



ADVISORY COMMITTEE MEETING MINUTES

August 13, 2014

Archives Boardroom

SALEM OREGON

COMMITTEE MEMBERS PRESENT

Kevin Nordhill, Committee Member
Jeff Labhart, Committee Member
Mark Carlton, Committee Chair
Stefani Pastoor, Committee Member
Brady Boothe, Committee Member
Steve Schnurbusch, Committee Member

STAFF MEMBERS PRESENT

Gay Lynn Bath, Manager
Kathy Gannon, Program Coordinator
Denise Helms, Assistant to Manager
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 May 14, 2014. There were no changes; Kevin Nordhill moved to approve the minutes as presented and Stefani Pastoor seconded the motion. The Motion carried unanimously.

III. OLD BUSINESS:

No old business.

IV. ADMINISTRATIVE REPORT:

- A. Q2 2014 Service Review:** Brian Merrick explained the name change will take effect on September 1 from ING to Voya. The name change will not affect business in any way and the redirecting from the current URL will continue for about a year.

Merrick walked us through the changes that have been occurring in 2014. The website is much more engaging and has had a number of enhancements including the Personal Financial Dashboard and myOrangeMoney.

MyOrangeMoney is a valuable new tool for participants to manage, engage and interact with their accounts. It shows participants where they stand and highlights



the areas that need improvement. It lets the participant take immediate action to improve their readiness by increasing their deferrals

Merrick shared they have enhanced the log-in process to make it easier for participants by showing the numbers or letters you have typed. There were quite a few comments and questions regarding the security of this procedure.

Merrick explained currently when you log on you need to register each computer each time you use a different computer and answer the security questions you have previously set up. When you change anything on your account it generates a confirmation that will be sent to your address on record. Address changes cannot happen on line.

Bath explained she wanted the Committee's input on this. The Committee decided it should be up to the participant whether they wanted to use a social security number or a user name; they will allow alpha/numeric up to 6-20 characters. Merrick will notify us when it will become effective.

Merrick did a presentation on myOrangeMoney. The participant can put all of their financial information from outside accounts in and it will calculate where they are in their savings goals. They can customize all information such as social security, salaries, mortgage and other retirement accounts. myOrangeMoney is a self-service holistic financial planning tool.

Merrick shared that total assets are at \$1.641 billion as of June 30, 2014; an increase of 14 percent over the past 12 months. The net cash flow was a positive \$4.5 million. Rollovers-in contributions were \$8.6 million. There are currently 1,123 participants with a Roth account, 473 more than Q2 2013. The Roth contributions increased to \$706,135 for the quarter a 45 percent increase from Q2 2013. The website sustained over 32,000 hits per month; mobile applications increased to 66.

Yolanda Dominguez gave the highlights of Q2. Between Justin Naegle and Yolanda, they have completed 60 educational seminars with 385 in attendance and 176 individual meetings. Dominguez explained she is transitioning into Justin's position as he has taken another position with ING.

Dominquez reported the goal for group meetings was 192; they did 60. The goal for individual appointments was 1,200 they did 176, enrollments goal, 480; they did 711 and the rollovers-in goal was \$12,000,000; actual was \$9,361,923.89.

Dominguez explained Naegle is staying on until the end of 2014. Merrick added that beginning next year they will be adding another presenter to the ING team with no additional cost to the plan.



B. Q1 2014 Performance Report: Karl Cheng, Treasury, and Jake O’Shaughnessy, Arnerich Massena, presented the Q2 performance review. Cheng noted the Oregon Investment Council (OIC) met two weeks ago and they presented the changes the Committee was given in May; including the fund line-up for equity options, swapping out managers, as well the name change, creating a new real return option, and expanding the SDBO and lowering the minimum balance requirement. They are currently working with Voya to implement the changes. Bath asked for the fund update pricing to update the communication materials.

Jake O’Shaughnessy shared the highlights of the economic overview. He noted the first quarter of 2014 was a negative time for economic growth in the U.S. This was driven by a difficult winter in the mid-west and the east coast. There was a negative 2.9 percent growth GDP (gross domestic product). The second quarter snapped back. The U.S. Treasury came into 2014 at 3 percent on the ten year; by the end of June dropped to 2.5 percent, indicating people were nervous and wanted to feel safer by buying bonds. During that time period rates were falling but the Fed is been getting out of quantitative easing. When rates go down there is a bigger demand for bonds.

O’Shaughnessy reported bonds were up 2 percent for the second quarter and up nearly 4 percent for the first six months of 2014. Interest rates falling, bond returns are up. The S&P 500 was up 5 percent for the quarter and up 7 percent through June. O’Shaughnessy said when there is economic uncertainty you are better off to have your money in larger multinational institutions, they weather the volatility better. He continued to talk about corrections and trends of returns. He said you should calculate your risk appropriately.

C. National Save for Retirement Week, General OSGP Update: Gay Lynn Bath shared some upcoming changes to the LifePath® funds. The LifePath 2015 will be merging in November into the LifePath Retirement Option; Bath sent out information in the Plan Update. The 2060 Option is not yet available, and may not be added, but Blackrock will make that decision soon. Bath addressed the article in the Plan Update “It may be time to mix it up.” Participants in the Short Term fixed have been losing money in that fund so Bath was proactive and sent out letters to those participants explaining the under performance and giving them information on other conservative funds they may want to consider.

Bath noted that when the financial advice comes on board it may help these participants with their accounts. She said the local governments have to adopt the advice program and it would become part of their adoption process. Bath reached out to the local governments and had about 50 percent responded back with interest. If they do not adopt the advice provision, their employees would not be eligible to participate.



Bath explained Roth dollars can be invested separately from the pre-tax dollars. We will be adding a Roth “in plan conversion” shortly. Currently, participants can convert Roth dollars when they retire, terminate or have rollover dollars that are eligible. The new provision will allow a conversion at any time. The participant has to pay the taxes on these conversions and they will receive a 1099-R form.

Bath sent an email last week reminding state employees that they will be getting a 2 percent COLA, and they may want to think about raising their contribution. She included introductions of Yolanda and Justin so that people are familiar with them.

National Safe for Retirement week is October 19 through 25. We are having three open houses this year in Salem, Bend and Portland. Bath will send the Committee the times and dates and encourages the Committee to attend.

Bath shared she is doing research on our current fees and is trying to get them lowered from 8 basis points to 7.

- D. State Q2 Status:** Karen Blanton had an exciting quarter noting her attendance was a little down a little, but she still had an attendance of 1,400 participants for the first two quarters. There has been a significant increase in enrollments.

Blanton has been busy at ODOT and DHS; there has been a 220 percent increase in ODOT participation alone. She is promoting the 2 percent COLA at the current workshops. Blanton is working on getting participants to stretch a little; instead of contributing the minimum, contribute \$100.

Blanton reported she is getting a lot questions on Roth. She feels the myOrangeMoney will be very beneficial. Pastoor asked if we have updated the presentations to reflect the new information. Blanton said she would be working on that. Blanton also noted the PERS presenters have been good advocates for OSGP.

- E. Local Government Q1 2014 Status:** Jack Schafroth highlighted the four new employers; Gillam Count, City of Newberg, Riverdale School District and Port of Coos Bay.

Schafroth stated that the drop in the number of participants is because we lost Metro and City of Hillsboro. The average monthly deferral continues to increase; he makes a point of reminding participants to increase their deferral amount.

Schafroth noted there was a 30 percent increase in rollover dollars from last year. He noted we are heading into our busy time with benefit fairs. Bath shared that Jack and Yolanda will be attending an upcoming teacher’s conference in Portland.



F. Q2 2014 Plan Statistics: Kathy Gannon reported most statistics have increased. Gannon will be adding more pages to her report as the University of Oregon has pulled out of the higher Ed system, they will be doing their own payroll like Lottery.

Gannon gave kudos to Dee Monday on her 3-year catch up project. Monday sent out 601 letters over three months to participants who were eligible to be in the 3-year catch up. She had 43 responses; to date she has enrolled 20 so far.

Gannon said loans are holding steady at about 30-40 a month. We have had a few less rollovers in. Gannon explained Voya is now contacting and tracking the status of the rollovers in and more are being completed. The rollovers out have increased by 18 percent, partially from the elevation in retirements.

V. NEW BUSINESS: Elect Vice Chair: Jeff Labhart volunteered for the position. The Committee agreed unanimously.

VI. AUDIENCE PARTICIPATION: None

ADJOURNMENT: The next meeting is scheduled for November 13, 2014 in Salem.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Denise A Helms
Oregon Savings Growth Plan