

Kristy Bixler
Director, Human Resources
410-386-2129, fax 410-840-3671
MD Relay 711/800-735-2258
email: kbixler@carrollcountymd.gov



Department of Human Resources
Carroll County Government
225 North Center Street
Westminster, Maryland 21157

Carroll County Defined Contribution Plans – 401k/457b
August 5, 2024, 9:45am, Room 124C
Meeting Minutes

In attendance:

Mike Beczkowski – Bolton, Sr. Consultant
Werner Mueller – Retirement Plans Mgr.
Tim Burke – County Attorney
Alison Jones – Circuit Court
Heidi Pepin – Bureau Chief, Budget

Unable to attend:

Charles Beckhardt – Technology Services
Kristy Bixler – Human Resources

Talking point from Werner:

Proposed changing hardship withdrawal availability sources to include investment earnings and employer matching dollars. The IRS has reduced its restrictions to these hardship sources in recent years. This change would enable participants (especially long-time participants) to be better able to withdraw funds for hardship purposes. **The proposal was approved unanimously, 6-0, by Committee members.** Lincoln Financial, the Plan Provider, has been informed.

Talking points from Mike (from JP Morgan report):

- As of July 30, 2024, there is still a large weighting – 35.1% - of the top 10 stocks in the S&P 500.
- In 2024, the “Magnificent 7” stocks – AAPL, AMZN, GOOG, META, MSFT, NVDA, and TSLA - in the S&P 500 have accounted for half of the returns in the S&P 500.
- As of July 30, 2024, 44% of Small Cap companies are unprofitable. This has been consistent during prior poor “events” in the economy.

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- As of July 30, 2024, “value” stocks have finally begun to perform well in comparison to “growth” stocks. Returns are more similar between the two investing styles in comparison to recent years.
- While consumer personal savings were strong during Covid-19, it has now deteriorated since then to below pre-pandemic levels. The effects of the Fed creating “easy money” are wearing off, so along with rising inflation, the consumer may now be getting overextended.
- The Federal Reserve’s balance sheet has grown from sub-\$1T in 2008 to \$7T today. The Great Financial Crisis of 2007-2009 accelerated the deficit and it then accelerated further in 2020 due to Covid, hitting a high of \$9T in 2022.
- The yield curve (yields on 2 yr. T-bills versus yields on 10-yr. T-bonds) has been continuously inverted since July 2022 – a record. With the recent economic news and market turmoil, that inversion has tightened significantly.

From Bolton’s 401k/457b quarterly report:

- The “quilt,” which reflects annual asset class performance, indicates outstanding returns in Large-Cap Growth over the past several years, with Small caps and emerging markets lagging well behind.
- Two of the funds in our lineup – TRP Mid-Cap Growth and Victory Sycamore Small Co. Opps. – have significantly underperformed their benchmark over the past 12 months. However, these funds take on very little risk versus the rest of their peer group, so Bolton is not overly concerned.
- As of 6/30/2024, assets total nearly \$92M in the 401k and 457 Plans, combined. Participants and assets continue to grow within the YourPath portfolios.
- Only 7.1% of all Plan assets are invested in Lincoln’s Stable Value Fund. This is perceived as good news as employees are not being overly cautious when investing their retirement funds.
- There are no funds on “Watchlist.” All is well with our investment lineup.

The next quarterly meeting will be sometime in November. Date and time TBD.

Following the meeting, Mike and Werner discussed potential one-on-one employee consultation dates and a group seminar. We’ve tentatively agreed to 9/24 for the group seminar and 10/17, 10/29, 10/31, and 11/12 for the individual meetings.