

# Massachusetts Defined Contribution CORE Plan

## Minutes of the Not-for-Profit Defined Contribution Committee June 16, 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 June 16, 2020. Present were Committee Chair Treasurer Deborah B. Goldberg, and Committee members Donna Bonaparte, Jim Klocke, and Noreen McMahon. Committee member James “Chet” Riley was absent.

Also present were Giuseppe Caruso, Henry Clay, Nicola Favorito, Emily Kowtoniuk, David Lynch, Jacqueline Purmort-LaBue, Emily Robbins, Laura Rooney, and Liz Zelnick from the Commonwealth of Massachusetts Office of the Treasurer and Receiver General; Lisa Cardinal, Marybeth Daubenspeck, Heather Kane, Karl Kroner and Liz West of Empower Retirement Services (“Empower”); and Chris Behrns, Beth Halberstadt, and Sue Sinclair of Aon Investments USA Inc. (“Aon”); and Angela Antonelli of the Georgetown Center for Retirement Initiatives.

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

- 1) Agenda for the June 16, 2020 Committee Meeting;
- 2) Draft minutes from the March 10, 2020 Not-for-Profit Defined Contribution Committee Meeting;
- 3) Commonwealth of Massachusetts, First Quarter 2020, Quarterly Investment Review (the “Investment Report,” prepared by Aon);
- 4) Commonwealth of Massachusetts CORE Plan Fee Reductions (the “Fee Report,” prepared by Aon); and
- 5) Massachusetts Defined Contribution CORE Plan, June 16, 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.

The Statutory Committee reviewed and approved the meeting minutes from the March 10, 2020 meeting via roll call: Ms. Bonaparte, Mr. Klocke, Ms. McMahon and Treasurer Goldberg.

Mr. Behrns directed the Statutory Committee to the Investment Review report and presented the report's analysis via videoconference. He reviewed the state of the overall economy, the domestic and international equity markets, the bond markets and other capital markets through March 31, 2020 and commented on the year-to-date market volatility. Mr. Behrns reported on the Plan's asset allocation and performance of investments held in the Plan as of March 31, 2020 and April 30, 2020 as compared to benchmarks and other relevant aspects of the funds offered considering the Plan's Investment Policy Statement.

Referring to the Fee Report, he informed the Statutory Committee that the investment fees for all funds offered in the Plan have been reduced. Reviewing the report via videoconference, he noted the reductions were the result of fee concessions from both State Street Global Advisors regarding its underlying fund fees (effective May 31, 2020) and Aon in its role as Outsourced Chief Investment Officer and investment manager to funds held in the Plan became effective April 30, 2020.

Mr. Kroner directed the Statutory Committee to the Empower Report and presented it via videoconference. Ms. Daubenspeck informed the Statutory Committee of Empower's response to the coronavirus pandemic with respect to its employees, business continuity, data security, and community support through an increased match of employee donations.

Mr. Kroner, Ms. Cardinal, Ms. West and Ms. Kane reviewed the report and commented on the following areas:

- The Plan's asset growth, contribution inflows, and managed account usage;
- At Ms. Bonaparte's prompting, participant activity related to full and partial withdrawals through March 31, 2020 was reviewed. Ms. Rooney noted that she continues to watch distribution activity closely;
- Participant activity related to the investment of contributions, auto-enroll and web usage;
- Formal and verbal notification of 10 new adopting employers year-to-date in 2020, noting the outreach approach and reasons contributing to the win;
- The pause in prospecting and sales activity during the second quarter of 2020 due to the coronavirus outbreak, and the pipeline of prospects interested in the Plan;
- In a concession on its own fees, Empower's \$625 start-up fee reduction for employers that commit to join the Plan between May 15 and August 31, 2020;
- Details of a proposed start-up fee discount available to members of the Massachusetts Nonprofit Network beginning January 2021; and
- An update on the 2020 digital marketing campaigns through March 31, 2020.

During the course of the conversation, Mr. Klocke asked Mr. Kroner and Mr. Lynch to compare the participant activity in the Plan as compared to the Commonwealth of Massachusetts Employees Deferred Compensation Plan ("the SMART Plan") or Empower's other clients. Mr. Lynch responded that participant activity is comparable to the SMART Plan noting that the high adoption rate of each plans' respective target date funds and managed accounts assist participants navigating through periods of market volatility. Ms. Halberstadt asked Mr. Kroner how many employers are contributing a matching contribution and to what extent, if any, participating employers in the Plan have changed the matching contribution resulting from cash flow concerns resulting from the outbreak. Mr. Lynch responded that 75% of the participating employers currently offer an employer contribution.

Treasurer Goldberg and Mr. Klocke commented that the timing of the coronavirus outbreak exacerbated the decrease in funding and donations for many not-for-profit organizations across the Commonwealth of Massachusetts. Mr. Klocke noted that first and second quarter as typically key periods for nonprofit fundraising events. Treasurer Goldberg asked the Statutory Committee and Empower be mindful of this when working with the Plan's current and prospective adopting employers.

Upon inquiry from Treasurer Goldberg, Ms. Rooney noted that proposed dates for the next meeting had been distributed.

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: Ms. McMahon, Mr. Klocke, Ms. Bonaparte and Treasurer Goldberg.