

**2023 COUNTY OF RIVERSIDE  
DEFERRED COMPENSATION ADVISORY COMMITTEE  
(DCAC) Meeting**

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MINUTES OF CONFERENCE CALL  
August 31, 2023, 9:30 A.M.  
ZOOM Conference Call

**Committee Members Present**

Don Kent, Director of Finance, Chair  
Mike Bowers, HR Director, Member  
Matt Jennings, Treasurer-Tax Collector, Member  
Ben Benoit, Auditor-Controller, Member

**Committee Members Absent**

Supervisor Yxstian Gutierrez, Fifth District, Member

**In Attendance**

Amy Onopas, Human Resources  
Stephanie Jones, Human Resources  
Rasch Cousineau, Hyas Group

**1. CALL TO ORDER**

Chair Don Kent called the meeting to order at 9:32 a.m.

**2. APPROVAL OF MINUTES THE DECEMBER 7, 2022, MEETING MINUTES.**

**Matt Jennings motioned | Mike Bowers seconded | Unanimous**

**3. Hyas Group provided the Second Quarter 2023 Performance Report. The report included the following highlights:**

- Market Commentary – So far, so good. Resiliency. Immunity. Perseverance. Those words have been used to describe the major US stock indices in the first half of the year. While the Dow 30 was up a modest 3.8%, the more broadly represented S&P 500 was up 15.9% and the NASDAQ was borderline triumphant, up a historic 31.7% in the first six months alone. Fed rate hikes? No problem. Debt ceiling crisis? No problem. Geo-political risk? You guessed it, no problem. Markets continue to exchange negative news for positive returns in 2023. And it is not just stocks. Fixed income markets – albeit more narrowly – have also rallied against an aggressively speaking Federal reserve. In previous quarters, we discussed how participants largely stayed the course during 2022’s negativity and volatility. So far this year, they have been rewarded. Market gains are primarily positive for plan participants and thus, positive for Defined Contribution Plans. Will this strength continue in to the second half of 2023? Will the Fed continue to raise rates? How many more rate hikes? Will the

consumer and participants continue their own resiliency? The second half of 2023 should help answer some of these questions. But for the first half of 2023, so far so good.

- Plan Data – June 30, 2023 Total Combined Retirement Plans’ assets were \$1,323,520,499. Second quarter cash flow was negative at -\$2,117,667. The Committee inquired about options to improve cashflow. Hyas Group can provide a “fees matter” flyer for consideration at the next meeting. In addition, Hyas Group will reach out to Nationwide and Corebridge to discuss possible asset retention campaigns and have them present solutions at the January meeting.
- Current Fund Lineup Performance –
  - Morley Stable Value Retirement DCVA (no ticker) | \$3,987,814 – This fund is out of compliance for performance reasons, underperforming its benchmark and peer group for the trailing 5-year period. The Fund will be transitioned to the Nationwide Fixed Account in June 2024 when the 12-month put notification expires.
  - MFS Mid Cap Growth (OTCKX) | \$24,377,861 – MFS recently announced that Paul Gordon, who co-managed the MFS Growth and MFS Mid-Cap Growth strategies, left the firm for medical reasons on April 3, 2023. Eric Fischman, whose tenure predates Paul Gordon, remains as a senior manager to the strategies and is supported by junior portfolio managers as well as the MFS pool of equity sector analysts. Given the breadth of resources and continuity of experienced management coverage, Hyas Group does not find this development to be highly disconcerting. However, Paul Gordon was known to be a strong contributor and his leave does constitute a loss that we view to be material enough to warrant investment action. **The Committee voted to place this strategy on watch for qualitative reasons.** Hyas Group will observe and report if this departure impairs performance or the implementation of the investment strategies. Hyas Group will provide an update at the next meeting.
- Fee and Revenue Analysis – 2Q23 weighted fees were 0.440% (44.0 basis points) which is 18.1 basis points lower (30%) than they were previously. This savings equates to over \$2 million in reduced fees for participants.

**Ben Benoit motioned | Don Kent seconded | Unanimous**

#### **4. HYAS GROUP PROVIDED PLAN GOVERNANCE OVERVIEW**

- SECURE Act 2.0 – The IRS announced a 2-year administrative delay on Section 603 of the SECURE Act 2.0 until January 1, 2026. This is the provision that requires age 50+ catch-up contributions to be made on a Roth basis for an individual earning over \$145,000 in prior year wages. The provision was initially set to take effect on January 1, 2024. This is generally a good thing for plan sponsors as this allows more time to prepare for this regulation to go into effect. Hyas Group will share more information on this as additional guidance is provided.

#### **5. HYAS GROUP PROVIDED LEGAL AND REGULATORY UPDATES**

- Additional information about SECURE 2.0 included the following optional provisions:
  - Section 109 – Higher catch-up limits for ages 60-63. Not effective until January 01, 2025, potentially could be delayed with 603 until 2026 or later.
  - Section 110 – Matching student loan payments.
  - Section 115 – Penalty free emergency expenses.
  - Section 127 – Emergency savings accounts.
  - Section 304 – Increase De Minimus from \$5,000 to \$7,000.
  - Section 312 – Self-certifying hardships. This provision is not recommended as the Plans are currently in a negative net cash flow state.
  - Section 314 – Penalty free domestic abuse withdrawals – effective January 1, 2024.
  - Section 326 – Penalty-free terminal illness withdrawals.

- Section 328 – Distributions to retired public safety officers for health and long-term care premiums.
- Section 329 – Change to early withdrawal penalty.
- Section 330 – Include correction officers as public safety.
- Section 331 – Federal disaster relief.
- Section 604 – After tax match of employer contributions.

**6. HYAS GROUP LED A DISCUSSION REGARDING QUALIFIED DEFAULT INVESTMENT ALTERNATIVES (QDIAS):**

- The Committee voted to change the QDIA from the Fixed Account for each recordkeeper to the age-appropriate target date fund which is the national standard as set forth by the 2006 Pension Protection Act (PPA). This change only impacts new participants.

**Don Kent motioned | Mike Bowers seconded | Unanimous**

**7. NEW BUSINESS INCLUDED:**

- None

The meeting was adjourned at 10:42 a.m.

The next meeting will be Wednesday, January 31, 2024 at 9:00 a.m. in person in the County Executive Office's Raincross Conference Room C.