

# DEFERRED COMPENSATION COMMITTEE MEETING MINUTES

Wednesday, February 12, 2014

## Committee Members Present:

Darrell Craig, Chairman  
Cindy Fladager, Vice-Chair  
Cynthia Washburn, Secretary/Treasurer  
Stephanie Shuman, WCDAIA

## Committee Members Absent:

Scottie Wallace, WCEA  
Scott Thomas, WCSDA

## Also Present:

Sue Sabourin, Human Resources  
Karen Jeffers, Human Resources  
David Watts-Vial, Legal Counsel  
Mike Fleiner, Bidart & Ross  
Robert Trenerry, MassMutual  
Caitlin Weisgerber, MassMutual

### 1. Call to order and roll call

Meeting was called to order at 2:05 p.m. and a quorum was confirmed.

### 2. Public comment

None

### 3. Approval of November 20, 2013 meeting minutes

Motion to approve was made, seconded; passed unanimously.

### 4. Treasurer's report

Member Washburn reviewed the report as of January, June and same time last year. The fund is down a little in cash, but is pretty much consistent with where we were in the same period last year. The Committee questioned why the cash balance went down and Mr. Trenerry pointed out that we received less revenue this year. The reimbursement this year will be about \$10,000 (check is being processed now). The contract shows \$45,000 per year, as long as we make the minimum revenue amount of 18 basis points, which we didn't do this year.

### 5. Election of officers

Member Washburn announced she will be retiring sometime between May and June and the new Comptroller will be the representative on the Committee. The office of Treasurer has historically been the Comptroller and she feels it should remain as such; she will train her replacement for this role. A motion was made to nominate the position of Comptroller as the Secretary/Treasurer. The motion was seconded and passed unanimously. Member Washburn accepted. Ms. Sabourin indicated that when Member Washburn retires, she will send an email to the County Manager asking him to officially appoint the new Comptroller.

Chairman Craig asked for nominations for Chair and Vice-Chair. Member Fladager nominated Member Shuman as Vice-Chair; motion was made, seconded and passed unanimously. Member Shuman accepted.

Member Shuman nominated Chairman Craig for Chair; motion was made, seconded and passed unanimously. Chairman Craig accepted.

**6. Discussion on financial and regulatory plan audit**

Member Washburn said it is not required outside of business operations, but feels it can be a good idea. She checked with the County auditor who does provide this service, but wanted her to point out that it was not required. The question is whether or not it's a cost benefit. Chairman Craig said he didn't think there were any issues that would cause concern and Member Washburn agreed. She also pointed out that it doesn't have to be done every year; even a small audit can run between \$5,000 and \$15,000. The talk at NAGDCA was that some plans do this every five years but most plans don't audit at all. Member Fladager asked what is currently being checked. Member Washburn advised that Kafoury, Armstrong checks that the money going in and out has been verified. They sample payroll to make sure deductions are correct, but they do not check that other communications between participants and the plan are followed through, nor do they check for the legality of the Plan Document. Chairman Craig asked if Member Washburn could request an estimate from Kafoury, Armstrong to audit our plan. Member Fladager asked if Kafoury, Armstrong could check the reimbursement amount that comes into the plan and Member Washburn explained that as the Secretary/Treasurer, it was her role to check these amounts. Chairman Craig said Mr. Fleiner also checks this and because we have so many controls, and so many people looking at the plan, he is not convinced we should be spending money on an audit.

Mr. Fleiner added that audits are good for businesses that are struggling with internal controls. He suggested we get a quote and go from there. Chairman Craig asked that this be continued on the next agenda and Member Washburn said she would reach out to Kafoury, Armstrong for information and cost estimates. Mr. Watts-Vial confirmed this does not need any sort of official bid.

**7. Discussion regarding possible increase in communication, such as asset retention, for employees about to retire**

Ms. Sabourin reminded Chairman Craig that this was a continuation of our discussion at the last meeting. Sharon Brannon, our MassMutual representative, thought there was a template letter from MassMutual we could use, but she hadn't been able to find anything. Ms. Weisgerber said she could come up with something that would meet our needs. Ms. Sabourin confirmed that Human Resources would know when employees were planning on retiring because they meet with Health Benefits on their retiree health insurance. Member Washburn confirmed MassMutual would be creating a "are you planning on retiring" letter which the Committee will review. Chairman Craig wants to make sure retiring participants know and understand their options and can make the best decision for their individual situation. Ms. Sabourin brought up that we are still working on the Plan Document amendment which allows retirees to roll other eligible monies into their deferred compensation account. Member Washburn asked if we would be catching them soon enough when they meet with Health Benefits (maximum of 30 days prior to retirement) and Chairman Craig felt we should be catching them sooner through continual education such as newsletters, meetings and other written communication.

**8. Discussion and possible action on EZ enrollment form/auto escalation**

Member Fladager handed out the current enrollment form from MassMutual's 457 enrollment booklet and the State of Nevada's Deferred Compensation EZ Enrollment/

Participation Agreement form. Mr. Trenerry reminded the Committee that the handout attached to the agenda was the form that MassMutual and Mr. Fleiner had already worked on, and it has already passed MassMutual's compliance department. Member Shuman pointed out that the minimum amount (\$10/pay check) was not on Mr. Trenerry's draft EZ enrollment form. Mr. Trenerry also commended the County for allowing participants to contribute both flat dollar amounts and percentages—they always encourage the percentage, but not all payroll departments can accommodate that. Member Washburn wanted clarification in the title of draft EZ enrollment form that it was for the 457 only. Mr. Trenerry confirmed that the EZ enrollment form is only for people who want to do the age-based portfolios. If they want to do asset allocation, they would need to complete the regular form. Member Washburn would like the EZ enrollment form to be fillable, and easily accessible on the web. Mr. Trenerry confirmed folks are encouraged, but not required to meet with Sharon to enroll. The new EZ enrollment will include the beneficiary information. The regular enrollment form will require a separate beneficiary form. MassMutual will finalize the draft EZ enrollment form as well as the process. When payroll receives these, they do pass them on to MassMutual.

Member Shuman moved to approve the EZ enrollment form attached to the agenda with all the additions/corrections we talked about. Motion was seconded. Member Washburn asked to amend the motion to assign Ms. Sabourin to review and approve the final draft. Member Shuman agreed, and the motion was passed unanimously.

**9. Presentation on participant and plan communications, and technology and marketing capabilities**

Ms. Weisgerber introduced herself and explained her role, which is essentially to get employees to take action. Her previous position with MassMutual was in a role similar to the one Sharon Brannon holds, and she worked in the call center before that. She wants to identify the Committee's goals and talk about marketing strategies to execute and measure the results. She gave Committee members a packet of sample marketing campaigns, all of which are completely customizable. Ms. Weisgerber explained that folks can indicate a preference for Spanish materials on the MassMutual website, so all marketing material for that participant would be generated in Spanish.

Mr. Watts-Vial confirmed that the County would not provide any non-public information so we can't do a targeted communication because it violates confidentiality. Mr. Trenerry said the primary reason in bringing Ms. Weisgerber today was to brainstorm any ideas that might help us reach a greater population to help grow the plan. For example, we might do a "Sign and Save" campaign that goes out as an email blast to all employees. Member Fladager asked if these campaigns would cost the plan, and Mr. Trenerry confirmed they would not.

Chairman Craig asked about reaching out to department and division heads to ask them to counsel their employees. Member Washburn had a problem with this as she didn't feel it was a management role; it was a personal choice of the employee. Mr. Watts-Vial said there's a big difference between making a presentation to department heads and asking for lists with mailing addresses--that would have to be approved by the BCC. Asking department and division heads to make sure their employees were aware of the deferred

compensation option would be appropriate and is something we have done in the past. Chairman Craig wondered if there was a campaign that would target department heads. Ms. Weisgerber said yes, and that she would run it by Ms. Sabourin first.

Member Washburn reminded us that HR Reps are a good point of contact for information and forms, and our internet has video capability so we could be utilizing that as well as email communications.

Mr. Fleiner reminded the Committee that Ms. Weisgerber has introduced some of the things she can do, but the Committee now has a lot of thinking to do to determine goals, and to make sure they are not restricted by policy. Mr. Fleiner would like to see a menu of available resources and the formats in which they are available (email, hard copy, web, etc.) and go from there. The Committee agreed that would be very helpful and Ms. Weisgerber said she would work on that.

**10. Quarterly review of MassMutual's account service objectives**

Mr. Trenerry quickly reviewed the contents of the packet he distributed to Committee members, which included MassMutual articles and quarterly statistics. Mr. Trenerry pointed out that the number of Roth participants continues to grow and that Washoe County was the first in the State to offer a Roth. They are also considering targeting those participants who participate in two or fewer funds so they can better diversify their investments. Member Fladager asked if we could see the "increases" in participant contributions as a result of outreach. Mr. Trenerry said he would check into that, and Mr. Fleiner said he could also provide some of that data.

**11. Report and presentation regarding fund performance update for the most recent quarter, and possible recommendation, discussion and action to change investment fund lineup**

Mr. Fleiner reviewed the content of his quarterly packet and said it was a great year for equity investors. There were robust gains broadly dispersed across the U.S. capital markets and we saw some gains in non-U.S. markets as well. There was some volatility in the bond market as interest rates rose.

Sixteen funds are passing Bidart & Ross's investment policy standards. There are four funds on guarded status; none on a watch status. The report now shows the historical data as to how long a fund has been in a certain status.

Total plan assets between the 457 and 401(a) are at \$129M. Assets in the Age-Based Portfolio's remain the same, although this quarter shows a major drop off in participation in the 30-40 group (from 46 to 3) which they are researching, but believe is just bad data.

A five year standard deviation column has been added to the Fund Performance, Benchmark and Universe Ranking pages, and an inception date column will also be added.

The revenue sharing figure is about 16 basis points (contract requires 18 basis points to receive the \$45,000 reimbursement) so this is where our shortfall is coming from. Next year, we could potentially see a larger shortfall as the markets continue to improve.

**12. Comments by Committee or staff members**

Mr. Fleiner commented that we would be going out to bid next year. The contract expires December 2015 and Mr. Watts-Vial thought we had to give about a year's notice so we will need to start talking about this in August 2014.

Chairman Craig wants to talk about NAGDCA at the next meeting in May. This year, it will be held in San Antonio, Texas from September 14–17, 2015. Registration opens in April 2014 for the hotel. Darrell wants to stress that room reservations should be made as soon as possible as the hotel fills up quickly.

Chairman Craig asked Member Washburn if she could do a presentation at the next meeting on travel rules for the upcoming NAGDCA conference. He wants to make sure everyone understands what forms are needed, what expenses need to be preapproved, what happens if someone needs to cancel, etc. (just an overview of the general process). Member Washburn agreed to do this at the next meeting in May.

Member Fladager passed out a NAGDCA questionnaire which Ms. Sabourin completes for Washoe County. She doesn't want this on the next agenda, but thought the Committee might like to view the questions to see if it prompts future questions or agenda items.

**13. Public comment**

None

**14. Adjournment**

Meeting adjourned at 4:06 p.m.