



ADVISORY COMMITTEE MEETING MINUTES
February 10, 2016
Archives Boardroom
SALEM OREGON

COMMITTEE MEMBERS PRESENT

Kevin Nordhill, Committee Member
Jeff Labhart, Committee Member
Richard Bailey, Committee Member
Celeste VanCleave, Committee Member
Brady Boothe, Committee Member
Steve Schnurbusch, Committee Member

STAFF MEMBERS PRESENT

Kyle Knoll, PERS FASD Administrator
Roger Smith, Program Manager
Kathy Gannon, Program Coordinator
Vitaly Putintsev, Enrollment Specialist
Jack Schafroth, Local Government Representative
Karen Blanton, Educational Representative
Dee Monday, Policy Analyst

I. INTRODUCTION:

Meeting called to order at 9:30 a.m. Jeff Labhart requested introductions from all those in attendance.

II. APPROVAL OF MINUTES:

Vice-Chair Labhart asked if there were any changes or corrections to the minutes from November 18, 2015. Vice-Chair Labhart moved to approve the minutes as presented and Brady Boothe seconded the motion. The motion carried unanimously.

III. OLD BUSINESS:

No old business

IV. ADMINISTRATIVE REPORT:

- A. Q4 2015 Service Review:** Brian Merrick spoke about VOYA marketing efforts. He stated that all of the recent television ads are geared towards getting people to start thinking about retirement as well as recognizing the VOYA brand. Merrick reported that VOYA had received a high volume of calls in the early part of 2016. While the increased volume is typical for this time of year, Merrick stated that the surge in calls was also attributed to the market volatility experienced in Q1 2016. Merrick stated that, due to increased call center staffing, call response time was at 30 seconds on average and typically closer to 10 seconds. This is an improvement from a year ago when response time was over a minute. Merrick reported that total plan assets are at about \$1.6 billion as of Q4 2015. Merrick characterized plan assets at the conclusion



of 2015 at a “net even” on the year as the plan finished the year roughly where it started. Merrick reviewed 4th Quarter data which indicates that OSGP participants are reacting to market fluctuations.

Merrick reported that there were 49 educational seminars with 819 in attendance and 302 individual meetings for Q4 2015. Merrick stated that the goal for group meetings for 2016 is 250 meetings. The goal for individual appointments for 2016 is 1,500 appointments. The goal for new enrollments for 2016 is 2,500. The goal for rollovers-in is \$45,000,000. Merrick noted that, while aggressive, all of these goals are realistic and attainable especially in light of the ongoing efforts to introduce online enrollment.

- B. Q4 2015 Performance Report:** Jake O’Shaughnessy presented the Q3 performance review. O’Shaughnessy reported that U.S. GDP grew by 2.1% after inflation year-over-year through Q3 2015. It is the fifth longest expansion of 34 recorded expansions since 1854 (Source: NBER). O’Shaughnessy stated that the Federal Reserve raised the target range for the federal funds rate to ¼ to ½ percent in December, ending a historic era of nearly zero percent interest rate policy that had begun seven years ago. In 2015, the price of crude oil fell to its lowest level since 2004, as global supplies exceeded demand. Despite increased production, the U.S. continues to be a net importer of oil, which is traded largely in U.S. dollars. The declining oil price tends to reduce the supply of U.S. dollars circulating abroad, and may have contributed to the recent appreciation of the U.S. dollar. The U.S. dollar continued its upward trend, rising 1.5% during the fourth quarter versus a basket of 10 leading global currencies. Over the past year and a half, the U.S. dollar has appreciated by over 22%. The strong dollar allows U.S. consumers to buy imported goods more cheaply, but it makes U.S. exports less competitive and raises the cost of bringing foreign profits back to the U.S. Currency fluctuations will also enhance or reduce the returns of foreign investments.

Committee Member Nordhill requested that a representative from Galliard Capital Management, Inc. come to the May 11th Advisory Committee Meeting to give a presentation on the OSGP Stable Value Fund (Fund). Nordhill noted the need for a better understanding of the nuances of the Fund.

- C. Treasury Transition Update:** Karl Cheng, Oregon Treasury (Treasury), provided the Treasury transition update. Cheng started by asking O’Shaughnessy to describe the changes at Arnerich Messina. O’Shaughnessy reported that Arnerich Messina had conducted a comprehensive review of all of their lines of business. He reported that the company is transitioning a portion of its participant-driven retirement plan services to Sageview Advisory Group (Sageview). Sageview has over \$50 billion of assets under advisement and is focused exclusively on retirement planning.



Sageview is planning to expand to the Pacific Northwest and is currently in the process of opening an office in Portland.

Cheng stated that Treasury has the assignment letter transferring the investment consulting contract from Arnerich Messina to Sageview and there is a DOJ review that will be taking place. Cheng reported that Treasury will be conducting an open-competitive RFP to replace the 7-year Arnerich Messina Inc. / SageView contract that expires in August. An RFP Evaluation Team will be convened in July to evaluate proposals. The team will be comprised of three individuals with Treasury, PERS, and the Committee being represented.

Cheng described the Treasury transition to a new office in Tigard. The office will contain the entire investment division of Treasury.

- D. OSGP Update:** Kyle Knoll stated that the program is focused on a long-term strategic outlook. Knoll discussed the strategic review that will occur at the division level and the potential for right-sizing of teams within the division, including OSGP. Knoll introduced Roger Smith as the Program Manager. Smith talked about his experience as Customer Service Manager at PERS, his transition to OSGP Program Manager, and his insights after two months managing the program.

Knoll also briefly highlighted the upcoming National Retirement Security Week kickoff event slated for October 2016. More details will be forthcoming at the May Advisory Committee Meeting.

- E. Presentation Team Report:** Karen Blanton stated that her efforts to heavily distribute the OSGP promotional piece titled *Six Great Reasons to Enroll* during the close of 2015 has led to an increase in plan interest. Blanton is currently scheduling appointments for April. The biggest problem Blanton observes is that employees have to take personal time/leave in order to come to OSGP workshops. This is an ongoing impediment to plan education and enrollment.

Blanton described the changes to the 2016 OSGP Workshops. Workshop titles and workshop content will be updated. Promotional fliers and the OSGP website will reflect the changes to the workshops.

Jack Schafroth talked about the nine new employer adoptions that took place over the last two quarters of 2015. Schafroth stated that these fresh enrollment bases were promising because employers taking the time to adopt the plan typically promote it to their employees.



F. Q4 2015 Plan Statistics: Kathy Gannon reported 4th quarter plan statistics and reviewed year-to-date plan statistics. Gannon stated that OSGP Roth assets have doubled from 2014 to 2015. Enrollments have increased slightly compared to one year ago. Loan requests and dollar amounts requested for loans have remained steady in comparison to 2014. The trend of Rollover-Ins coming in at a greater rate than Rollover-Outs continued in 2014 as well.

V. NEW BUSINESS:

A. Self-Directed Brokerage Window: Kathy Gannon and Ken Nichols, Charles Schwab, presented information regarding the self-directed brokerage window. The Committee heard a proposal to reduce the dollar amount limit to access the brokerage window from \$10,000 to \$5,000 and a proposal to increase the percentage of total assets that somebody could invest in a brokerage window from 50% to 75%. The Committee made a motion that OSGP staff research the feasibility of keeping the minimum contribution at \$10,000 and increasing the percentage of total assets that somebody could invest in a brokerage window from 50% to 75%. The motion was approved unanimously. Karl Cheng will carry forward the Committee's recommendation to the Oregon Investment Council (OIC) in June, to obtain their approval. Cheng will share specifics on the June OIC agenda item during the May 11th Advisory Committee Meeting.

VI. AUDIENCE PARTICIPATION:

Lisa Massena, Director of the Oregon Retirement Savings Plan (ORSP), was introduced to the Committee. Massena spoke about the plan to launch the ORSP by July 2017 and the work that will go into starting the new retirement plan statewide. More information regarding the ORSP can be found on the Oregon State Treasury website and through Georgetown University's Center for Retirement Initiatives website.

<http://www.oregon.gov/treasury/ORSP>

<http://cri.georgetown.edu/states/oregon>

VII. ADJOURNMENT: The next meeting is scheduled for May 11, 2016.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Vitaly Putintsev
Oregon Savings Growth Plan