

Massachusetts Defined Contribution CORE Plan

Minutes of the Not-for-Profit Defined Contribution Committee December 17, 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 December 17, 2020. Present were Statutory Committee Chair Treasurer Deborah B. Goldberg, and Statutory Committee members Donna Bonaparte, Jim Klocke, and Noreen McMahon. Committee member James “Chet” Riley was absent.

Also present for all or part of the meeting were Giuseppe Caruso, Nicola Favorito, 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 Laura Kim of the Georgetown Center for Retirement Initiatives. All invited 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 December 17, 2020 Meeting;
- 2) Draft minutes from the September 22, 2020 Not-for-Profit Defined Contribution Committee Meeting (“Minutes”);
- 3) Commonwealth of Massachusetts, Third Quarter 2020, Quarterly Investment Review (the “Investment Report,” prepared by Aon); and
- 4) Massachusetts Defined Contribution CORE Plan, December 17, 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. Roll call: Mr. Klocke, Ms. Bonaparte, Ms. McMahon and Treasurer Goldberg.

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, M.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.

The Statutory Committee reviewed and approved the meeting minutes from the September 22, 2020 meeting on a motion by Mr. Klocke, seconded by Ms. Bonaparte.

The approval was then then confirmed via roll call: Mr. Klocke, Ms. Bonaparte, Ms. McMahon, and Treasurer Goldberg.

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 September 30, 2020 and through the quarter-to-date. Mr. Behrns reported on the Plan's asset allocation and performance of investments held in the Plan as of September 30, 2020 and November 30, 2020 as compared to benchmarks, and other relevant aspects of the funds offered considering the Plan's Investment Policy Statement. He next 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. Fellin from Empower advised the Committee of the following enhancements to the Plan's offering:

- Effective January 1, 2021, a fee reduction of the annual compliance fee for not-for-profit adopting employers with the employee deferral only plan type;
- Effective January 1, 2021, member organizations of the Massachusetts Nonprofit Network who join the Plan will receive a discounted fee for implementation fee; Mr. Fellin noted that currently this opportunity is for one year; and
- Participants seeking guidance with account distributions now have access to the Retirement Solutions Group offered by Empower.

Mr. Fellin then directed the Statutory Committee to the Empower Report and provided a general overview of the Plan's activities during the third quarter of 2020. Mr. Kroner discussed the Plan's asset growth, breakdown of contributions to the Plan by employee and employer contribution types, and the number of benefit payment distributions for each type of distribution offered.

Ms. Kane, Ms. Cardinal, and Ms. West continued their review of the Empower report, highlighting the following:

- Participant behavior related to automatic enrollment;
- Participant engagement through the voice response unit, web usage and managed accounts;
- The number of new employers adopting the Plan through November 2020;
- The reasons why employers chose to adopt or decline participating in the Plan;
- The pipeline of potential employers interested in joining the Plan in 2021;
- Social media and email communication campaign activity for the third quarter of 2020; and
- Planned marketing and social media campaigns for early 2021.

The Committee requested that Empower identify the website pages where participants spent the most time and include that information at the next scheduled meeting.

The Statutory Committee, Mr. Lynch and Empower discussed the benefits of a multiple employer plan ("MEP") as compared to state sponsored auto-IRA programs, noting that MEPs allow for participants to save more for retirement due to higher annual contribution limits and offer plan sponsors the ability to offer matching or non-elective contributions. At the direction of the Committee, Empower agreed to develop education plans for current

and potential adopting employers to understand the difference between the Plan and state sponsored auto-IRA programs.

Ms. Rooney informed the Statutory Committee that the next meeting will be scheduled in the upcoming weeks and distributed to all members. The meeting will be presented via videoconference.

There being no further business to come before the Statutory Committee, the meeting was adjourned by unanimous vote of the committee at 2:10 p.m. Eastern Time on a motion by Ms. Bonaparte and seconded by Ms. McMahon. Roll Call: Ms. McMahon, Ms. Bonaparte, Mr. Klocke, and Treasurer Goldberg.