



**ADVISORY COMMITTEE MEETING MINUTES**  
**November 19, 2008**  
**PERS HEADQUARTERS**  
**TIGARD OREGON**

**COMMITTEE MEMBERS PRESENT**

Frank Goulard, Chair  
Jon DuFrene, Committee Member  
Judy Scales, Committee Member  
Kathleen Beaufait, Committee Member  
Jason Evers, Vice Chair  
Brian Burleigh, Committee Member  
Peter Farrelly, Committee Member

**STAFF MEMBERS PRESENT**

Paul Cleary, PERS Director  
Denise Helms, Assistant to Manager  
Justin Naegle, Educational Representative  
Jack Schafroth, Local Government Representative  
Kathy Gannon, Program Coordinator

**INTRODUCTION:**

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

**I. APPROVAL OF MINUTES:**

Chair Goulard asked for any changes to the minutes from the May 14, 2008 meeting as presented. Kathleen Beaufait noted a typographical error on page 4. Goulard then asked for a motion to approve the minutes. Beaufait made a motion to approve the minutes as corrected, Jason Evers seconded the motion, and it carried unanimously.

**II. OLD BUSINESS:**

a. **National Save for Retirement Week:** Jack Schafroth gave an overview of the events that took place at the archives building in Salem for National Save for Retirement Week. Schafroth explained that messages went out on the back of all state employees pay stubs, and in addition, a series of posters were placed all around the Capitol Mall area and sent to other state or local government agencies extending an invitation to anyone interested in participating.

Schafroth explained that our open house on October 23 was a big success this year. Over 200 people stopped by between 10 a.m. and 4 p.m. Attendees had a lot of questions, mostly due to the current market conditions. Some participants thought there would be workshops to attend; Schafroth explained that next year we would hold a planning and investing workshop, and possibly some shorter workshops on topics such as investment tips and dollar cost averaging.

Jason Evers asked what the total turnout was. Schafroth explained that he counted the attendance by the entries into the raffle. The total was 212. Evers noted he thought the mass e-mail worked great. Goulard suggested we leave the posters by water coolers. Pete Farrilley asked if there was a date set for next year, Kathy Gannon explained it was a year to year resolution, but it is usually the third week in October.

- b. **Status of Trading Restrictions OAR:** Kathy Gannon noted that revisions to the trading restrictions were going to be presented to the PERS board this Friday. The revisions entail lifting the 90-day turnaround for all funds except the International Fund, and that one will be reduced from 90 days to 30 days. In addition, participants cannot make any trades over \$100,000. The restrictions that have been on the stable value fund will remain in effect. The revisions will go into effect on December 5, 2008.

### III. **ADMINISTRATIVE REPORT:**

- a. **Service Review:** Greg Talbot and Kim Alger from ING presented the third quarter service review. Kim Alger noted that ING is trying to be extremely proactive with regard to the call center, posting information out on the website so the participants can be reassured as they could possibly be during this volatile market. Alger noted there were record volumes of trades in November and December.

Talbot noted that year-to-date the fund is down 6% from the prior quarter. Assets were at \$925 million at quarter end. The net cash flow increased from \$9.77 million in Q2 2008 to \$11.17 million in Q3 2008, a \$1.4 million change from the prior quarter.

Talbot highlighted the participant summary. Pete Farrelly asked if monthly contributions could be added on page 7. Jason Evers asked if someone below 25-34 age range could be included going forward. Greg will change the age group to 18-34.

Talbot noted there were 199 rollovers into the plan totaling \$4.94 million and 110 rollovers out of the plan totaling \$6.50 million. There were 99 loans issued last quarter; the average dollar amount was \$7,322. Talbot noted there have been large transfers into the stable value fund this quarter. He also said that 8.3% of the rollovers out of the IAP, 28% of them rolled into OSGP.

Talbot reported the call center statistics noting the average speed of answer goal is 20 seconds; it has been staying between 18-19 seconds; the average length of calls has been around 4.36 minutes, depending on the complexity of the call. The call volume has gone up the last three months due to the changes in the market. Alger explained that a message was put out on the system acknowledging longer wait times and telling participants if they needed quicker service, they could access their account through the web. Alger also said they gauge the message on specific events. For example, in January the calls spiked for people wanting duplicate 1099-R's, so the message explained you could also print them from the website. Pete Farrelly asked if there was a way that the graph on page 17 could distinguish between the contribution increases and the market increases.

- b. **Performance Report:** Michael Viteri from Treasury reported the overview of the past three months. Viteri noted the S & P, similar to the Russell 1000, was down about 42% year-to-date. All markets were down in the 40 percent range. Viteri explained TARP, the Troubled Asset Reinvestment Program, is changing effective October 14, 2008. The desire is to move away from investing in mortgages. The markets continue to be volatile. Viteri said once the implementation plan of TARP gets more developed and invested a little more, we should see more calmness in the markets. TARP was supposed to instill confidence back into the markets, and get the banks lending again.

Viteri explained at the Treasury there are about 35 different money managers and most of the managers have performed within expectations. They are seeing similar performance across the board. The markets will correct; it's just a matter of time.

- c. **Local Government, Q2 Status:** Jack Schafroth presented the local government report. Schafroth noted that the participation moved into the 6% level. The average monthly deferral continues to increase. OSGP added Oregon City School District. There are 12 more in process. Schafroth explained Portland Public Schools is still in process and they have begun working with a consultant. The City of Dayton and Yamhill Carlton School District have adopted as well. Harvey Caruth, a consultant, is spearheading the process. Harvey works with a great deal of the school districts.

Schafroth attended the Oregon Municipal Finance Officers' Association conference in Klamath Falls. Schafroth noted he attends this conference every couple of years and has received at least four good contacts each time. There were 15 benefit fairs attended in August; Justin, Doug and Denise all helped staff the fairs. Schafroth noted that OSGP does pick up enrollments at the benefit fairs, but it is mainly for the exposure with the 403(b), 457 and other providers.

Schafroth noted participants are asking a lot of questions regarding the market. Jon Dufrene asked if employer contributions had increased any. Schafroth explained it is a small percentage of the employers who pick up the contribution; however he is seeing more of it. Evers asked if there had been any news on the Roth 457. Kathy Gannon explained it was being tagged onto another bill, and it has not gone through at this time. Evers asked if I did get through, would OSGP look into offering it as an addition to the plan. Gannon said she thought we would seriously look at offering it.

**State Goals, Q2 Status:** Justin Naegle presented the state status report. Naegle commented on the survey results regarding the Roth 457. Evers noted the results; 30 percent of the people did not fully understand what OSGP was, and 16 percent were not sure how to enroll. Naegle explained he has spoken to representatives from the universities that have a Roth 403(b), and most the participants are looking at it as a way to save on taxes for future income; younger participants are also getting on board.

Naegle gave an overview of the 2008 goals. Naegle noted the rollovers-in continue to come in and that he continues to call and question participants wanting to roll out of the plan. The main concern right now is the market, especially for those within three years of

retiring and those who have 80 percent of their OSGP account in stocks. Naegle said the planning and investing workshop has been the most popular this last quarter. Participants are thinking about how much they need to save, but also about their asset allocations and their investment mix. Naegle shared the enrollments were down about 14 percent from last year's third quarter. The average deferral has also gone down. There are still 80-90 new enrollments per month. Paul Cleary asked Naegle, regarding current participants, if their time frame ends with their retirement in terms of their investment horizon. Naegle explained a lot of people believe that is the day that it all ends. Naegle discussed the transition between the LifePath® and the balanced fund, and the perception of the participants. Brian Burleigh asked Naegle to explain what he tells participants who are going to retire about rolling their pension in. Naegle explained we do not give advice on what they should do with their pension; but he does talk about proper asset allocation and tells participants to think about the money they plan to spend out of pocket in the next 3-5 years. That money would be best invested in a short term fixed or cash equivalent account. He also lets them know they can choose to take their distributions from the stable value account only rather than pro-rata across all funds.

- d. **Plan Update:** Denise Helms indicated this was the third edition with the new format. There were 188 people who participated in the Roth 457 survey. Helms explained Bath is on an advisory board with other ING clients and they work with their communication person who pools articles to choose from that represent the current market other industry and recent events. If anyone has any suggestions for articles in upcoming Plan Updates, they should forward the information to Gay Lynn. Helms noted the ING website is live and is mapping over from the previous CitiStreet site. Participants have been notified of this change over the last few months. In 2009 the website URL will be [osgp.ingplans.com](http://osgp.ingplans.com).
- e. **OSGP Statistics:** Kathy Peterson gave an overview of the third quarter's statistics. Peterson noted most all stats are down. Monthly contributions are down only 6 percent. New enrollments are down 2 percent. Peterson explained that most of the attendees at the open house were people who were already enrolled in the plan which explains the lower amount of new enrollments taken in. Participants had a lot of questions about their accounts regarding the current market volatility. Total participation was up by 4 percent from this time last year. Peterson highlighted the special programs for Jon DuFrene, the newest Advisory Committee member. There were 99 loans issued in the third quarter. There have been 513 rollovers-in year-to-date; of those 132 were from the IAP.

Pete Farrelly asked if there was a way to get access to a mobile website, possibly from a Blackberry. Kim Alger said they were looking at some, and she would follow up.

**f. New Business**

**None**

IV. **Audience Participation:** Julie Klassen with Great West Retirement Services introduced herself; she came to observe our meeting.

V. **Adjournment**

There being no further business, Chair Goulard adjourned the meeting.

The next meeting will be on February 11, 2009 in Salem.

Respectfully submitted,

Denise A Helms  
Assistant to the Deferred Compensation Manager