while back – it got missed in a group of forms requiring signature. The employee left employment and subsequently passed away. County Counsel is reviewing the issue. At this time Rae believes the County will sign the original paperwork because the original intent was to sign the request. This action will then allow the distribution to the beneficiary to proceed.

2. Vincent Galindo presented a review of general financial market conditions. To summarize, the market is very healthy and the Fed is poised to raise rates three more times with corresponding negative impacts to bond market values.
3. The Committee discussed the de minimis distribution letters for former employee participants with balances of less than \$5,000. The Committee wants to simplify the letters, but recognizes that there needs to be a balance between adequate disclosure and simplification. The letters should present available options prior to distribution and notify participants that the distribution is a taxable event. Balances of less than \$1,000 will be cashed out. Balances between \$1,000 and \$5,000 will roll over to another fund account. The letter is being reviewed by Hymas and Dave Houser. The Committee wants to effect the policy prior to any vendor changes.
4. Funds currently on the watch list are to remain on the watch list. Due to performance factors presented by Hymas, VT Retirement Income Advantage was added to the watch list.

Eric Schroth made a motion and Brenda Lagrone seconded it.

**MOTION:** Add VT Retirement Income Advantage to the watch list.

**VOTE:** Motion approved unanimously.

5. Vincent Galindo discussed the differences between a broker standard and a fiduciary standard. Rollout of the broker standard by the Federal Government is a lower standard that only requires the investment product be “suitable”. The fiduciary standard currently in effect requires the investment product be “in your best interest”. Rollout of the broker standard has been delayed. Many firms plan to adhere to the higher standard.
6. The Committee asked Hymas about interviewing candidates for record keeping. Hymas suggested that the candidates articulate how they will help participants, focusing on participant use. The Committee will want to judge the relationship manager and look for a pro-active attitude. Hymas will provide a handout to keep track of questions and answers. Prior to interviewing each candidate, the Committee would like to review responses to the specialized questions that were previously asked of each candidate. The Committee would like to keep control of the interview, assigning questions to the same committee members for each interview. Hymas may participate in the question and answer process where deemed appropriate to clarify responses or moderate pace.

#### **ICMA Quarterly Review:**

1. ICMA reviewed its approach to building retirement income for participants. Enrollments are up significantly with 42 new enrollments for the first 5 months of the year. ICMA’s outreach program is capturing a broad range of participants through different life stages in their employment. Meeting employees at different locations has helped increase enrollment.
2. Contributions are up 3% for the first 5 months of the year.
3. Two webinars have been presented by ICMA’s Certified Financial Planner, James Collins. James is also working on presenting a more specialized semi-regional focus for the webinars. The

Committee was interested in how many Butte County employees listened to the webinars. ICMA didn't have that data, but said that they would ask James to collect data for the next webinar. The Committee asked whether the webinars are posted to a web site. There was some uncertainty in the response. Mark believed that the webinars were available for 30 days and that all registered participants receive a link to the web site. Erika was not aware that previous webinars had been recorded. The Committee requested that webinars be announced using both flyers and email and that participation be tracked to determine which form of communication is more effective.

4. ICMA reported difficulty with obtaining a venue for seminars with Chico Behavior Health because Mark's contact has retired. Brenda offered to be Mark's contact. She is able to coordinate use of the conference room for Chico Behavior Health.
5. ICMA reported improved use of the internet. Instant information is available by texting. Marketing materials are also available to promote internet usage. Eric reported using each provider's website to calculate retirement savings. He was not able to find an inflation factor and asked whether ICMA's website built an inflation factor into their calculator. Mark thought that it was, but did not know how to access it. FOLLOW UP: Erika emailed Eric to say that a 3% inflation assumption is built into the program.
6. ICMA requested feedback regarding use of html or attached files for email correspondence. The County will work with ICMA to see what works best. ICMA would like to use online scheduling and use more interactive programs to highlight the benefits of saving.

**Joint Session:**

1. The discussion regarding employee outreach via email continued. Empower can provide either html or attached files. Rae said that HR will check and let both providers know. ICMA offered to schedule a meeting to help the HR representative.
2. The Committee asked how the employee orientation program is going and how it has impacted participation. It was noted that the best time to introduce employees to the program is at orientation.
  - a. Vincent suggested that a good method which can be enacted with one provider is to have each employee fill out a form during orientation (can be either short or long form) followed by a question; how much do you want to contribute? The default could be a milestone fund with options for 3, 5 or 9 percent contribution. Other options include auto-escalation and e-central.
  - b. Darren expressed concern that he was not notified of a new hire enrollment venue. Empower has the capability to enroll employees via app. They are focused on reducing paperwork as well as improving efficiency and speed. Now that their strategic partnership plan is up and running, they would like to revisit what is needed from the County to make the system fully functional.
  - c. Vincent said that some employees don't want personal information given to a 3<sup>rd</sup> party provider. He suggested that information could be entered into a tablet and if they elect, forwarded to a 3<sup>rd</sup> party provider. The County already uses tablets to collect

information and Rae will look into this suggestion. HR wants to be careful with the way it shares information.

- d. ICMA has the capability to enroll employees with 6 clicks of basic information.
  - e. Vincent reported that some Committees are instituting auto-enrollment through collective bargaining.
  - f. Peggy likes the idea of using target date funds as a default to minimize intimidation.
3. Mark and Darren will confirm a meeting with Brenda for Chico Behavior Health.
  4. Darren reports that there hasn't been any response from department heads regarding meetings.

**Empower Quarterly Review:**

1. Empower discussed the lifetime income analysis. Among its analytics are the impact of health care costs and capability to aggregate outside accounts. Eric asked whether an inflation factor was considered. Empower replied that the inflation factor is fixed at 4%.
2. Empower discussed plan statistics and benchmarking. Empower still hasn't received the information for eligible employees it has requested. HR responded that an IT employee who used to provide this information is no longer available. Peggy questioned how the success of the plan can be measured without accurate employee information. Empower needs employee information to know who to send outreach emails to. They also would like to automatically input salary information for each participant's lifetime income analysis, and ultimately target employees with automated email messages based on behavior. There has been some reluctance in the past to provide this information. Eric asked how many other jurisdictions provide this information. Empower reports that 9 out of 10 clients provide salary information and that there should be no reluctance because it is public information. The Committee will address these issues when a single provider is selected so that a fully functional system is available to the participants.
3. Empower discussed its strategic communications and targeted initiatives campaign. Plan success is best tracked through electronics and the details of the campaign were presented in handouts. It was suggested that gamification such as a competition could also be used to increase participation. The County has talked about a financial wellness campaign.

**Outstanding Action Items:**

1. Dave Houser to review de minimis distribution letter.
2. Hyas to provide question and answer form that includes specialized questions asked of each candidate prior to the interview.
3. ICMA to collect webinar attendance data by Butte County employees.
4. HR to provide feedback regarding use of html or attached files for email correspondence.
5. HR to look into policies regarding release of employee information to record keepers.

**Meeting Adjourned**