

# **Massachusetts Defined Contribution CORE Plan**

## **Minutes of the Not-for-Profit Defined Contribution Committee September 22, 2020**

The Not-for-Profit Defined Contribution Committee (the “Statutory Committee”) for the Massachusetts Defined Contribution CORE Plan (the “Plan”), met, pursuant to notice, via video- and teleconference, on September 22, 2020. Present were Statutory Committee Chair Treasurer Deborah B. Goldberg, and Statutory Committee members Donna Bonaparte, Jim Klocke, Noreen McMahon, and James “Chet” Riley.

Also present for all or part of the meeting were Giuseppe Caruso, Nicola Favorito, Emily Kowtoniuk, David Lynch, Emily Robbins, Laura Rooney, and Liz Zelnick from the Commonwealth of Massachusetts Office of the Treasurer and Receiver General; Lisa Cardinal, John Fellin, Heather Kane, Karl Kroner and Liz West of Empower Retirement Services (“Empower”); Chris Behrns, Beth Halberstadt, and Sue Sinclair of Aon Investments USA Inc. (“Aon”); and Jess Costantino from AARP, Angela Antonelli of the Georgetown Center for Retirement Initiatives, and Mike Norton from State House News.

The following materials were distributed via email to the members of the Statutory Committee in advance of the meeting:

- 1) Agenda for the September 22, 2020 Meeting;
- 2) Draft minutes from the June 16, 2020 Not-for-Profit Defined Contribution Committee Meeting;
- 3) Commonwealth of Massachusetts, Second Quarter 2020, Quarterly Investment Review (the “Investment Report,” prepared by Aon); and
- 4) Massachusetts Defined Contribution CORE Plan, September 22, 2020 (the “Empower Report,” prepared by Empower Retirement).

With a quorum present, Treasurer Goldberg called the meeting to order at 1:05 p.m. Eastern Time.

Treasurer Goldberg noted that the meeting was being conducted via video- and teleconference call in accordance with the Order Suspending Certain Provisions of the Open Meeting Law, G. L. c. 30A §20 issued by Governor Baker on March 12, 2020. Treasurer Goldberg advised attendees of the recording parameters under Open Meeting law M.G.L. c. 30A, §§ 18-25. Treasurer Goldberg inquired if anyone present was recording the session, and no one identified themselves as making a recording. Treasurer Goldberg advised all parties that should they be unable to hear, they should bring that to her attention.

Mr. Riley joined the meeting.

The Statutory Committee reviewed and approved the meeting minutes from the June 16, 2020 meeting on a motion by Mr. Klocke and seconded by Ms. McMahon and then

confirmed via roll call: Ms. Bonaparte, Mr. Klocke, Ms. McMahon, Treasurer Goldberg and Mr. Riley.

Mr. Behrns directed the Statutory Committee to the Investment Review report and presented the report's analysis. He reviewed the state of the overall economy, the domestic and international equity markets, the bond markets and other capital markets through June 30, 2020. The Statutory Committee and Mr. Behrns discussed the various factors influencing market performance and the impact those factors may have on the Plan. Mr. Behrns reported on the Plan's asset allocation and performance of investments held in the Plan as of June 30, 2020 and July 31, 2020 as compared to benchmarks, and other relevant aspects of the funds offered considering the Plan's Investment Policy Statement. Mr. Behrns identified the breakdown of assets amongst the various investment options available. He also reviewed the management fees for the investments in the Plan, noting that, with two exceptions, the fees for all investments are below the median of the applicable peer group.

Mr. Kroner directed the Statutory Committee to the Empower Report. Mr. Kroner discussed the Plan's asset growth, allocation of contributions and distributions across the Plan's funds, and the increase in the total number of participant accounts.

Treasurer Goldberg commented that the increase of participant accounts is particularly notable considering that the pool of not-for-profit organizations available to adopt the Plan is currently restricted by legislation to organizations employing 20 or fewer employees. Mr. Lynch further commented to the Statutory Committee that 80% of the participating employers of the Plan offer either matching or non-elective contributions to their participants. Treasurer Goldberg and Mr. Klocke discussed the additional financial pressures not-for-profit organizations are experiencing as a result of the pandemic, remarking that the competitive fee and service offering of the Plan is an important component of the employers' strategy to offer competitive benefits to their employees.

Ms. Kane, Ms. Cardinal, Mr. Fellin and Ms. West continued their review of the Empower report noting:

- Participant behavior related to automatic enrollment;
- A decrease in the total number of benefit payments from the Plan for the period April 1, 2020 to June 30, 2020;
- Various engagement strategies government plan sponsors are using to interact with participants during the pandemic;
- Empower's general survey data related to participant actions and planned steps to bridge retirement income gaps;
- The number of new employers adopting the plan through mid-September 2020;
- The reasons why employers chose to adopt or decline participating in the Plan;
- Empower's events and outreach to bring new employers into the Plan, and remarking on the positive impact that Empower's "coronavirus discount" to the Plan's set-up fee has had in engaging prospective employers; and
- Social media and email communication campaign activity for April 1, 2020 – June 30, 2020, highlighting that the email campaigns for May and June resulted in 29% of the email recipients opening the email - higher than the industry average of 23%.

Treasurer Goldberg and Mr. Klocke reiterated that the Plan's strong adoption rate among eligible employers is noteworthy and hope it will be considered when the Commonwealth of Massachusetts's legislature considers increasing or lifting the restriction of eligible employers on the Plan.

Ms. Rooney informed the Statutory Committee that the next meeting is December 17, 2020 at 1:00 p.m. and will be presented via videoconference.

There being no further business to come before the Statutory Committee, the meeting was adjourned by roll call at 2:00 p.m. Eastern Time. Roll Call: Mr. Riley, Ms. Bonaparte, Mr. Klocke, Ms. McMahon and Treasurer Goldberg.