



## Meeting Minutes | Retirement Policy Committee

Minutes Approved November 30, 2021

Wednesday, October 6, 2021 | 1:00 p.m.

Via Zoom Teleconference

**Board Members Present:** Mr. Steve Heisler, Chairman Paige Lewis, Sheriff Steve Mueller, and Mr. Ed Walton

**Others Present for All or a Portion of the Meeting Via Telephone:** Peggy Boykin, Robby Brown, Ashley Brindle, Amber Carter, Sarah Corbett, Jessica Moak, Heather Muller, Tammy Nichols, Travis Turner, Stephen Van Camp, Angie Warren, Justin Werner, and Heather Young from the South Carolina Public Employee Benefit Authority (PEBA); Nancy Ornduff from Empower Retirement; and Rob Hungerbuhler and Mike Wright from Segal Marco Advisors.

### I. Call to Order

Chairman Paige Lewis called the PEBA Retirement Policy Committee (Committee) meeting to order at 1:01 p.m. and stated that the public meeting notice was posted in compliance with the Freedom of Information Act.

### II. Approval of Meeting Minutes- July 28, 2021

Mr. Steve Heisler made a motion, which was seconded by Mr. Ed Walton, and passed unanimously, to approve the minutes from the July 28, 2021, Committee meeting.

### III. Defined Contribution Quarterly Reports

Mr. Mike Wright, from Segal Marco Advisors, presented the South Carolina Defined Contribution Plans report for the quarter ending June 30, 2021. Mr. Wright provided a market overview and stated that U.S. equity remained positive with a second-quarter return of 8.2 percent, and 44.2 percent year-to-date. International equities were also strong with a 5.2 percent return for the quarter, and 32.4 percent year-to-date.

Mr. Wright reviewed the South Carolina Deferred Compensation Program (Deferred Comp) investment performance for the second quarter of 2021 and reported that the book to market value for the Plan's stable value fund was 102.7 percent at the end of the second quarter.

Mr. Wright advised that T. Rowe Price recently announced that the portfolio manager for the T. Rowe Price Mid-Cap Value 1 Fund will be retiring on June 1, 2022. A new portfolio manager has been named, and Segal Marco will continue to monitor this investment option on an informal basis.

Mr. Wright stated that the Hartford Mid Cap fund placed below its index for the three and five-year periods and is in the bottom half of its peer group universe. Segal Marco will continue to monitor this investment option on an informal basis.

Mr. Wright reported that the American Beacon Small Cap Value fund placed below its index for the three and five-year periods and is in the bottom half of its peer group universe. Segal Marco will continue to monitor this investment option on an informal basis.

Mr. Wright turned the discussion to the State Optional Retirement Program (State ORP) investment performance for the second quarter of 2021 and advised that under the AIG investment lineup both the Fidelity Emerging Markets Index and the Fidelity International Index placed below their respective index. Segal Marco is reviewing the performance and tracking error of these funds and has placed them on an informal review.

Mr. Wright reported that the American Beacon Small Cap Value fund in the Empower Retirement (formally MassMutual) investment lineup placed below its index for the three and five-year periods and is in the bottom half of its peer group universe. Segal Marco will continue to monitor this investment option on an informal basis.

Mr. Wright stated that the Fidelity Total International Index fund, also on the Empower Retirement investment lineup, placed below its index for the three and five-year periods, and Segal Marco is reviewing the performance and tracking error of the fund and has placed it on an informal review.

Mr. Wright advised that the TIAA Bond Index fund on the TIAA investment lineup placed below its index for the three and five-year periods and is in the bottom half of its peer group universe. Segal Marco will continue to monitor this investment option on an informal basis.

Mr. Wright reported that the TIAA-CREF Lifecycle funds, also on the TIAA investment lineup, have not met expectations, and Segal Marco is reviewing target date funds across all four service providers.

#### **IV. Deferred Compensation Program Plan Summary**

Ms. Nancy Ornduff, from Empower Retirement, presented the second quarter of 2021 Deferred Compensation Program plan activity summary to the Committee. Ms. Ornduff reviewed the plan statistics for the second quarter, including participant accounts; assets; contributions and distributions; rollovers; and participating employers.

Ms. Ornduff concluded her presentation by reviewing retirement plan advisory activity; outreach to participants and employers during the second quarter; and website and call center statistics.

#### **V. Old Business/Director's Report**

Ms. Peggy Boykin, Executive Director, provided the Director's Report, and stated that the South Carolina Retirement System Investment Commission (RSIC), reported fiscal year end returns of 28.6 percent. The value of the fund increased by over eight billion dollars, for a year end market value total of 39 billion dollars. Ms. Boykin added that the significant increase in returns should offset the adverse investment performance from last year, and should mitigate the impact on the unfunded liability of reducing the assumed rate of return from 7.25 percent to 7.00 percent.

Ms. Boykin advised that the PEBA Board Retreat will be November 30, 2021 - December 1, 2021, in Wampee, SC. The first day of the retreat will be focused on comprehensive educational programs for Board members, including PEBA's actuaries providing significant detail regarding the actuarial valuations, funding of the plan, and plan design proposals.

**VI. Adjournment**

There being no further business, and upon motion by Mr. Heisler, which was seconded by Sheriff Steve Mueller, and approved unanimously, the Committee meeting adjourned at 1:45 p.m.