

**2024 COUNTY OF RIVERSIDE
DEFERRED COMPENSATION ADVISORY COMMITTEE
(DCAC) Meeting**

MINUTES OF CONFERENCE CALL
January 31, 2024, 9:00 A.M.
ZOOM Conference Call

Committee Members Present

Supervisor Yxstian Gutierrez, Fifth District, Member
Don Kent, Director of Finance, Chair
Sarah Franco, Asst. CEO/Interim HR Dir., Member
Matt Jennings, Treasurer-Tax Collector, Member

Committee Members Absent

Ben Benoit, Auditor-Controller, Member

In Attendance

Imelda Delos Santos, Executive Office
Ronak Patel, Human Resources
Amy Onopas, Human Resources
Jennifer Moquin, Human Resources
Laura Sanchez, Human Resources
Paul Robles, Waste Management
Rasch Cousineau, Hyas Group
Justin Berg, Corebridge
Scott Witter - Corebridge
Chris Jarmush, Gallagher
Angela Lester-Morrow, Gallagher
Kristen Dickman, Gallagher
John Steggell, Nationwide
Amber Peters, Nationwide
Roy Gillian, Nationwide

1. CALL TO ORDER

Chair Don Kent called the meeting to order at 9:00 a.m.

2. APPROVAL OF MINUTES THE AUGUST 31, 2023, MEETING MINUTES.

Matt Jennings motioned | Sarah Franco seconded | Unanimous |

3. COMMITTEE MEMBERS DESIGNATED REPRESENTATIVE REVIEW

- Auditor Controller Ben Benoit, alternate is Tanya Harris Assistant County Auditor Controller
- Treasurer and Tax Collector Matthew Jennings, alternate is Giovane Pizano Assistant Treasure
- Human Resources Sarah Franco, alternate is Ronak Patel, Assistant HR Director.

- HR staff will bring back item for desired alternate for Supervisor Gutierrez.
- Don Kent is the alternate for the CEO.

Don Kent motioned | Matt Jennings seconded | Unanimous |

4. HYAS GROUP PROVIDED THE FOURTH QUARTER 2023 PERFORMANCE REPORT. THE REPORT INCLUDED THE FOLLOWING HIGHLIGHTS:

- Performance Plan Data – December 31, 2023, Total Combined Retirement Plans’ assets are just under \$1.4 billion dollars. This does not include Gallagher VEBA Plan. Fourth quarter had a gain of \$95 million dollars in the fourth quarter alone.
- Market Commentary –So far this year in 2024, its been a pretty good year. We are at the end of January and the S&P is up 3% for January so annualized it is a 36% gain potentially for 2024. Our savings has been about \$2 million dollars a year in terms of putting in a new fund line that reduces the fees negotiated with Nationwide and Corebridge and that number is just under \$3 million per year Riverside County is saving due to the good work the Committee has done.
- Cash flow was negative at -\$3,127,548 . So, something we want to do in addition to focusing on the demographic of 29 and under potentially is making sure that Riverside County participants who are eligible to move their money out don’t. They will not be able to get the fees the Committee has neogtiated for them outside of Riverside County’s plans. Would be beneficial for participants to hear of retention services.
- Current Fund Lineup Performance –
 - Morley Stable Value Retirement DCVA | This fund is out of compliance for performance reasons, underperforming its benchmark and peer group for the trailing 5-year period. The Fund will be transitioned to the Nationwide Fixed Account in June 2024.
 - MFS Mid Cap Growth R6 (tickler next meeting) | \$24,377,861 – in compliance, performance wise but was placed on watch at last meeting because Paul Gordon, who co-managed left he portfolio and retired. Succession planning is in place at MFS. Eric Fischman remains as a primary manager to the strategies since 2008. The Hyas Group will observe and provide an update at the next meeting.
- Fee and Revenue Analysis – Fourth Quarter 2024 weighted fees for Corebridge were 0.621% and decreased to 0.374%. For Nationwide the fees were at 0.591% and decreased to 0.386%. This equates to savings for participants.

Don Kent motioned | Matt Jennings seconded | Unanimous |

5. HYAS GROUP PROVIDED LEGAL AND REGULATORY UPDATES

- RETIREMENT PLAN CONTRIBUTION LIMIT – Increased to \$23,000 from \$22,500 for 2024. The catch-up contribution limit for employees aged 50+ remains at \$7,500 for 2024. In last meeting it was discussed the catch-up contributions needed to be made on a Roth was set to take effect on January 1, 2024, that has since been bumped to 2026.
- DOL PROPOSED RULE TO PROTECT RETRIEMENT SAVERS’ INTERESTES BY UPDATING DEFINITIONS OF INVESTMENT ADVICE FIDUCIARY – Would require trusted investment recommendations and avoid recommendations that favor their financial and other interests at the expense of retirement savers.
- The super catch-up contribution provision in the SECURE 2.0 Act of 2022 will not take effect until 2025. When it does, it will permit those aged from 60 through 63 to contribute the greater of \$10,000 or half the ordinary catch-up amount (currently \$7,500), both of which will be indexed to inflation starting in 2026.

- The income phase-out range for taxpayers making contributions to a Roth IRA will increase to between \$146,000 and \$161,000 for singles and heads of household, up from between \$138,000 and \$153,000.
- The White House (re) introduced a Fiduciary Rule targeting “junk fees” in retirement plans and expanded the rule to include travel and ticketing fees. Regrading retirement plans, the focus is on independent advisers rolling money away from institutionally priced retirement Plans and holding those advisers accountable from a Fiduciary perspective. The White House issued a fact sheet estimating participants pay as much as \$5 billion per year in “junk fees.” The rule is expected to be challenged immediately and will likely take years to implement if at all.

Don Kent motioned | Matt Jennings seconded | Unanimous |

6. NATIONWIDE PROVIDED PLAN REVIEW AND CYBERSECURITY

- Cybercriminal activity is costly and growing.:
 - 250 people dedicated to cyber security.
 - Manage 24x7 Security Operations Center.
 - Governance, Risk, & Compliance Unit.
 - Use Cybersecurity products that prevents data loss and protects enterprise network.
 - Security Architecture to keep the organization safe from cyber threats.
 - Business Info Security Office to identify, prioritize and remedy software vulnerabilities.
 - Guarantee for Riverside County participants –Fraud Team, fraud protection and cyber security insurance. Nationwide would investigate the claim and would make the participant whole if it was a legitimate issue with the Nationwide network. John will forward material on Nationwide’s security guarantee to Amy Onopas of Human Resources.
 - Tools Used: Voice recognition software, encourage strong passwords, and require multi factor authentication.
- Plan Summary – Beginning balance as of 12/31/2022 combined 457B and 401A plan is \$840,213,282. Ending balance as of 12/31/2023 combined 457B and 401A is \$954,034,022. The plan has gained an additional \$40 million in January of 2024, this is a good trend. The average balance in the plan is \$50,000. Distributions: 54% were participant requests as cash and 46% were external payee requests. Nationwide is trying to keep withdrawals to a minimum. They recommend participants leave some money behind in their account so they can come back to the plan at a future date. Total of new loans decreased to 685 in 2023 compared to 698 in 2022.
- NRS Field Support– Workplace visits and group meetings/workshops increased while individual meetings decrease due to a transition of a representative in Quarter 4 2023. For the quarter, Nationwide’s four representatives visited 33 workplaces and met with 305 participants.
- Nationwide enrolled 775 new participants in 2023.
 - Four representatives (Mel, Lupita, Travis, and Janice) are assigned to Riverside County.

Don Kent motioned | Matt Jennings seconded | Unanimous |

7. COREBRIDGE PLAN REVIEW AND CYBERSECURITY:

- Educate our plan participants and employees on cyber security to prevent fraud.
 - Use strong (unique) passwords and don’t use the same password for everything.
 - Phishing emails – do not click on links or open attachments.
 - Social media – can leave you vulnerable to a data breach.
 - Multi-layered eco system – multi factor authentication, firewalls, threat detection, biometrics, pin drop
 - Review blacklist or high-risk watch lists.
 - Account protection promise. Will make someone whole after they investigate. Information can be found on Corebridge’s website.
 - Protecting Corebridge account – Register online at www.corebridgefinancial.com/rs

- Plan Summary – Ending balance as of 12/31/2023 combined 457B and 401A plan is \$350,268,850. In assets the plan grew by 13%. The positive market was key to this. The average balance in the plan is \$58,105. Net flow distributions: (\$10,205,944). Increase from prior year net flow distribution (\$4,300,000). Similar to Nationwide key focus to help educate participants on options like the value of leaving assets in the plan with a real low-cost structure versus other options. Total of new loans 648 in 2023. Corebridge enrolled 393 new participants in 2023.
- Enrollments in increased by 26% to 393 in 2023. Seven financial professionals are dedicated to the County of Riverside. Engagements most utilized was the website by 38,239. So, participates are engaged and monitoring their account. 267 on-site visits were conducted at 75 different locations and held 36 workshops covering popular topics like new hires, retirement income strategies, your retirement pan at work, risk management, and social security. Corebridge also has an education and communication plan where the system generated communication goes out to employees triggered by personalized employee journeys, driven by the actions or behaviors of your employees.

Don Kent motioned | Matt Jennings seconded | Unanimous |

8. VEBA PLAN REVIEW:

- Performance -2023 strong returns 26% for overall US Market. 15-20% for non-US stocks and decent returns out of fixed income were up 5%. Coming off from a decimal 2022 where we saw declines in equities and fixed income. Simultaneously double-digit negative returns out of those two primary asset classes. Fund assets total balance as of 12/31/2023 is \$84,758,451 which is up from \$81,509,255 at end of third quarter last year (9/30/2023). .2.3 or 2.4 million dollars in contributions for the quarter and 2.4 million in benefits paid and 3 million 3.5 million or so in investment earnings from growth in assets for the quarter.
- The performance array for the fund are 3 fund domestic equity options. One of them is passive, the other two are active. Two non-US equity options, one passive and one active. Series of target risk funds, these are static asset allocation funds. 20/80, 40/60,60/40 and 80/20 between equity and fixed income. These are run by BlackRock. Fixed Income funds with passive and active option with Vanguard and Western. Gallagher expects Western Asset Core Plus Bond fund to continue to perform well but Gallagher will continue to monitor if things don't work out well for this is a fund that is on watch Gallagher will be in touch if they expect to make changes. Feel it's a good pairing fund relative to an index fund. As for fund line up looks good no real concerns.
- Employer Report – At the end of December 2023 about 6,800 enrolled in VEBA plan and just over 3200 of them are claims eligible which means they have separated from the County and have access to their account.2/3rd of individuals have registered online and elected e-services (direct deposit or e-communication and 2/3^{rds} of individuals have not registered on the portal. May want to discuss with employees as these may be the active employees that have not created a username.
- Year over Year information- Ended 2023 with nearly \$85,000,000 in the plan and just over \$6,000,000 was earnings. Almost 20,000 claims were processed for premiums. Claims activity is 83% paid by automatic premium reimbursements. Of 3003 benefit cards issued 70 benefit cards were suspended due to participants not providing documentation to substantiate transactions per IRS rules. Participants have access to the funds on their accounts through the traditional claims filing method. The card itself is temporarily disabled pending documentation.

Don Kent motioned | Matt Jennings seconded | Unanimous |

9. NEW BUSINESS INCLUDED:

- None

10. PUBLIC COMMENT:

- None

The meeting was adjourned at 10:57 a.m.

We will be sending the next meeting date shortly.