

Massachusetts Defined Contribution CORE Plan

Minutes of the Not-for-Profit Defined Contribution Committee September 14, 2021

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 Sept 14, 2021. Present were Statutory Committee Chair Treasurer Deborah B. Goldberg, and Statutory Committee members Donna Bonaparte, Jim Klocke, and Noreen McMahon. Voting member, James “Chet” Riley was absent.

Also present for all or part of the meeting were Henry Clay, Nicola Favorito, Sarah Kim, Emily Kowtoniuk, David Lynch, Laura Rooney, Caitlin Marksteiner, and Pamela Tobey from the Commonwealth of Massachusetts Office of the Treasurer and Receiver General (“Treasurer’s Office”); Lisa Cardinal, Marybeth Daubenspeck, Heather Kane, Karl Kroner and Liz West of Empower Retirement Services (“Empower”); Chris Behrns, John Flagel, Beth Halberstadt, and Sue Sinclair of Aon Investments USA Inc. (“Aon”) and Jess Constantino from AARP. All guests attended via video- or teleconference.

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

- 1) Agenda for the September 14, 2021 Meeting;
- 2) Draft minutes from the July 12, 2021 Not-for-Profit Defined Contribution Committee Meeting;
- 3) Commonwealth of Massachusetts, Second Quarter 2021, Quarterly Investment Review (the “Investment Report,” prepared by Aon); and
- 4) Massachusetts Defined Contribution CORE Plan, Committee Meeting, September 14, 2021 (the “Empower Report,” prepared by Empower).

With a quorum present, Treasurer Goldberg called the meeting to order at 12:00 p.m. Eastern Time. Roll Call: Mr. Klocke, Ms. Bonaparte, Ms. McMahon, and Treasurer Goldberg.

Treasurer Goldberg noted that the meeting is being conducted via video- and teleconference call in accordance with An Act Extending Certain COVID-19 Measures Adopted During the State of Emergency signed into law by Governor Baker on June 16, 2021. 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.

Treasurer Goldberg introduced Ms. Marksteiner to the Statutory Committee and invited guests as a newly hired Operations Associate for the Plan.

The Statutory Committee approved the meeting minutes from the July 12, 2021 meeting on a motion by Ms. Bonaparte, seconded by Ms. McMahon, and then confirmed via roll call: Ms. McMahon, Ms. Bonaparte, Mr. Klocke, and Treasurer Goldberg.

Mr. Behrns directed the Statutory Committee to the Investment 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, 2021. Mr. Behrns reported on the Plan's asset allocation and performance of investments held in the Plan as of June 30, 2021 as compared to benchmarks and other relevant aspects of the funds offered considering the Plan's Investment Policy Statement. He reviewed the management fees for the investments in the Plan, noting that the fees for all investments are below the medians of the applicable peer groups. During the course of the discussion, the Statutory Committee, Mr. Behrns, and Mr. Lynch discussed the advantages of the Plan's custom glidepath for the Target Date funds as compared to static glidepaths available in the investment marketplace.

Ms. Daubenspeck presented the "Executive Summary" of the Empower Report. Mr. Kroner turned to the "Q2, 2021 Plan Review" section and continued the presentation relaying several metrics including asset growth, contribution history, Plan participation and benefit payment transactions for the quarter ending June 30, 2021. Mr. Klocke and Mr. Kroner also discussed how the percentages of assets by asset class compared to performance expectations and to other organizations. Ms. Kane discussed participant behavior related to automatic enrollment including the number of participants who opted-out but elected savings rate higher than the Plan's default savings rate, and the number of participants who opted-out of using a savings rate measured as a percentage of pay in favor of a fixed dollar amount per paycheck. Noting that 90% of the active participating employers offer employer contributions, Ms. Kane explained the breakdown of contribution types deposited to the Plan including pre-tax, Roth, employer matching and non-elective contributions. She reviewed metrics related to participants' use of Empower's website, managed accounts, and advice. With respect to the Plan's managed accounts, she provided personalization trends amongst its users. The Statutory Committee and Ms. Kane discussed the differences between managed accounts and advice, and the educational resources available on Empower's website intended to help participants understand the differences between the two services.

Ms. Cardinal presented the "Sales Update" section of the Empower Report, informing the Statutory Committee that 19 new organizations adopted the Plan year-to-date as of this meeting, of which 13 selected plan designs that included an employer contribution. She also noted that 4 of the new adopting employers had previously offered a retirement plan that has or will be transferring assets to the Plan. She cited that the discounted start-up fee for members of the Massachusetts Nonprofit Network continues to be beneficial in both prospecting to and winning new adopting employers but is also the primary barrier preventing interested employers from adopting the Plan. The Statutory Committee and Ms. Cardinal discussed potential options to help interested employers manage the start-up fee; Ms. Cardinal agreed to present alternatives, if available, to the Statutory Committee at a later meeting.

Ms. Cardinal analyzed the number of wins based on the Commonwealth of Massachusetts's not-for-profit community with 20 employees or less by sector and geographic region. She discussed the sales pipeline for the Plan and new relationships Empower is building to assist in lead generation.

Ms. West presented the “Marketing and Social Media” section of the Empower Report discussing the campaign results for the quarter ending June 30, 2021, new marketing collateral and graphics, and the social media strategy used for the second quarter.

Treasurer Goldberg informed the Statutory Committee that the next meeting is scheduled for December 8, 2021 at 1:00 p.m. Eastern Time.

There being no further business to come before the Statutory Committee, the meeting was adjourned at 1:00 p.m. Eastern Time by a motion from Ms. Bonaparte, seconded by Ms. McMahon. Roll Call: Ms. Bonaparte, Mr. Klocke, Ms. McMahon, and Treasurer Goldberg.