



ADVISORY COMMITTEE MEETING MINUTES

**February 11, 2015
Archives Boardroom
SALEM OREGON**

COMMITTEE MEMBERS PRESENT

Kevin Nordhill, Committee Member
Jeff Labhart, Committee Member
Mark Carlton, Committee Chair
Celeste VanCleave, Committee Member
Brady Boothe, Committee Member

STAFF MEMBERS PRESENT

Gay Lynn Bath, Manager
Kathy Gannon, Program Coordinator
Vitaly Putintsev, Executive Assistant
Jack Schafroth, Local Government Representative
Karen Blanton, Educational Representative

I. INTRODUCTION:

Meeting called to order by at 9:30 a.m. Mark Carlton requested introductions from all those in attendance.

II. APPROVAL OF MINUTES:

Chair Carlton asked if there were any changes or corrections to the minutes from the meeting on November 13, 2014. There was one typo that was corrected; Chair Carlton moved to approve the minutes as presented and Kevin Nordhill seconded the motion. The motion carried unanimously.

III. OLD BUSINESS:

No old business.

IV. ADMINISTRATIVE REPORT:

- A. Investment Trends:** Jay Young presented trends that Voya sees across its client base and specifically focused on macroeconomic factors impacting OSGP. Young shared a short term and long term comparison of major asset class growth. Young noted three trends that are having an impact on investments. Those trends are interest rates/inflation, custom target dates, and money market reform.
- B. Q4 2014 Service Review:** Brian Merrick went over some of the upcoming technology advancements that Voya is focused on that will benefit OSGP and its participants as well as provided an overview of plan performance.



Merrick stated that Voya is focused on trying to help plan participants better visualize what retirement savings will look like in terms of future monthly retirement income. Merrick spoke about how Voya participants can go to the website and model different scenarios for what their future income expectations will be.

Merrick stated that DALBAR, a market research firm that evaluates communication and presentation, reviewed 52 plan participant websites and ranked Voya number one among the 52 sites. The new Voya website was rolled out to 43,000 plans and 2.9 million participants. Forty-seven percent of participants that used the website were engaged. Fifteen percent of those engaged took some sort of action. The website has led to a higher level of engagement and has directly led to higher contributions from participants.

Merrick reported that 2,400 babies took advantage of the Voya Born to Save program. Merrick also highlighted the Voya retirement and mobile app during his presentation.

Merrick reported that total plan assets are at \$1.6 billion as of December 31, 2014 and total participants with Roth more than doubled from Q4 2013.

Yolanda Dominguez gave the highlights of Q4. Between Justin Naegle and Yolanda, they have completed 83 educational seminars with 1,175 in attendance and 337 individual meetings.

Dominquez reported the goal for group meetings was 240; they held 83 / YTD 237. The goal for individual appointments was 1,500; they held 337 / YTD 857. The goal for enrollments was 600; OSGP processed 682 / YTD 2,527. The goal for rollovers-in was \$15,000,000; actual was \$8,995,079 / YTD \$41,734,453.

Dominguez stated that Justin Naegle will provide part time-education support to OSGP in 2015.

C. Q4 2014 Performance Report: Karl Cheng, Treasury, and Jake O'Shaughnessy, Arnerich Massena, presented the Q4 performance review. Cheng stated there are no updates regarding Treasury and there were no issues during Q4.

Jake O'Shaughnessy shared the highlights of the economic overview. He noted that, while the first quarter of 2014 was a negative time for economic growth, the U.S. is now in a good scenario for economic growth.



GDP growth was up more than 4.5% on Q2 of 2014 and 5% on Q3 of 2014. Pent-up demand from a slow first quarter was unleashed on the 2nd quarter. 3rd quarter growth was most surprising.

O'Shaughnessy reported that Europe continues to face a difficult economic situation. During the economic crisis of 2008, the U.S. took dramatic steps to stimulate the economy. The U.S. printed money to fill the gap caused by the recession. Europe, instead of getting together and printing money to re-inflate their economy, chose to ride out the economic downturn. The U.S. is now back on track due to their stimulus measures. Since Europe did not take steps to acknowledge deflation, it is currently seeing the markets acknowledge deflation. Europe is now likely to be in a long term stimulatory cycle. German 10-year bonds are now yielding less than Japanese 10-year bonds. The German 10-year rate, a proxy for European interest rates, is at about .35%.

O'Shaughnessy reported that interest rates are likely to be very low in Europe for some time as Europe stimulates their economy. Europe is following the same playbook the U.S. used in 2008. Interest rates in the U.S. are at roughly 2%. While the 10-year rates are pretty low in the U.S., they look good compared to the .35% rates in Germany. The U.S. is experiencing a strengthening dollar. The dollar appreciated about 11% in 2014. Foreign investors are putting their money to work in U.S. Government debt, the S&P 500, and real estate. 30-year interest rates have gone from nearly 4% to 3%. The S&P 500 went up by 13.7% in 2014.

O'Shaughnessy shared comparisons of the Black Rock funds with other target date products that are more relevant.

- D. OSGP Update, Financial Advice:** Gay Lynn Bath reported that OSGP is updating communications materials for all the fund changes. Bath is also working closely with the procurement section of PERS to complete the financial advice contract. The target date for financial advice is July 1st.
- E. State Q4 2014 Status:** Karen Blanton reported her Q4 status. The quarter was a busy quarter. Blanton talked about her continued efforts to utilize Net Link to present the Wealth Builders and Retirement workshops. She is able to make two presentations per month via Net Link (through State of Oregon DHS). This new web platform has taken off and is bringing in 35 people per session. The open house in Salem was a success as Blanton is seeing average contributions range from \$100-\$300 per attendee.
- F. Local Government Q4 2014 Status:** Jack Schafroth reported that there were no new adoptions this last quarter, but there are nine in progress. Jack has been busy with site visits and brown bag presentations at the local government agencies.



- G. Employers continue to sign up for Payroll Admin program for processing contributions and OSGP is hopeful that we will eventually get the majority of employers using Payroll Admin or ACH rather than sending in checks. Voya representatives will be working with Jack over the next several months to meet with employers to work on increasing participation in OSGP.
- H. **Q4 2014 Plan Statistics:** Kathy Gannon reported plan statistics for 2014. Overall, OSGP saw a \$5 million increase in monthly contributions, enrollments increased by 35%, overall participation has increased by almost 10%, loans were up by around \$5 million, rollovers in decreased a little, but overall rollover dollars remained about the same, and rollovers out of the plan increased by almost \$8 million. Almost \$15 million was rolled in to the plan from IAP accounts, and participants used \$2.4 million to purchase prior service time at PERS, which was down from 2013 by more than \$1 million.

V. NEW BUSINESS: None

VI. AUDIENCE PARTICIPATION: Judy Murray talked about the problems she has had accessing her account because the phone system will not take her password. Bryan Merrick stated that Voya would work with Judy to fix her problem as well as the problem overall. Brian will report back to the Advisory Committee at the next meeting.

VII. ADJOURNMENT: The next meeting is scheduled for May 13, 2015 in Salem.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Vitaly Putintsev
Oregon Savings Growth Plan