

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

**February 1, 2024 - 9:30 am – 4:20 pm  
Airport Office Building, Room 4E  
Agenda**

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| 9:30 a.m. to 9:40 a.m.<br><i>10 minutes</i>              | <ul style="list-style-type: none"> <li>Welcome &amp; Introductions</li> <li>Approval of November 2023 meeting minutes</li> </ul>  | Committee Chair  |
| 9:40 a.m. to 10:00 a.m.                                  | <ul style="list-style-type: none"> <li>2024 Budget Review</li> </ul>  | All  |
| 10:00 a.m. to 10:45 a.m.<br><i>45 minutes</i>            | <ul style="list-style-type: none"> <li>Manager Presentation: Vanguard Target Retirement Funds In-Depth</li> </ul>   | Vanguard group (online)  |
| 10:45 a.m. – 11:00 a.m.<br><i>15 minutes</i>             | <b>BREAK</b>  |  |
| 11:00 a.m. – 12:00 p.m.<br><i>1 hour</i>                 | <ul style="list-style-type: none"> <li>Investment Policy Statement Update</li> <li>Administration Policy &amp; Procedures Document Review</li> <li>CIT and Brokerage Update for Police and Fire 401(a)plans</li> <li>Participant Survey</li> <li>Retirement Planning Event</li> </ul> | All  |
| 12:00 p.m. to 12:45 p.m.<br><i>45 minutes</i>            | <b>LUNCH</b>  | Potato Bar & Salad   |
| 12:45 p.m. to 1:35 p.m.<br><i>50 minutes</i>             | <ul style="list-style-type: none"> <li>2024 Strategic Plan <ul style="list-style-type: none"> <li>CFP updates</li> <li>Marketing &amp; Communications</li> <li>Educational/webinar series</li> </ul> </li> <li>IRA products</li> </ul>  | Mission Square Retirement <ul style="list-style-type: none"> <li>Tim Oster (in-person)</li> <li>Sonia Rogers (online)</li> </ul> |
| 1:35 pm – 2:30 pm<br><i>55 minutes</i>                   | <ul style="list-style-type: none"> <li>Secure Act 2.0 Optional Provisions Update</li> <li>Training: Fiduciary Fundamentals</li> </ul>   | Hyas Group <ul style="list-style-type: none"> <li>Ted Grigsby (in-person)</li> </ul>   |
| 2:30 p.m. to 2:40 p.m.<br><i>10 minutes</i>              | <b>BREAK</b>  |  |
| 2:40 p.m. to 4:00 p.m.<br><i>1 hour &amp; 20 minutes</i> | <ul style="list-style-type: none"> <li>Training: Artificial Intelligence - Influence on Financial Services and Investing</li> <li>Update on Stable Value Fund</li> <li>Investment Line-up Review</li> </ul>   | Hyas Group <ul style="list-style-type: none"> <li>Ted Grigsby (in-person)</li> </ul>   |
| 4:00 p.m. to 4:20 p.m.<br><i>20 minutes</i>              | <ul style="list-style-type: none"> <li>Announcements / Discussion</li> </ul>  | All  |

**Next meeting: April 2, 2024  
MS TEAMS**

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

Committee members in attendance:

- Elizabeth Morrison, Eric Baird, Kecia Reichstein, Milton Ellis, Taesan Hose, Shawn Griffin, Eloise Olivar

Staff members in attendance:

- Sherie Chipperfield, Human Resources
- Teddy McDonald, Human Resources
- Chandra Winston, Human Resources

Guests in attendance:

- Ted Grigsby, Hyas Group
- Tim Oster, Mission Square Retirement
- Sonia Rogers, Mission Square Retirement
- Jennifer Lynch, Mission Square Retirement

**Meeting called to order. On 2/1/2024 at 9:34 a.m**

## **Welcome & Introductions**

The Committee members and financial services representatives introduced themselves. Kecia Reichstein and Eloise Olivar were welcomed to the committee as new members.

## **Approval of November 2023 meeting minutes**

### **VOTE:**

Elizabeth Morrison moved to approve the November 2023 meeting minutes.

Seconded: Milton Ellis

All approved: yes

Opposed: no

## **Investment Policy Statement Update**

Ted Grigsby from Hyas Group went over the Investment Policy Statement in detail and explained each concept and best practices for the document including the purpose, responsibilities, selection and watch criteria, investment definitions, and indices. The Committee requested that the composition and underlying indices of the “custom benchmark” be outlined in the document. Hyas Group will provide a draft update for the Committee to review at the Q2 meeting in April.

## **Manager Presentation: Vanguard Target Retirement Funds In-Depth**

Jerry Buckwalter and Scott Larsen from Vanguard provided an overview of the target date funds and discussed the glide path, asset allocation, and underlying holdings. Ted Grigsby from Hyas stated that Vanguard developed a newer product to their CIT target date suite called the Target Retirement Income and Growth option. This investment option is only available as a CIT and has a 50/50 mix between stocks and bonds. Intended for those who do not want their asset allocation to migrate to the more conservative 30/70 mix of the Target Retirement Income fund, this option would provide a more balanced mix which may be more attractive to those with pensions. The Committee expressed interest in learning more and considering the addition of this option. Hyas Group will follow-up and include in the next Committee meeting for Q2 in April.

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## **2024 Budget Review, Retirement Planning Event & Participant Survey**

The Committee discussed the 2024 budget along with the participant survey and retirement planning event. The Committee is considering locations and event types for the retirement planning event. To have the retirement event offsite and in the evening would cost more than what was outlined in the budget. To save money and hopefully increase the amount of participants, the retirement seminars will be held during the workday as a luncheon. Sherie Chipperfield will work on the details of scheduling the event. Additionally, Sherie Chipperfield has been working on designing the participant survey. The budget will be approved at the Q2 meeting in April.

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

The Committee reviewed the Administrative Policy & Procedures document and discussed the decision-making structure of the Committee and the role each member plays. Of the items discussed Elizabeth and Eric, co-chairpersons, mentioned the prospect of identifying a new chairperson to replace them as they transition off the board in the near term.

### **VOTE:**

Milton Ellis moved to remove limits on length of terms for Committee member.

Seconded: Shawn Griffin

All approved: yes

Opposed: no

Sherie Chipperfield updated the new Exhibit A with the additions of the new members of the committee and removal of term limits and saved it to the Plan Documents file folder for the Deferred Compensation Committee.

## **MissionSquare**

Tim Oster provided an overview from MissionSquare and discussed the plan size, participant support, and other updates happening at MissionSquare. There has been a decrease in the amount of roll ins into the plan but the amount of money being rolled into participants accounts is higher. The total loan outstanding balance isn't at the highest level it's been but it is still trending upward. Tim Oster also presented data on younger participants in the Port plan not participating in investing in international funds.

The Committee discussed MissionSquare's individual IRA service, which is separate from the retirement plan services and not under the fiduciary scope of the Port of Seattle. A participant who selects to use an IRA product from MissionSquare is not operating within the purview of the plan but is making a selection that they deem appropriate for themselves or their significant other. The Port or MissionSquare will not promote these services or offerings at the plan level, however participants may select these services on their own.

## **2024 Strategic Plan**

One notable item that may positively impact participants is that MissionSquare will now be offering their CFP services to all employees despite participant account sizes. Previously this service was only available to those with an account balance of \$40k or more, but as of 2024 is open to all participants. The

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Committee discussed the benefits of a CFP planner and the types of systems they use to support their planning operations. This service will be communicated out to all participants by MissionSquare.

MissionSquare communications to participants will focus on financial wellness, retirement 101 and making sure participants are on track to have the funds they need to retire. Port of Seattle participants have high engagement with MissionSquare resources compared to their benchmark of all clients. In 2023, there was an increase in RPS consultations and an increase in CFP consultations but there was unfortunately a decrease in webinar attendance.

Sherie Chipperfield requested a custom activity to be added to the Port's Total Wellbeing platform that would reward employees for logging into the MissionSquare platform and assigning a beneficiary.

The Committee asked MissionSquare to update us on Cyber Security measures happening at the next meeting for Q2 in April.

### **Hyas**

Ted Grigsby from Hyas provided an overview of Secure Act 2.0 optional provisions. The industry is still awaiting guidance on many of the provisions. The Committee will continue to discuss these items as they become operational and establish a timeline for implementation. MissionSquare will play a significant role in providing details around these provisions and with implementation.

### **Secure Act 2.0 Optional Provisions Update**

- *Higher Contribution Limits for Plan Participants Age 60-63 (Item 109)*  
This provision is mandatory if the plan allows over 50 catch-up so it does not need a committee vote or amendment to implement. HRIS and Payroll will work together on implementing this provision for the 2025 plan year.
- *Employer Matching Contributions of Participant Student Loan Repayment (Item 110)*  
This provision doesn't apply to 401(a) accounts which is the account the Port uses to contribute to employee accounts so the Port cannot participate in this provision.
- *Penalty-Free Distributions for Emergency Expenses (Item 115)*  
This provision doesn't apply to 457 accounts and the Port doesn't currently allow in service distributions for the 401(a) accounts. This could potentially not be an option for MissionSquare to administer. Tim Oster will check.
- *Increasing the Maximum Amount of Mandatory "De Minimis" Distributions (Item 304)*  
MissionSquare will not be doing this since it would be a conflict of interest to force participants into MissionSquare's own IRA product.
- *Exclusion from Taxable Income of some distributions paid to disabled first responders (item 309)*  
This is a mandatory provision that must be implemented for plan year 2027 so more information and clarification will be needed before implementation.
- *Repayment of Qualified Birth or Adoption Distributions (Item 311)*  
This provision allows the employee to repay over 3 years. If the Port currently has this available on plan this provision is mandatory.

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- *Self-Certification of Hardship Claims (Item 312)*  
This provision is possibly available for the 457 plan but more information is needed to make a decision.
- *Penalty-Free Distributions for Victims of Domestic Abuse (314)*  
MissionSquare has worked on a solution for this provision and will be ready to implement for the 2025 plan year.
- *Penalty-Free Distributions for Persons with a Terminal Illness (Item 326)*  
This provision doesn't apply to 457 accounts and the Port doesn't currently allow in service distributions for the 401(a) accounts.
- *Penalty-Free Distributions for Federally Declared Disasters (Item 331)*  
MissionSquare has worked on a solution for this provision and will be ready to implement by second quarter of 2024.
- *Distributions for Payment of LTC Insurance Premiums (Item 334)*  
MissionSquare has worked on a solution for this provision and will be ready to implement for the 2026 plan year.
- *Unique RMD Rules for Special Needs Trusts for Disabled Beneficiaries (Item 337)*  
This provision would be managed by MissionSquare and does not need to be voted on or implemented by the committee.
- *After-tax Roth Catch-up Contributions (item 603)*  
This provision affects age based catch-up contributions and not special catch-up contributions. More clarification and information is needed to implement for plan year 2026.
- *Post-Tax "Roth" Treatment of Employer Contributions (Item 604)*  
This provision doesn't apply to 401(a) accounts which is the account the Port uses to contribute to employee accounts so the Port cannot participate in this provision.

### **Training: Fiduciary Fundamentals**

Ted Grigsby from Hyas provided fiduciary training for the Committee, which focused on "Fiduciary Fundamentals". Ted primarily discussed the national guidelines ERISA provides for plan sponsors. While the Port is a government agency and not subject to ERISA, many consider it best practice to establish strong governance based on the standards outlined in ERISA. The presentation focused on Duty of Loyalty, Duty of Prudence, Duty to follow plan documents, and the Duty to Diversify. The Committee also discussed the practices and processes established that will lead to strong governance.

### **Training: Artificial Intelligence - Influence on Financial Services and Investing**

Ted Grigsby presented information to the Committee about the impacts of Artificial Intelligence on the finance/investment industry including how it works and identified risks and concerns for fiduciaries. While AI is not a new phenomenon, it is becoming more broadly used amongst the industry in almost every aspect and something the Committee aims to be aware of and monitor, as is appropriate. The Committee will continue to discuss this topic as more information and guidance is provided.

**Meeting ended at 4:24pm**