

# SC PUBLIC EMPLOYEE BENEFIT AUTHORITY- BOARD OF DIRECTORS

## Retirement Policy Committee- MINUTES adopted 10/7/2013

202 Arbor Lake Drive, Columbia SC, Main Conference Room 2nd Floor

September 4, 2013, 2:30 P.M.

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### **Retirement Policy Committee Members Present:**

Mr. John Sowards, Chairman (in person)  
Mr. David Tigges (by phone)  
Mr. Frank Fusco (in person)  
Mr. Art Bjontegard (in person)

### **Others present for all or a portion of the meeting:**

David Avant, Lil Hayes, Stephen Van Camp, Travis Turner, Justin Werner, Matt Davis & Virginia Wetzel from the South Carolina Public Employee Benefit Authority (PEBA); Bob Liberto and Rosemary Guillette with Segal Rogerscasey Consultants; Amy Heyel, Lisa Tilley, and Nancy Ornduff with Great-West Retirement Services; and Wayne Pruitt with the SC State Retirees Association.

## **AGENDA**

### **1. CALL TO ORDER; ADOPTION OF PROPOSED AGENDA**

Mr. Sowards called the meeting to order at 2:30 p.m. Ms. Hayes confirmed meeting notice compliance with the Freedom of Information Act. Mr. Fusco moved to adopt the proposed agenda. Mr. Tigges seconded. Unanimously approved.

### **2. Approval of Meeting Minutes- July 24, 2013**

Mr. Sowards asked for amendments to July 24, 2013, committee minutes. There being none, Mr. Sowards asked for a motion to approve the minutes. Mr. Tigges moved to approve the minutes. Mr. Fusco seconded. The meeting minutes were unanimously approved.

### **3. SC Deferred Compensation Program (SCDCP)**

#### **Segal Rogerscasey: SCDC investment Consultant** (Presenters: Bob Liberto and Rosemary Guillette)

Matt Davis with PEBA introduced Bob Liberto and Rosemary Guillette who presented an overview of their company and its role as the SC Deferred Compensation Program's investment consultant.

Mr. Sowards requested a copy of the oversight procedures and governance policy created and implemented by Segal for the current Deferred Compensation Commission's Investment Committee. He would like to review this policy during the Retirement Policy Committee meeting in October 2013, and would like to stay in continual contact with PEBA staff and Segal to make sure the Retirement Policy Committee is prepared to assume their new SCDC responsibilities at the beginning of 2014.

Mr. Sowards requested PEBA staff to prepare a side by side comparison of the obligations and process procedures associated with the SC Optional Retirement Plan (ORP) and the SC Deferred Compensation Program. This will allow the PEBA Board to determine how they will structure associated responsibilities of each within its committees.

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Mr. Fusco requested PEBA Staff to provide a list of the best practices associated with the SCDCP.

Mr. Sowards asked Segal to produce a list of best practices they have recommended in the last three to five years that were not successful.

There was discussion about Segal's current recommendations highlighted on page 9 of their presentation. There was also discussion regarding Segal's scoring system of fund performance. It was noted that all funds within the SCDCP have an A or B rating indicating above average scores. Segal specifically highlighted the rating of American Funds EuroPacific Gr A.

Segal reviewed SCDCP's Report Card which indicated the performance of all managers based on criteria indicated in the investment policy. There was discussion regarding the review of managers with a failing grade.

Mr. Sowards requested PEBA staff to provide a side by side comparison of the investment policy statements for SCDCP and ORP.

Other than increasing fees, Mr. Bjontegard asked Segal representatives if they had one wish which would better the SCDCP, what would it be? Segal said they would like to increase participation rates.

### **Great-West Retirement Services: SCDC Record Keeper** (Presenters: Amy Heyel, Lisa Tilley, and Nancy Ornduff)

Matt Davis with PEBA introduced Amy Heyel, Lisa Tilley, and Nancy Ornduff who presented an overview of their company and its role as the SC Deferred Compensation Program's record keeper.

Mr. Tigges ended his telephonic participation at 3:15 p.m.

There was discussion regarding greater participation in the behavioral-based custom website created by Great-West to promote retirement readiness. Ms. Heyel explained that Great-West would love to partner with PEBA in the collection of participant email addresses to promote the usefulness of the interactive website. PEBA staff indicated that participant email information has not been shared with Great-West. Mr. Sowards asked PEBA staff and Great-West Staff to collaborate and brainstorm on any new potential opportunities as a result of the Retirement Policy Committee's oversight of previous responsibilities held by the dissolving Deferred Compensation Commission. This should include potential sharing of participant electronic contact information. Mr. Sowards requested to review brainstorming ideas during the November 2013 Retirement Policy Committee meeting.

Mr. Bjontegard would like a summary of the largest SC public entities who are not currently participating in the SC Deferred Compensation Program. He suggested PEBA partner with Great-West to promote the addition of these employers. He also would like to see a proactive plan to gather more email addresses of plan participants. Other than automatic enrollment, Mr. Bjontegard asked if they had one wish to better the SCDCP, what would it be? Ms. Heyel

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believes that a marketing plan should be created to promote actively managed accounts to insure retirement readiness. Ms. Tilley expressed the idea of mandating employers to adhere to specific compliance issues. An example would be mandating employers to use online/automated processes and not manual processes.

#### 4. SC ORP Quarterly Report: Calendar Year 2013, Second Quarter

Mr. Sowards announced that he and Mr. Bjontegard participated in the ORP 2<sup>nd</sup> quarter performance call/report held on August 13, 2013. A summary of the report was included in the committee member's meeting materials. There was no discussion by the Retirement Policy Committee members. Matt Davis asked the Committee members to provide any changes they would like to see to future reports. No suggested changes were proposed at that time but Mr. Sowards asked committee members to bring any ideas to Mr. Davis prior to January 1, 2014.

#### 5. Committee Charter

Mr. Sowards introduced a thirteenth responsibility to the Retirement Policy Committee Charter which was to oversee agency communications involving areas of Retirement responsibilities.

**Action:**

Mr. Sowards asked for a motion to approve the PEBA Retirement Policy Committee Charter as amended. Mr. Fusco moved to approve and Mr. Sowards seconded. Unanimously approved.

#### 6. Round Table Discussion:

Committee Members thanked Great-West and Segal for their presentations. Mr. Sowards acknowledged the importance of PEBA's partnership with both entities as the Committee takes on its new role as administrator of the SCDCP.

#### 7. Adjournment

There being nothing further to discuss, Mr. Sowards requested a motion to adjourn. Mr. Fusco moved to adjourn and Mr. Sowards seconded. The committee unanimously voted to adjourn at 4:20 p.m.