



ADVISORY COMMITTEE MEETING MINUTES
May 14, 2008
PERS HEADQUARTERS
TIGARD OREGON

COMMITTEE MEMBERS PRESENT

Frank Goulard, Chair
Jason Evers, Vice Chair
William Robertson, Committee Member
Judy Scales, Committee Member
Kathleen Beaufait, Committee Member

STAFF MEMBERS PRESENT

Gay Lynn Bath, Manager
Paul Cleary, PERS Director
Denise Helms, Assistant to Manager
Justin Naegle, Educational Representative
Jack Schafroth, Local Government Representative

I. INTRODUCTION:

Call to order by Chair Goulard at 9:30 a.m. Chair Goulard asked for introductions.

II. APPROVAL OF MINUTES:

Chair Goulard asked for any changes to the minutes from the February 13, 2008 meeting as presented. Kathleen Beaufait noted that on page 4 the word 'of' was misplaced. Chair Goulard asked for a motion to approve the minutes, Kathleen Beaufait made a motion to approve the minutes as corrected, Jason Evers seconded the motion, and it carried unanimously.

III. OLD BUSINESS:

None.

IV. ADMINISTRATIVE REPORT:

- a. **Service Review:** Greg Talbot from CitiStreet presented the last quarter's service review. Greg noted that after a challenging last year, investor confidence continues to slide. The Federal Reserve cut rates three times during the quarter bringing the benchmark federal funds target rate to 2.25%. Talbot noted that assets have decreased to \$982 million, a 5.6% decrease from the prior quarter. The net cash flow decreased from \$8.3 million in the fourth quarter of 2007 to \$6.8 million in the first quarter of 2008, a \$1.5 million change from the prior quarter.

Talbot highlighted the participant summary. Chair Goulard asked how the transition from the balanced fund to the LifePath funds went. Talbot explained approximately \$184 million dollars was transferred on the evening of 2/1/2008. It was mapped over according to age; any participants invested in the Balanced Fund Option on that date were automatically mapped over to the LifePath fund closest to their 65th birthday. Chair Goulard would like a report showing what percent of each age group are participating. Bath reminded the Committee about the postcard that was sent out to participants under 30 years old.

Talbot noted there were 163 rollovers into the plan totaling \$3.52 million and 153 rollovers out of the plan totaling \$7.81 million. There were 75 loans issued last quarter; the average dollar amount was \$8,368. Talbot stated that 7 percent of rollovers out of IAP come to OSGP and those rollovers represent 24 percent of the total rollovers into OSGP. Talbot explained that Edward Jones seems to have a large stronghold in the market; 44 percent of the rollovers this quarter went to them.

Talbot gave an overview of call center statistics. He noted they added a grid defining the acronyms PSR (participant service representative) and IVR (interactive voice response). Kathleen Beaufait asked why January transactions are higher than other months. Talbot explained it is usually caused from statement questions and 1099R issues. The average talk time was 4.23 minutes in March, which is down from January's 4.5 minutes. The abandoned rate was down from 3.65 % in January to 0.42% in March.

Talbot stated that ING had plans to acquire CitiStreet and that sale should be finalized in the near future. Additional information will be provided on the website.

- b. **Local Government, Q1 Status and Goals:** Jack Schafroth shared that local government participation is now at 6 percent. His main goal is to continue increasing participation among eligible employees. Jack noted the monthly deferral amount is increasing every quarter. He stated it was challenging with the local governments due to software issues, some of their payroll systems not able to allow employees to contribute a percentage, so they could only contribute a dollar amount. Some of those allowing them to use a percentage are calculating them by hand. Schafroth said that he and Denise Helms plan on doing a target mailing later this year to all employers who currently allow a percentage offering a focus of education on percentage base contributions.

Schafroth explained there were no new adoptions in the first quarter of 2008. However there are currently 14 in progress. Portland Public Schools is still in progress, and it is the largest school district added to OSGP since Schafroth has been in the position. Schafroth noted as we approach the summer months the school districts become less active, allowing him time to focus on the other 111 employers. Schafroth explained he would complete between 50-70 site visits during the next quarter; referring to this as his "employer savings summer surge." Schafroth is putting together a "brown bag" 60-minute workshop on investing in a volatile market.

Gay Lynn Bath explained that Denise Helms is working on a project for Salem-Keizer School District; she has put together OSGP packets including plan comparison guides, posters, enrollment kits, and with fliers that Schafroth designed offering brown-bag and evening meetings and rollover forms. Denise is contacting the office managers for permission to drop off this information for their break rooms and teacher lounges. There are a lot of schools in this one district, and many employees may not be aware that OSGP is an option. Helms has been hand delivering materials to the schools in the Salem area.

- c. **State Goals, 1Q Status and Goals for 2008:** Justin Naegle presented the state report, beginning with the status on his goals. His major goal is to increase participation in the plan, and then to increase assets in the plan. Naegle explained he would be doing this by offering brown bag lunches and working with HR by sending e-mails and fliers to employees. Naegle noted that about 62 percent of the people that come to the workshops typically enroll in the plan. Naegle said he and Heidi Conley are working on sending out follow-up e-mails to people who sign up for the workshops on line to see if they are interested in signing up for the plan, if they have not already done so. Naegle noted the brown bag meetings are most popular Tuesday through Thursday and that employers are more willing to allow their employees to attend the workshops during lunch on-site, instead of leaving their building.

Naegle explained that his response from higher Ed has been positive. He attended benefit fairs in February and has established new relationships with the HR departments. He sent out thank you letters and said he was invited back in the fall to do more presentations. Naegle stated his strategy prior to his visits in the fall is to send out a direct mailing and recommend that attendees bring a friend. OSGP, TIAA Cref and Fidelity are the main three providers now. Naegle said Fidelity is offering a Roth to its participants. Bath explained that currently Roth's are not available for 457 plans, but could become allowable in the future.

Naegle believes that the article in the last Plan Update regarding consolidation of retirement accounts helped with the rollovers into the plan this month; however the first quarter the rollouts were high at 126. Naegle noted he calls or sends out surveys to participants asking why they are rolling out. He would like to create a workshop to help participants with rollovers; he believes that some participants would like more one-on-one assistance with their accounts.

- d. **Plan Update:** Gay Lynn Bath discussed the new look of the Plan Update. CitiStreet made these changes for all clients. It includes articles from different sources, such as Smart Money. Going forward, OSGP can choose articles that focus on our participants' needs. OSGP will have total input on the front page, and Bath works with David Crosley, PERS communication officer, Paul Cleary, PERS director and Marcy Loomis from CitiStreet. Bill Robertson noted the new Plan Update is tremendous, and indicated he had recently read an article wherein an increasing percentage of doctors are no longer accepting new Medicare patients, and wondered if there would be room for an article regarding Medicare in the retiree corner. Bath will research this and watch for any articles in this regard.

- e. **OSGP Statistics:** Gay Lynn Bath presented the statistics for the first quarter. New enrollments were at 570, noting there are currently 96,207 eligible employees. Bath said every time Schafroth adds a new employer it adds more eligible employees, skewing the total number while OSPS on its own does not change a great deal. There were 75 loans issued this quarter, with an average dollar amount of \$8,000. Bath commented on the challenges with the rollovers. Judy Scales asked if there was something OSGP could provide to HR departments to distribute when people retire or quit letting them know they don't have to roll out. Bath explained that OSGP currently sends a postcard when participants leave, but that OSGP could work on developing something for HR groups.

V. **New Business:**

- a. **Update on Advisory Committee Search:** Gay Lynn Bath noted this was Bill Robertson's last meeting. The open position was advertised through the newsletter and also through state payroll's list serve. The response was excellent, and so far Bath has received 11 resumes from different agencies. Bath will put everything together, and Paul Cleary has chosen three managers from PERS to review the materials then Bath will provide her top four choices and they will choose one to present to the board. Kathleen Beaufait asked about the criteria. Bath explained the position, and stated they must be state employees; they need to be participating in OSGP and have an interest in serving on the Committee. Chair Goulard recognized and thanked Bill Robertson for his six years of service to the OSGP Advisory Committee. His contribution and presence has been appreciated. Robertson expressed the time has gone quickly and he enjoyed serving on the Committee.
- b. **Targeted Mailings to Non-Contributions:** Gay Lynn Bath responded to Chair Goulard's request at the last meeting to send a postcard to employees who have not contributed for awhile. Bath got a list from CitiStreet, and noted there were several participants with out of state addresses. Once it was determined who was actually still active, Bath went back as far as the year 2003 and over 2,000 postcards were sent out on April 15. Bath also shared that OSGP had entered the postcard that Justin Naegle designed with the pizza for participants under 30 in the NAGDCA Leadership Awards.
- c. **Hardship Statistics:** Gay Lynn Bath responded to Kathleen Beaufait's request to provide statistics on hardships. Bath explained the hardship process and indicated that the main reasons for most OSGP hardships were to prevent eviction, prevent foreclosure, loss of income, medical bills and funeral expenses. From 2004 to March 2008 there were 412 hardships requested, 328 approved, 38 denied and 5 participants were granted a De Minimis instead. Also, after the loan program went into place, 4 were referred to apply for a loan. Loans became available in July of 2007 and the hardships have decreased by 31 percent, achieving one of the main goals for adding the loans.

- VI. **Audience Participation:** Chuck Jones, a certified financial planner for the past 28 years, addressed the Committee. He is a small business advocate and serves on the small business council. He is starting a new company with Dr. William Conerly, a recognized northwest economist. They are providing un-biased basic information for retirement plan participants.

Paul Cleary thanked Bill Robertson for his service on the Advisory Committee.

- VII. **Adjournment:** There being no further business, Chair Goulard adjourned the meeting.

The next meeting will be on August 13, 2008 in Salem.

Respectfully submitted,

Denise A Helms
Assistant to the Deferred Compensation Manager