

# Massachusetts Defined Contribution CORE Plan

## Minutes of the Not-for-Profit Defined Contribution Committee July 10, 2019

The Not-for-Profit Defined Contribution Committee (the “Statutory Committee”) for the Massachusetts Defined Contribution CORE Plan (the “Plan”), met, pursuant to notice, at the offices of the John W. McCormack State Office Building in Boston, Massachusetts, on July 10, 2019. Present were Committee members Treasurer Deborah B. Goldberg, Chair, Valerie Basset (via teleconference), Donna Bonaparte, Jim Klocke, and James “Chet” Riley (via teleconference).

Also present by invitation were Giuseppe Caruso, Henry Clay, Alethea Harney, Emily Kowtoniuk, David Lynch, Emily Robbins, Laura Rooney of the Commonwealth of Massachusetts Office of the Treasurer and Receiver General; Lisa Cardinal, John Fellin, Karl Kroner and Liz West of Empower Retirement Services (Empower); and Beth Halberstadt and Bridget Steinhart of Aon Hewitt Investment Consulting, Inc. (AHIC). Ms. Steinhart attended via teleconference.

A week in advance of the meeting, the following documents were distributed to the Committee members:

- 1) Meeting Agenda;
- 2) Draft Minutes from the April 4, 2019 Meeting;
- 3) Commonwealth of Massachusetts, First Quarter 2019, Quarterly Investment Review (the “Investment Report,” prepared by AHIC); and
- 4) Massachusetts Defined Contribution CORE Plan, Committee Meeting, July 10<sup>th</sup>, 2019 (the “Empower Report,” prepared by Empower Retirement).

Paper copies of the same documents were again distributed at the meeting.

With a quorum present, Treasurer Goldberg called the meeting to order at 1:10 p.m. Eastern Time.

Treasurer Goldberg advised attendees of the recording parameters under Open Meeting regulations 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 then noted that Ms. Basset, Mr. Riley, and Ms. Steinhart of AHIC were participating in the meeting remotely.

The Committee reviewed and approved the minutes from the April 4, 2019 meeting.

Ms. Halberstadt directed the Statutory Committee to the Investment Review report for the first quarter of 2019. She provided a market update, commenting on the economy through the first quarter of 2019 and recent developments, and reported on the Plan’s asset allocation and performance of investments held in the Plan as of March 31, 2019, and through May 31, 2019, as compared to benchmarks and other relevant aspects of the

funds offered considering the Plan's Investment Policy Statement. Ms. Halberstadt addressed AHIC's best thinking with respect to fund "watch lists" in general, and the Investment Committee's role with respect to the funds. As part of her discussion, she discussed fund fees as compared to their benchmarks, and indicated that while fund fees include advisory fees, all are at or below the median benchmark.

Ms. Halberstadt advised the Statutory Committee that AHIC met with the Commonwealth of Massachusetts CORE Investment Committee (Investment Committee) in June, which included a deep dive analysis of the Plan's investment structure. She also indicated that AHIC will meet again with the Investment Committee this September and plans to address a deep dive of the target-date series offering and core fund offerings.

Ms. Halberstadt addressed proposed U.S. retirement program legislation, particularly SECURE ACT legislative activity. Treasurer Goldberg compared and contrasted the SECURE ACT to the Secure Choice bills that have been proposed on Massachusetts floor.

Attendees from Empower joined the meeting. Mr. Fellin advised the Committee of the topics each team member would address. He directed the Committee to the Empower Report. Among other comments, Mr. Kroner and Ms. Cardinal summarized the following activity related to the Plan for the first quarter of 2019:

- Plan asset growth and the increase total participants, noting that the Plan included 43 adopting employers as of March 31, 2019;
- Managed Account usage in the Plan; and
- The process of educating employees pre-enrollment as to Plan provisions and investment options.

Ms. Cardinal referred to the Empower Report and addressed statistics and high-level information regarding the Plan's adopting employers (including the campaign or event leading to wins), reasons for losses, and pipeline activity. In the course of her discussion, she reviewed a list of additional strategies, including the calendar of scheduled events, and noted the favorable impact of a recent Public Service Announcement.

Ms. West referred to the same report and led a discussion of the marketing strategy and the role social media plays in the marketing focus; highlighting the Facebook and LinkedIn postings developed by Empower. In response to a question by the Committee, Ms. West agreed to address the potential to use Instagram as part of the social media strategy.

There being no further business to come before the Committee, the meeting was adjourned at 2:10 p.m. Eastern Time.