SAN JOAQUIN COUNTY
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Human Resources Division

Brandi Hopkins, Director

Jennifer Goodman, Assistant Director

SAN JOAQUIN COUNTY DEFERRED COMPENSATION ADVISORY COMMITTEE
MEETING MINUTES

Thursday, April 27, 2023; 11:00 a.m.
Location: Administration Building, Room 146

MEMBERS:

Present: Jennifer Goodman, Chair
Jay Wilverding
Jeff Woltkamp
Paul Canepa
Kathy Herman
Christine Babb
Phonxay Keokham
Steven Hopkins (alt)

OTHERS:

Tami Matuska, Employee Benefits Manager
Jason Morrish, Deputy County Counsel
Erin Sakata, Deputy County Counsel
Brandi Hopkins, Assistant County Administrator
Donna Strange, Human Resources Executive Secretary
Shundel Graves, Benefits Personnel Analyst
Vincent Galindo, Senior Consultant – Hyas Group
John Steggell, Executive Relationship Manager, Nationwide
Brenda DeVecchio, Retirement Specialist, Nationwide
Greg Sabin, Program Director, Nationwide

The meeting was called to order at 11:00 a.m. by Jennifer Goodman, Committee Chairman and Director of Human Resources.

Approval of Minutes

The Committee approved the minutes from the last Advisory Committee meeting of January 26, 2023, with a vote of 6-0; 1 Abstention (Canepa). (Motion: Wilverding; Second: Keokham).

Public Comment

There was no public comment.

Meeting Documents

Ms. Matuska commented on the hard copies of documents that are currently provided to the Advisory Committee for the meetings. She stated that there may be a future time when tablets with electronic copies of materials are provided to the Committee, but until that time asked which members would like to continue to receive printed copies of all meeting materials. After discussion, Ms. Matuska concluded that hard copies would continue to be provided at meetings.

Educational Efforts to Keep Funds with Deferred Compensation Program

In response to concerns raised at the last few meetings in regard to money leaving the Deferred Compensation plan, Ms. Matuska and Ms. DeVecchio presented an overview of what the County and Nationwide are currently doing to engage employees and retirees, and provided thoughts on additional ways to hopefully, lessen participant withdrawals.

Ms. DeVecchio mentioned that Nationwide offers many resources to employees:

- Custom website that contains engagement links and online enrollment;
- Mobile app;
- Complimentary Certified Financial Planning, a Social Security 360 program, Health Care Cost Analysis to all employees and their spouses;
- Ongoing licensed support team;
- Onsite group meetings with departments, and personal engagement with employees.

The County offers:

- Detailed forms and helpful documents on the County's website; and links to Nationwide's website;
- Information regarding the Deferred Comp plan during annual open enrollment;
- Ability for employees to meet with a Nationwide representative onsite during open enrollment;
- Online webinars on both Nationwide and the County websites;
- Quarterly online retirement webinar series;
- Will add monthly and quarterly email blasts focused on specific trainings;
- Will include information about options for Deferred Comp as part of the Exit Interviews when employees leave County service.
- Will include more information in the Spanish language.

Engagement and education about what is offered and how to use these tools will help people to see how easy it is to stay with the County vs. having to figure out where to go next.

<u>First Quarter 2023 Nationwide Program Status Report</u>

Mr. John Steggell of Nationwide presented an overview of the Nationwide First Quarter Report (March 31, 2023) for the 401 and 457, and deferred compensation loan programs.

- 457 Account: First Quarter ended positive with an $18.2M overall gain; and the Deferred Compensation program with $479.2M at the end of the quarter.
- Loans: 241 Loans; 35 New Loans; 10 Loans paid off.
- Online Engagement is becoming very popular with San Joaquin County participants. Approximately 64% of participants use e-delivery services; 20% of enrollments are done online (28 new online enrollments for the quarter); and 100 distribution transactions for the quarter (66% were done online).
- Mr. Steggell also shared information regarding 'My Investment Planner', stating it is free investment advice for those who choose to use it. It can be found on the Nationwide website.

First Quarter 2023 Hyas Group Performance Report

Mr. Vincent Galindo of Hyas Group presented the First Quarter 2023 Performance Review Report, sharing the following:

- Economic Data: Gross Domestic Product (GDP)
  The 2nd half of last year was really strong at 2.6%. The first quarter of this year has a 1.1% rate. "The economy is slowing."
- Unemployment Rate: A measure of full employment is an unemployment rate of 5%. Pre-pandemic rate was 3.5%; and the latest read is also at 3.5%. San Joaquin County has a 6.5% rate, but this is still a relatively healthy number.
- Consumer Price Index (an inflationary number): Cost of goods and services are much higher than last year. The Federal Reserve has an explicit target inflationary number of 2%. Late summer/early fall, the number was at 9.1%, a 50-year high. Aggressive interest rate hikes bring the number down and the latest read is at 5.0%. Still twice as high as the target rate, but not as bad as the 9.1%. There may possibly be one more interest rate hike in May, but then in September the rates should dip.
- Discussion of Money Market Funds: Recommends exploring the possible addition of a money market fund to the menu of the 457/401(a) account, as money market funds are currently paying 4.5%.
- Possible Placement for On Watch Funds: Mr. Galindo made reference to the T. Rowe Price Large Cap Growth Fund and the MFS Mid Cap Growth R6 Fund, suggesting they be put on watch at this time.
  A motion was made to put the two funds 'on watch' and the motion passed with a vote of 6-0.
  (Motion: Keokham; Second: Babb).
- Mr. Galindo also outlined the fee structure for the 457 plan.

Legal and Regulatory Updates

- Secure Act 2.0 was signed into law on December 19, 2022 and contained 94 provisions; some mandatory and some optional. Mr. Galindo outlined the "most important provisions":
  - Section 306 - the elimination of the rule of 'the 1st of the month';
  - Section 107 – increases the age of required minimum distribution to age 73 in 2023, and to age 75 in 2033;
  - Section 603 – in relationship to catch-up contributions.

Plan Exposure to Regional Banks

After the failure of the Silicon Valley Bank and the Signature Bank of New York, Hyas Group looked at the holdings of the San Joaquin Plans and found the plans had very little exposure (0.03%), yet a loss of $132,000.

Investment Policy Statement

The Annual Investment Policy Statement for San Joaquin County Deferred Compensation and Defined Contribution Plans was presented by Mr. Galindo.

NAGDCA Conference

Ms. Jennifer Goodman advised the Committee that the 2023 NAGDCA Conference will be held in Seattle from October 8-11, and that there is both in-person and virtual options available to the Committee. Any committee members interested in attending should reach out to Ms. Matuska.

Comments from Committee Members and Public Comment

Each committee member briefly introduced themselves to the group. Jason Morrish, County Counsel shared that he has taken another position outside of the County and introduced Erin Sakata as Counsel who will be filling the role at future committee meetings.
There was no additional business and no Public Comment.

Meeting was adjourned at 12:32pm.

The next quarterly meeting is scheduled for July 27, 2023 at 10:00am, in Room 146 of the Administration Building (1st floor), 44 North San Joaquin Street, Stockton.