



MEETING MINUTES

Defined Contribution Plans – 401(k), 457(b)
February 14, 2020, 10am - Human Resources (Room 124C)

In attendance:

Bolton (Investment Consultant)

Mike Beczkowski, Sr. Consultant, Director of Marketing

Committee Members present:

Tim Burke, County Attorney

Werner Mueller, Retirement Plans Manager

Rob Burk, Comptroller

Charles Beckhardt, Technology Services

Nancy Newcomer, Judicial Assistant, Circuit Court

Committee members unable to attend:

Deb Effingham, Bureau Chief, Budget

Kimberly Frock, HR Director

- Committee Vote: Committee voted unanimously to lower age requirement from 70.5 to 59.5 for in-service withdrawals within the 457(b) Plan. A provision of the Secure Act, passed in Dec. 2019, permitted this change. Werner to contact Lincoln on Tues., 2/18 to amend the Volume Submitter document accordingly.
- Year-to-date returns, as of 2/13/2020, are positive across all fund options with the exception of Victory Sycamore (down 1.3%). Mike spoke highly of the economy – no red flags, inflation remains low, employment numbers continue to be strong, Fed willing to be accommodative, wage growth strong even on the bottom of the wage ladder, crude oil dipped to the low \$50's recently. No change regarding our fund lineup - nearly all funds have their 5-year risk and return in the upper left quadrant, signifying relatively high returns with lower volatility, i.e., the best of both worlds. No funds on "Watchlist."
- Some market tidbits from Mike – The 2010's was first decade in history without a recession. The S&P 500 price/earnings ratio is currently a bit over 18 – not too far above the historical norm of 16, so while the market is not deemed to be "cheap," it doesn't appear to be frothy, either. The TRP Growth Stock Fund, while performing quite



well, is underperforming its peers, primarily because AAPL and MSFT are not top holdings in its portfolio. Overall, "growth" is still outperforming "value." The S&P's 31.5% return in 2019 was the second highest yearly return this century.

- Mike met with a couple of TRP fund manager's recently. He was impressed by the quality and the breadth of their company visits. Learned from TRP that, in their opinion, 32% of the S&P 500 is subject to secular risk (e.g., disruptors within certain industries, change in consumer habits, regulatory change that is long-term, etc.)
- Lincoln is moving from Fee Leveling to Fee Equalization. Fee Leveling became a best practice a few years ago in an effort to offer greater clarity toward recordkeeping and administrative fees that participants pay. However, when using revenue-based share classes, the collection process complexity increased.
- With Fee Equalization, participants will have increased fee transparency by seeing the fees for each investment. Quarterly fees will now occur on the 4th day of the month following a quarter. Up until now, they had been charged on the 15th day of the 3rd month of the quarter.
- Mike reviewed three funds – Columbia Small-Cap Growth, John Hancock Disciplined Mid-Cap Value, and Victory Sycamore – that, when accounting for the Fund Credit, have a lower net cost in a different share class from the one that is currently used. Per the Committee's unanimous consent, Mike will contact Lincoln to inform them of the change in share classes amongst these three funds.

Following the meeting, Mike and Werner discussed dates for the next round of one-on-one investment consultations. County Office Building = Tues., Apr. 7, Thurs., Apr. 23, and Wed., Apr. 29. Maintenance Center = Wed., Apr. 15.