

**Public Employees' Retirement Board
EMPLOYEE INVESTMENT ADVISORY COUNCIL**

100 North Park Avenue, Room 201

Helena MT 59601

October 25, 2018

1:00 PM

ATTENDANCE

Council Members

Patricia Davis, Chair

Tammy Potter, Member

Tim House, Member

Amy Berry, Member

Barb Wagner, Member-Excused

Steve Hagen, Member-Absent

Jim Penner, Member-Excused

Diane Fladmo, Member

Jeff Bollman, Member

James Helgeson, Member

Malissa Williams, Member

MPERA Staff

Beth Long-MPERA

Melanie Symons-MPERA-Chief Legal Counsel

Jenny Weigand –MPERA-Education Supervisor

Joel Thompson – MPERA-Education

Natalie Peeterse- MPERA-Education

Public

Paul Spangler

Kim Stout – HEA

Gary Whitney-Empower Retirement

Chris Heisel-Empower Retirement

Brett Fisher-Empower Retirement

Marybeth Daubenspeck-Empower Retirement

Presenters

Thomas Coughlin, Buck Consulting, LLC

Jenny Weigand, Education Supervisor-MPERA

II. Roll Call (1:01 – 1:54)

III. Public/Member Comment (1:57-3:03)

- Ms. Davis announced that Trish Klock was resigning from the committee, and introduced Kim Stout from HEA, who will be replacing her.
- No public comments
- Audience introductions.

ACTIONS ITEMS

IV. Approval of EIAC meeting minutes-July 26, 2018, 2018 (3:04 – 3:24)

- Jim House moved to approve the minutes, Diane Fladmo second the motion. Approved unanimously.

V. Fund Performance Review-Tom Coughlin Buck Consulting, LLC (3:30 – 1:39:20)

a. Market Review

Mr. Coughlin reviewed current standings and highlights of the Market. U.S. Stocks produced strong returns during the third quarter. Bonds were positive and the emerging market equities were negative, but the Emerging markets debt had a positive second quarter with JP Morgan Emerging Markets Bond index returning +2.3%. The Fed continued to raise the federal fund rate by a quarter point, and three more are expected in 2019. The average hourly earnings continue to rise, and the jobless rate dropped to 3.7% in September. Mr. Coughlin also presented in depth on the US Economy, Fixed Income, and Equities. No Action Taken.

b. 457(b) Deferred Compensation Plan

Mr. Coughlin gave an overview of the performance of the 457(b) Deferred compensation Plan for the quarter ending September 2018. The Plan assets total increased to \$520.82 million. The Plan assets are allocated 45% to the Stable Value Fund, 2% to Bond Funds, 13% to Target Date fund/Balanced funds, 33% to U.S. Equity funds and 8% to International Equity funds. Mr. Coughlin presented on the current Peer Group Rankings for the current funds in the 457(b), along with the three year Risk/Return Profile. Equity Portfolio Style Characteristics were also discussed. Ms. Davis mentioned that Fidelity is coming out with a new fund, and that it would be discussed at the January 2019 meeting, at that time they will also look at three other providers and look at the fee comparisons for all three. No Action Taken.

c. 401(a) Defined Contribution Plan

Mr. Coughlin went over the Plan Overview for the 401(a) Defined Contribution Plan, the assets totaled \$238.48 million as of September 2018, which is up from the previous quarter. The Plan assets are currently allocated as 7% to the Stable Value fund, 2% to Bond funds, 55% to Target Date/Balanced funds, 29% to U.S. Equity funds, and 7% to Internationals Equity funds. Ms. Davis asked Mr. Coughlin if he would recommend a watch on the Oakmark International, he said he would prefer to give it more time to even out, and then look at its performance in the future. Morningstar Benchmarks were also looked at, along with Sector allocation, fee and revenue sharing and general fund information. No Action Taken.

VI. Introduction of MPERA & Empower Staff (1:39:35--1:41:16)

- Jenny Weigand introduced her Staff; Joel Thompson and Natalie Peeterse, Terry Dalton is also on the Education staff, but was currently traveling for presentations. The Empower staff introduced themselves; they are Gary Whitney in Billings, Chris Heisel in Helena, and Brett Fisher in Missoula, they also have Julie Lucas in Helena that manages the office, and their Regional Manager is Cynthia Eggert who is in the Seattle area. MPERA and Empower work jointly with

educating employees and employers on both the 457(b) Deferred Compensation Plan and the 401(a) Defined Contribution Plan.

VII. Discussion of current education outreach (1:41:51-2:50:29)

- Jenny Weigand stated that 18 new employers joined the 457(b) plan since 2015. Education staff strive to get conduct employee education and employer education to encourage people to participate. Many employees and employers are not aware that the plan exists. Retirement readiness is the goal, and they try to accomplish getting the word out through flyers at different locations, and by emailing department heads to set up seminars to educate the employees and employers on retirement readiness. They have also used webinars for training that has had mixed reviews, and low attendance. They are starting a statewide Road Show in hopes to get to more individuals.

Another goal is to find employees or retired members who could advocate how the plan helped them with retirement education and retirement preparedness. They also would like to have Dore Schwinden, as a recognizable figure help in increasing education and seminar attendance.

Jenny stated that each quarter will have a different flyer with targeted messages. They are also looking at simplifying the enrollment process, we have it available on line, but unfortunately it is cumbersome and has not been rolled out to the public yet.

Jenny stated that Empower tracks assets, number of participant contributions, average contributions and active accounts, with this information being gathered it will be available to the committee to review.

In the past sending emails to individuals did not work, due to concerns by ITSD, but even using only a pay roll clerk or department head is still not getting the word out there. The EIAC members all acknowledged that they would look for ways to advocate for the 457(b) plan, along with education about the Plan Choice when choosing either the Defined Benefit plan or the 401(a) Defined contribution plan.

At the January meeting Jenny will let the committee know how the October National Retirement month activities went.

Agenda items for January 24, 2019 (2:50:30 – 2:53:56)

RFP coming up for a Consultant, which Patty and Melanie are working on for the April 2019 Board Meeting.

Malissa Williams has volunteered to participate on the RFP committee

Will look at more data regarding education and the goals

Investment policy discussion

Fidelity Contrafund discussion.

Meeting adjourned 4:07 PM