

CLAYTON COUNTY PENSION BOARD

Deferred Compensation Meeting
11:00 a.m.

February 10, 2022

MINUTES

PRESENT: Terry Hicks, Chairman; Jim Crissey, Vice-Chair; Katherine Dodson, Member; Pamela Ambles, Member.

ALSO PRESENT: Ms. Cass Hollis, Bryan Cave Law Firm; Theodore Loew (T.J.), Graystone Consulting; John Casmedes, Prudential; Kerri Hathaway and Vanessa Sarden, Finance Department.

1. Chairman Hicks called the Deferred Compensation Meeting to order.
2. A motion was made by Mrs. Katherine Dodson to adopt the agenda and her motion was seconded by Mr. Jim Crissey. The vote was unanimous.
3. A motion was made by Mrs. Pamela Ambles to approve and accept the minutes from November 11, 2021 and her motion was seconded by Mr. Jim Crissey. The vote was unanimous.
4. Mr. John Casmedes of Prudential opened and presented the Retirement Plan Summary Review for years 2020-2021. He stated the calendar year 2021 ended with 744 participants, this includes 476 active employees and 268 terminated employees. The average participant balance is approximately \$44,000 and the 2021 year ended with \$33 million in the Plan.

Chairman Hicks stated during the years 2020-2021 the Plan Demographics Summary shows a decrease in participants. Mr. Casmedes suggested the Board add an automatic enrollment function to the Plan to help increase participation.

Mrs. Ambles stated Human Resources has implemented an Employment Relations function aimed at educating, building, and creating goodwill among the employees. Human Resources will also be focusing on making the employees aware of their benefits, which includes the Deferred Compensation Plan.

Mr. Casmedes continued and stated that, as of December 31, 2021, the participation rate in the *Prudential Stable Value Fund* is 54.7% and the percentage of plan assets in the *Prudential Stable Value Fund* is 17.9%.

Mr. Casmedes noted that Prudential has started utilizing the e-delivery function as a tool to reach the participants. This service was implemented when the IRS revised the way participants can receive correspondence. Since the implementation of the e-delivery service, 374 participants were enrolled for the service as of December 31, 2021.

Returning to the topic of automatic enrollment, Mr. Casmedes noted that participants will have the option to opt out of the Plan, if they desire. He added Prudential is not currently handling the participant deferral election process but is willing to do so.

Mr. Crissey asked Mr. Casmedes if allowing Prudential to manage the deferral election process would incur an additional fee. Mr. Casmedes stated the expense would not go outside the normal amendment fee associated with a change in Plan operations. In addition, if a participant would like to change his or her deferral rate, he or she would do it online or call customer service to update his or her account. After the updates, a daily report will be sent to the sponsor to notify payroll to prompt it to make the change.

Mr. Casmedes continued by stating there are 2,837 personnel who are eligible to participate in the Plan as of December 31, 2021. As of that date, only 421 personnel were actively contributing, 64 personnel were enrolled, but not contributing and 2,352 personnel were not enrolled in the Plan. With an automatic enrollment feature, the County should experience an increase in participation. He continued by stating a Retirement Income Calculator (RIC) Analysis is available to participants and this estimator tool can be used to calculate a participant's estimated monthly retirement income.

Mr. Casmedes reviewed the Participant Transaction Statistics, which reported 235 participants logged into the website 1,990 times during the fourth quarter of 2021.

Next, Mr. Casmedes reminded Pension Board members that Empower is purchasing Prudential's full-service retirement business and the acquisition is expected to close by the end of the first quarter of 2022, approximately April 1st. A letter will be sent 10 days before the acquisition date to all the County's participants notifying them of the acquisition. Upon completion of the acquisition, (which will occur on a weekend) the participants will be able to continue to log into the Prudential website and will see the Empower logo. He concluded by displaying a sample of the postcard for each participant who does not have an email on file. Once the acquisition is finalized, the participants will receive notifications when the transfer to Empower is complete, he estimates this to be completed by 2023.

Mrs. Dodson asked if the automatic enrollment feature would be for new hires only. Mr. Casmedes responded that the scope of the feature would be left to the County's discretion, but he did recommend that automatically enrolled participants be given 30 days to opt-out of the Plan.

Mr. Loew volunteered himself and Mr. Casmedes to assist HR and Mrs. Hathaway with educating the participants on the benefits of joining the Plan and how it supplements the

Pension Plan. Mr. Casmedes added that Prudential is offering financial wellness classes and volunteered to send Mrs. Ambles' information regarding the classes.

5. Mr. Loew of Graystone Consulting, began his presentation by stating the Plan has room for growth, and there is a need to understand the Plan's demographics as well as formulating ways to educate the participants. He recommended design changes for the Plan, which he would like to discuss in the next Pension Board meeting.

Turning to the Performance Summary for the Plan, for October 1 – December 31, 2021, Mr. Loew noted that there have been concerns about COVID-19 and the new variants of Omicron, and the various shutdowns have contributed to the 7.2% increase in the inflation rate in the last 12 months (which has been the highest since 1982). In 2021, the *S&P 500* was up 28.7%. He further stated there are not many managers on the watch list because they outperformed their benchmark.

In the Performance Summary, *Lord Abbett High Yield R5* was added to the watchlist but recovered and had a performance of 6.36% year to date. The *PruDCP-Pru Ret Prudential Day One 2050 SP* fund performed at 5.97% for the quarter, the *PruDCP-Pru Ret Prudential Day On 2055 SP* fund performed at 5.93% for the quarter and the *PruDCP-Pru Ret Prudential Day One 2060 SP* fund performed at 5.92% for the quarter. There has been an improvement in the *JPMorgan Mid Cap Value A*, which performed at 8.09% for the quarter and Mr. Loew recommends that it to remain on the watchlist. He recommended that the *Invesco Global R6*, which underperformed at 3.22% for the quarter, be placed on the watchlist. He continued by stating the *Prudential Stable Value Fund (63444XV)* closed the fourth quarter with \$5,931,104 in assets, representing 18.0% of the investment pool within the Plan.

A copy of the Graystone Consulting "*Plan Investment Review, Clayton County Prudential 457 Plan – October 1 – December 31, 2021*" booklet is filed in the Chief of Finance Officer's office.

6. A motion was made by Katherine Dodson to adjourn the Deferred Compensation Meeting and her motion was seconded by Ms. Pamela Ambles. The vote was unanimous.

Clayton County Pension Board

Terry Hicks, Chairman

Date

Ramona Bivins, Secretary

Date

