



ADVISORY COMMITTEE MEETING MINUTES

November 13, 2014

Archives Boardroom

Salem, Oregon

COMMITTEE MEMBERS PRESENT

Celeste Van Cleave, Committee Member
Steve Schnurbusch, Committee Member
Brady Boothe, Committee Member
Kevin Nordhill, 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
Kyle Knoll, FASD Administrator
Paul Cleary, PERS Director

I. INTRODUCTION:

Meeting called to order by at 9:30 a.m. Kevin Nordhill sat in for the chair and vice-chair as they were not able to attend. Jake O'Shaughnessy of Arnerich Massena joined the meeting by phone conference.

II. APPROVAL OF MINUTES:

Minutes from the August 13, 2014 were approved as presented.

III. OLD BUSINESS:

No old business was discussed.

IV. ADMINISTRATIVE REPORT:

- A. LifePath® Target Date Funds Overview:** Marco Merz and Sean Lewis with BlackRock presented a report on the LifePath funds. The representatives displayed slides reporting on and analyzing the target date funds' performance and strategies. They discussed how they take a two-pronged approach: to build a healthy target date model, while working to educate participants and developing innovative materials that encourage participants to use the target date funds in a way that will optimize their retirement savings. The BlackRock representatives also explained why evolutions have been well-thought out, rather knee-jerk reactions to the market performance. They've found that clients are on-board with their changes, which they attribute to the fact that no money has been lost due to any changes they have made.



B. Q3 2014 Service Review and Field Activities: Brian Merrick and Yolanda Dominguez of ING presented this report. Brian Merrick began the presentation with a brief discussion of VOYA's rebranding efforts and their transition from ING to VOYA financial and their marketing efforts to communicate the changes through media and community involvement. One of their promotional events introduced this past September was "Born to Save" wherein any child born on October 20 would be set up with a \$500 mutual fund account. This opportunity is not limited to VOYA's current customers and those in attendance were invited to share this opportunity with anyone they know with a child born on October 20. Merrick says this is a way to promote the VOYA brand and encourage what they really believe in, which is to start saving from an early age.

In the last meeting, Merrick announced the rollout of the myOrangeMoney® tool. The hope is that this tool will help change the mindset of participants in terms of translating what they have in their accounts to how much they will have at retirement. They've rolled this out to about 43,000 of their plans and VOYA is tracking how participants are interacting with the new feature. What they've found is that almost half of the people that have logged in have entered age and salary information into the Orange Money tool. About 15% of them played around with the tool beyond that. Of all the people who've interacted and changed the amount of their contribution, most have increased their contribution. He reported that our plan has had better results than most other plans.

Merrick spoke about VOYA's business with both government plans and non-government plans and about plan design developments being made. He talked about the expansion that we've seen with the Oregon plan and the addition of on-site VOYA representatives to meet with participants on an individual basis, as well as supporting the group education efforts of the plan and working to increase enrollments in the plan. He shared trends he's been seeing in plan design and structure and announced the addition in 2014 of a couple of new asset classes, one being socially responsible investing. He reported that rollover contributions continue to be strong, that twice as many participants are utilizing the Roth provision as did a year ago, and that VOYA is seeing increases in mobile application utilization.

Merrick showed the group a demo of the myOrangeMoney feature and reported that VOYA is tracking both the myOrangeMoney and the personal financial dashboard tools utilization for our program. He explained how having these features can help retain participants in our plan, when they might otherwise roll out to a different employer sponsored plan to consolidate their retirement assets. There is also an effort to enable participants to change their deferrals directly



from these tools, rather than having them make the effort to navigate to a different place on the website to make changes to their contributions driven by their use of the tools. Merrick is also hopeful that the tools can be used to compile aggregate participant information to report to the advisory committee based on the participants' usage. He explained that while VOYA hasn't yet done a lot of promotion of these tools, they are looking for ways to effectively promote the tools going forward. He reported that a tutorial is being developed that is better than the demo currently being presented. A question was asked about customizing this tool for the Oregon plan, using terms (like IAP) specific to our participants' retirement benefits. Merrick responded that VOYA is committed to putting Oregon's identifying stamp on materials and tools that our participants have access to. The group discussed considerations necessary to customizing the tools for Oregon's program based on input from Gay Lynn and Paul Cleary.

Gay Lynn reported on the steps ahead needed to implement Financial Engines, both with the state and the local government employers.

Yolanda Dominguez reported on the work that she and Justin Naegle have been doing in group education sessions and individual sessions. She reported on goals that they have set to increase their activities by 25% in 2015. She reported an increase in enrollments of over 300%. Gay Lynn pointed out that this increase is not just the result of the VOYA team efforts, but of the whole OSGP staff. She also mentioned that one of the developments she would like to see in the future is to have tablets in our education sessions and the ability for participants to enroll online during the session.

- C. Q3 2014 Performance Report:** Jake O'Shaughnessy from Arnerich Massena started by saying that performance has been very strong from an investment standpoint. Then, shared a couple of observations. First, as to economic growth (referring attendees to top of page 35) GDP growth is on a good trajectory, post-2008 crisis. First quarter performance wasn't good, largely attributed to a harsh winter, but there was a rebound in Q2. Q3 Shows GDP growth on a good track in the US. Europe, China and Japan are showing good results as well. Second, globally, Japan's rates are low, waiting for their economy to recover. Europe has slipped into its third recession since the financial crisis, so we will probably see very low rates in Europe for quite some time. Both Germany and Japan have rates below 1%. Considering that, the 2.5 % rate here in the US doesn't seem so bad. He thinks there is going to be a sustained period of rates not rising back up to that 4 to 5 percent level. As US rates are higher than other markets, people want to buy US products, US assets, US real estates. In order to buy US assets, foreign investors need to convert their assets to US dollars, which has resulted in the strengthening of the US dollar; resulting in a 6.7 percent appreciation of the US



dollar. Because of the higher rates and foreigners demanding our goods and assets, we can travel overseas and have more buying power. He cautioned that the dollar's strengthening makes our goods and assets more expensive to foreign buyers. Referred attendees to page 27, in regard to tracking the US equity markets, S& P 500 was up 8.3% over 9 months. Russell 2000 is down 4.4% year to date over 9 months. He pointed out that these are all US stocks and that this is not a normal profile. Explained it is called intra-stock correlations and reported that they have been declining. Small cap stocks have not benefitted as much as large cap stocks. Arnerich Massena has not seen other funds perform as well as ours have, so it really speaks well of the diversification that OSGP has. Jake will go back to the team and work on preparing some comparisons of the Black Rock funds to other target date products that are more relevant.

D. National Save for Retirement Week and General OSGP Update:

Gay Lynn Bath gave an overview OSGP, including the new funds being added in January, and the status of financial advice tool.

E. State Q3 2014 Status Report: Karen Blanton reported her Q3 status. She is on track to meet most of her 2014 goals, as more agencies ask for workshops and site visits. Enrollments have increased and state agencies are keeping Karen busy, especially ODOT.

F. Local Government Q3 2014 Status: Jack Schafroth reported his Q3 status. Assets for local governments have increased this last year, even with the departure of two of our agencies this year. There are 245 local governments who participate in the plan. Jack added two new employers this last quarter, City of Happy Valley and Central School District, and he has seven more he's working with right now.

G. Q3 2014 Plan Statistics: Kathy Gannon reported plan statistics and compared last year's numbers to this year. OSGP has seen a 39% increase in overall enrollments and a 7% increase in monthly contributions. The 3-year catch-up saw a 200% increase due to a targeted plan implemented by Dee Monday at OSGP. Loans have gone up approximately 35% this last year, and hardships decreased by 19%. Rollover dollars out of the plan went down by 17% and rollovers in increased only by 3%.

V. NEW BUSINESS

None.

VI. AUDIENCE PARTICIPATION: There was no audience participation.



ADJOURNMENT: The next meeting is scheduled for February 11, 2015 in Salem.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Tamie Cannon
Oregon Savings Growth Plan Staff