

**457 Deferred Compensation Plan  
Administrative Committee Annual Retreat**

**Jan. 25, 2023 - 9:30 am – 4:00 pm  
Airport Office Building, Room 4E  
Agenda**

9:30 a.m. to 10:00 a.m. <i>30 minutes</i>	<ul style="list-style-type: none"> <li>Executive session</li> </ul> Discuss RFP for the consultant/investment advisor and review the current contract scope of work	Committee only
10:00 a.m. to 10:10 a.m. <i>10 minutes</i>	<ul style="list-style-type: none"> <li>Welcome &amp; Introductions</li> <li>Land acknowledgment</li> <li>Approval of November 2022 meeting minutes</li> </ul>	Committee Chair
10:10 a.m. – 10:50 a.m. <i>40 minutes</i>	<ul style="list-style-type: none"> <li>2023 Budget Review</li> <li>Investment Policy Statement Update</li> <li>Review Administration Policy &amp; Procedures Document</li> </ul>	All
10:50 a.m. to 11:00 a.m. <i>10 minutes</i>	BREAK	
11:00 a.m. to 11:50 a.m. <i>50 minutes</i>	<ul style="list-style-type: none"> <li>2023 Strategic Plan               <ul style="list-style-type: none"> <li>CFP updates</li> <li>Marketing &amp; Communications</li> <li>Educational/webinar series</li> </ul> </li> </ul>	Mission Square Retirement <ul style="list-style-type: none"> <li>Patty Harte</li> <li>Sonia Rogers</li> </ul>
11:50pm to 12:00pm <i>10 minutes</i>	<ul style="list-style-type: none"> <li>Announcements / Discussion time</li> </ul>	
12:00 p.m. to 12:45 p.m. <i>45 minutes</i>	<ul style="list-style-type: none"> <li><b>LUNCH</b></li> </ul>	
12:45 pm – 2:30 pm <i>1.5 hours</i>	<ul style="list-style-type: none"> <li>Introduction of Ted Grigsby</li> <li>Secure Act 2.0 Update</li> <li>Training: Investments for Fiduciaries</li> <li>Training: Target Date Fund Design &amp; Purpose</li> </ul>	Hyas Group <ul style="list-style-type: none"> <li>Greg Settle</li> <li>Ted Grigsby</li> </ul>
2:30 p.m. to 2:45 p.m. <i>15 minutes</i>	<ul style="list-style-type: none"> <li>BREAK</li> </ul>	
2:45 p.m. to 4:00 p.m. <i>1 hour &amp; 15 minutes</i>	<ul style="list-style-type: none"> <li><del>Review: Updated “Fees Matter” Piece</del></li> <li>Training: Stable Value Fund Basics</li> <li>Manager Search: Alternatives to T Rowe Price Growth Stock Fund</li> </ul>	Hyas Group <ul style="list-style-type: none"> <li>Greg Settle</li> <li>Ted Grigsby</li> </ul>
4:00 p.m. to 4:20 p.m. <i>20 minutes</i>	<ul style="list-style-type: none"> <li>Announcements / Discussion</li> </ul>	
<b>Next meeting: March 22, 2023 MS TEAMS</b>		

## **457 Deferred Compensation Plan Administrative Committee Annual Retreat**

Committee members in attendance:

- Elizabeth Morrison, Eric Baird, Tammy Woodard, Milton Ellis, Taesan Hose, Shawn Griffin, Don Kelley

Staff members in attendance:

- Sherie Chipperfield, Human Resources
- Eloise Olivar, Accounting and Financial Reporting

Guests in attendance:

- Greg Settle, Hyas Group
- Ted Grigsby, Hyas Group
- Patricia Harte, Mission Square Retirement
- Sonia Rogers, Mission Square Retirement
- Jennifer Lynch, Mission Square Retirement

**Meeting called to order. On 1/25/2023 at 9:37 a.m**

### **Welcome/Land Acknowledgment**

Approval of 2022 Q4 minutes will be reviewed at the 2023 first quarter meeting set for March 22, 2023.

### **2023 Budget Review and Forecasting**

The Committee discussed the recommended 2023 budget including the Hyas fee, NAGDA membership costs, and the need for Committee training which includes funds for everyone to attend the upcoming NAGDA conference that is being held in Seattle this year. The Committee plans to discuss communication spending at this meeting as well as go over how expenses are allocated to different accounts. The Committee discussed the amount of funds in the administrative fee accounts and noted a negative balance in the Supplemental 401(a) Plan's account. There is a \$11,700 deficit in the 401A non-represented account that needs to be researched. The Committee discussed how the Fee Holiday did what it was supposed to do and brought the balances down in the Port's Administrative account. Hyas Group will also prepare a review of the adequacy of the current Administrative Fee to meet expenses, and the vulnerability of the Administrative Fee to further market declines. These reviews will be presented at the March 22 meeting of the Committee.

### **Document Review: Investment Policy Statement (IPS)**

The Committee reviewed the draft of the amended Investment Policy Statement (IPS) that Hyas Group provided which contained minor updates related to the maturing out of age vintages in the Vanguard Target Retirement Fund suite and minor descriptive edits. The Committee voted to approve the updated document. Hyas Group will send a clean copy for signature in the coming weeks.

## **457 Deferred Compensation Plan Administrative Committee Annual Retreat**

**VOTE:**

Shawn Griffin moved to accept recommended changes by Hyas Group to the IPS.

Seconded: Milton Ellis

All approved: yes

Opposed: no

### **Document Review: Administration Policy & Procedures**

The Committee reviewed the draft of the amended Administration Policy & Procedures and voted unanimously to adopt it.

**VOTE:**

Motion: Milton Ellis moved to accept recommended changes to the Administration Policy & Procedures

Seconded: Taesan Hose

All in favor: yes

All opposed: no

### **BREAK 10:50am to 11:00am**

### **Mission Square Retirement: 2023 Strategic Plan**

MissionSquare introduced their team.

**CFP Updates:** Doug Headley, CFP, works with individuals that have \$1 million or more in their retirement accounts for a free financial plan. Brian Koch, CFP, is teaming with Doug to work with individuals that have \$50,000 or more in their retirement accounts for a free financial plan.

### **2022 Communication Recap**

Sonia Rogers discussed financial wellness was the focus of education and events. Patty Harte presented what was delivered per the 2022 communication strategy:

- Feb: America Saves Week communication
- Mar: Investing Basics; Spend a little, save a little more
- April: Save and Invest Smart Spend a Little, Save a Little More
- May: Market Volatility: Focusing on What's In Your Control; Retirement Saving Myths
- June: Simplify Your Retirement Accounts; Keep Calm and Save On (Market Volatility)
- Sept: RPS Webinar: Why Save Now? Keep on Track
- Oct: CFP® Webinar: Social Security & Retirement Income Planning
- Nov: CFP® Webinar: Women & Money
- Dec: CFP® Webinar: Estate Planning Basics

\*January, July and August did not have a specific communication strategy provided in the presentation.

## **457 Deferred Compensation Plan Administrative Committee Annual Retreat**

### **2023 Communication Strategy**

For the 2023 communications plan, MissionSquare plans to create up to five webinars each month to refresh content and, quarterly, pre-recorded webinars will be available. Jennifer Lynch, Channel Marketing Manager, went over the 2022 communication engagement numbers. MissionSquare outreach uses data driven solutions emails that meet or exceed benchmark theme goals for each quarter.

#### 2023 Goals & Objectives

- Q1 (January to March) – “Start Saving Early” communication to new hires. New webinar on navigating the new website. “Start Your Journey” communication to all employees.
- Q2 (April to May) – “Spend a little, save a little” and “Spend a Little, Save a Little More” webinars.
- Q3 (July to September) - Retirement Fair for pre-retirees with panels for representatives from DRS, Social Security, SHIBA, and a psychologist. Also retention communication to current retirees informing them that they are able to keep their money in the plan.
- Q4 (October to December) - Communication to our mid-career employees to stay on track and that it is never too late to start investing.

### **Technology Updates**

Patty addressed the issues that occurred with the transition to the new MissionSquare platform. The Committee discussed delays in investments being funded with the transition to the new platform. Challenges happened with the Port’s Accounting department confirming MissionSquare’s new bank account in a timely manner. Contributing factors were identified as MissionSquare not providing implementation testing to double check the Port’s process for updating banking information. The Port has a rigorous process to vet any changes to banking information for our vendors which can take weeks to complete.

Eloise Olivar joined the call to discuss the delays that happened with payroll and depositing employee transactions in a timely manner for the first 2 payroll file feeds into the new platform. The new file format MissionSquare is now requiring was part of the transition that was not originally preplanned and tested in advance during implementation.

The Committee discussed that the old rule requiring changes in contributions to go into effect the first of the month following the change is eliminated due to the Secure Act 2.0 and that our internal Port processes need to be updated immediately.

MissionSquare also addressed issues with the call center wait times that were exceptionally long. To prepare for the platform transition, MissionSquare increased their call staff prior to the new platform going live but the call volumes that occurred were still overwhelming to address even with their increased staff. Issues contributing to the increased volumes that occurred were password resets and payroll file issues. Previously, users needed to call MissionSquare to reset

## **457 Deferred Compensation Plan Administrative Committee Annual Retreat**

their passwords which accounted for 30 to 40% of the call volume. MissionSquare is now allowing users to request password resets through the website so that is helping with call volume. For the payroll file issues, a new file format was introduced and that accounted for most of the call volume.

The Committee expressed interest in engaging online enrollment in the 457 Plan. It was noted that this feature has been engaged by other large clients of MissionSquare in the recent past. MissionSquare was asked to provide information on how this feature might work and requirements for engaging it at the March 22 meeting. Hyas Group will review the functionality and efficiency of the feature at other Hyas Group clients and provide comments.

### **LUNCH BREAK 12:00pm to 12:45pm**

#### **Hyas Group**

Greg Settle introduced Ted Grigsby; the Hyas Group Senior Consultant who has been named as the co-consultant to the Port of Seattle plans. Ted will assist Greg and serve in his absence if Greg is unable to attend a meeting in the coming months.

#### **Secure Act 2.0 Review**

The Hyas Group provided an overview of the “Secure Act 2.0” legislation that was signed into law in late December of 2022. As was noted, many aspects of this legislation will need to be clarified by the IRS and the Department of Labor in the coming months. Hyas Group will provide available updated information at the March 22 Committee Meeting. Hyas Group will also seek to determine if the provision allowing employer matching contributions to a 401(a) Plan that are triggered by employee contributions to a 457(b) plan may be “Roth” post-tax contributions, per the legislation.

#### **Other notable changes in the Secure Act 2.0**

- The RMD (Required Minimum Distributions) age for 2023 is now 73 (formerly 72 years of age in 2022). It will be 75 in 2033 as it moves up gradually on a schedule starting January 1, 2025.
- Starting immediately in 2023, the first day rule is eliminated, meaning contribution changes now take effect the following pay period instead of waiting for the first of the month following contribution changes being requested.
- Starting in 2024, all catch up contributions must be made as Roth contributions for employees that earn over \$145,000 per year.
- Starting in 2025, employees aged 60 to 63 can increase their contributions by \$10,000 each year.

## **457 Deferred Compensation Plan Administrative Committee Annual Retreat**

### **Training: Investments for Fiduciaries**

Ted Grigsby presented training to the Committee on Investments for Fiduciaries. The training explained how Retirement Plan Fiduciaries have a duty to monitor (which is a continued responsibility) and a duty to diversify. The presentation covered investment options and risk analysis. It was asked how the Hyas Group selects performance benchmarks and peer groups for investments that it evaluates and monitors. Hyas Group will provide an overview of this process at the March 22 Committee meeting.

### **Training: Target Date Fund Design & Purpose**

Hyas Group provided training on Target Date Funds and a review of the Vanguard Target Retirement suite. This included presentation of information about the opportunity to utilize the Commingled Investment Trust (CIT) version of the fund suite within the Port of Seattle Plans. Greg noted that there are substantial foreign tax savings available through the CIT version of the suite compared to the mutual fund product. The Committee asked for clarification about the amount, source, and impact of this tax savings to be provided at the next meeting of the Committee in March. At that time the Committee will also consider moving the Plans' TDF assets into the CIT product. It was noted that Hyas assisted the Port with developing and implementing a survey of participants about their goals and the role of the Port's DC plans in their financial lives, back in 2018. It was agreed that conducting a new survey might be appropriate at this time. Hyas Group will be prepared to collaborate on content and goals for a new survey at the next meeting of the Committee in March.

### **Training: Stable Value Fund Basics**

Hyas Group provided training on Stable Value Fund basics. The Stable Value asset class remains unique from other defined contribution plan options because it generally offers higher returns than cash while offering stability, liquidity and protection from negative returns. The MissionSquare PLUS fund has a long history of providing competitive crediting rates while maintaining a stable risk profile and appears poised to continue delivering. Through its contract with MissionSquare, the Port of Seattle receives a lower-cost share class (R12), which is typically reserved for assets over \$100 million.

### **Manager Search: Alternatives to T Rowe Price Growth Stock Fund**

The Hyas Group presented a manager search for alternatives to the T Rowe Price Growth Stock Fund, following consecutive quarters of underperformance relative to the standards of the Investment Policy Statement. The Committee was most interested in the JP Morgan Large Growth R6 Fund. The Committee asked if Hyas Group can provide any further information about this fund's management team and succession planning for the team's leadership. Hyas will provide this information at the next meeting when the Committee resumes deliberations about how to proceed with the fund manager selection for this asset class.

## **457 Deferred Compensation Plan Administrative Committee Annual Retreat**

### **Review: Updated “Fees Matter” Piece**

The Hyas Group was unable to obtain the accurate fee information needed to prepare an updated version of the “Fees Matter” participant education piece about the merits of keeping assets in the Port’s plans after retirement in time for this meeting. The Hyas Group will present the updated document to the Committee at the March 22 meeting.

The meeting adjourned at 3:58 pm. The next meeting will be held on March 22, 2023 via MS Teams.