



**ADVISORY COMMITTEE MEETING MINUTES**  
**May 9, 2013**  
**PERS Boardroom**  
**TIGARD OREGON**

**COMMITTEE MEMBERS PRESENT**

Pete Farrelly, Chair  
Jeff Labhart, Committee Member  
Debbie Darst, Committee Member  
Mark Carlton, Committee Member  
Priyanka Shukla, Committee Member

**STAFF MEMBERS PRESENT**

Gay Lynn Bath, Manager  
Jon DuFrene, PERS  
Kathy Gannon, Program Coordinator  
Jack Schafroth, Local Government Representative  
Denise Helms, Assistant to Manager  
Karen Blanton, Educational Representative

**I. INTRODUCTION:**

Meeting called to order by Chair Farrelly at 9:30 a.m. Chair Farrelly requested introductions from the new board members.

**II. APPROVAL OF MINUTES:**

Chair Farrelly asked for any changes to the minutes from the February 14, 2013 meeting as presented. He then asked for a motion to approve the minutes. Mark Carlton made a motion to approve the minutes. Debbie Darst seconded the motion, and it carried unanimously.

**III. OLD BUSINESS:**

None

**IV. ADMINISTRATIVE REPORT:**

**A. LifePath® Fund Overview:** Brendon Bowe and Scott Dingwell from BlackRock gave an overview of the LifePath target date funds. Bowe provided slides showing the growth of the LifePath portfolios. He noted by 2020 they anticipate the assets be at \$3.7 trillion; roughly 50 percent of all DC assets. These funds have become the centerpiece of most deferred compensation (DC) and 401(k) plans. Bowe explained education is very important. Dingwell talked about structuring and customizing participants' portfolios. Bath asked if they had communication regarding choosing more than one LifePath at a time; they are working on this.



**B. Q1 2013 Service Review, Field Activities:** Brian Merrick, Carol Cann, Kenje Mallot and Justin Naegle presented the first quarter ING report. Merrick shared ING Financial has changed their name to Voya Financial. Merrick noted we would not be seeing much change this year. Last week they communicated their initial public offering.

Carol Cann presented the executive summary. The plan assets are \$1.399 billion as of March 31, 2013, which represents an increase of 11% over the past 12 months; 9% from earnings; 2% from positive net cash flow. The net cash flow remained positive at \$4 million. Rollover contributions were back up to \$7.3 million. In-service withdrawals decreased by \$1.4 million, but termination distributions grew by \$3 million from the prior quarter. There are 488 participants contributing to the Roth; 141 more than Q4 of 2012. The LifePath fund realized the greatest net transfer in of \$5 million and the Intermediate Bond realized the greatest net transfer out \$4.5 million.

Justin Naegle held 54 educational group meetings with an attendance of 744 participants. He also had 324 one-on-one consultations with plan participants. Naegle has held retirement planning workshops for women in Portland and Eugene with positive results. He has a new workshop titled "Investment Behavior."

**C. Q1 2013 Performance Report:** Jake O'Shaughnessey from Americh Massena went over the market review. Jake noted markets have been doing extremely well; the Dow continues to set new all-time highs.

**D. Financial Engines, Targeted Emails and Mailings for 2013, Plan Update:** Gay Lynn Bath gave an update on the status of bringing Financial Engines on board. DOJ indicated that statute would prohibit the plan from paying for this. Bath notes there are two options; use the reserve account or raise the administrative fee. The service would be about \$6 a year per participant. Bath will keep the Committee informed on the progress. In the next newsletter Bath plans to ask participants their interest in bringing Financial Engines on board. Bath shared in the newsletter there is a new column called "Ask Kathy" wherein Kathy Gannon will answer questions from participants.

Bath thanked Chair Peter Farrelly and Committee member Priyanka Shukla for their service to the Committee over the past years. Retiree Sharlyn Rayment is also leaving the Committee but was not present.

Jon DuFrene is retiring on June 1<sup>st</sup>.



- E. State Q1 2013 Status:** Blanton explained she has had good response from the brown bag presentations. She is currently scheduling workshops for the state hospital; she has held 10 so far with excellent turnout. Blanton explained she would be reaching out to the universities to schedule some workshops.
  - F. Local Government Q1 2013 Status:** Jack Schafroth gave the first quarter local government report. Enrollments are down from the first quarter of 2012. There was one new adoption; Wolf Creek Charter School District and there are six in progress. Schafroth noted he was trying to focus on getting more participants before bringing on any more local governments. Mark Carlton asked how many local governments are using OSGP exclusively, Schafroth thought about 2 percent.
  - G. Q1 2013 Plan Statistics:** Kathy Gannon presented the first quarter statistics. Gannon notes hardships have decreased a small amount in the first quarter, rollovers in are down and rollovers out are up. Final paychecks have increased. Average loans are about 30; about the same amount in the previous months. The service purchase has gone up from 23 in first quarter last year to 45 this year first quarter.
- V. NEW BUSINESS: Elect new Chair:** It was decided to postpone until next meeting.
- VI. AUDIENCE PARTICIPATION:**  
None

**ADJOURNMENT:** The next meeting is August 14, 2013 in Salem.

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

Respectfully submitted,

Denise A Helms  
Assistant to the Deferred Compensation Manager