

**Smart Savings Committee Meeting
(aka Deferred Compensation)
March 10, 2022 @ 3:00 p.m.
Via MS Teams Meeting**

Attended

Maricopa County – Brandon Newton, Charlotte Marz, Frances Dairman, Laura Ingegneri, Max Porter, Monica Pimentel, Bridget Harper, Mike Fulton

Nationwide Retirement Solutions – Andee Gravitt, Jim Keeler, Tracy Childers, Jennifer Foglia, Christina Lessard

SageView – Jake O’Shaughnessy and Stuart Payment

Absent – Christian Anderson, LeeAnn Bohn

1. Call to Order

The meeting was called to order at 3:03 p.m. by Chairperson, Charlotte Marz.

2. Introduction of Committee Member

Laura Ingegneri, HR Director, was introduced and welcomed to the committee.

3. Approval of Minutes for November 16, 2021, Regular Quarterly Meeting

Monica Pimentel made a motion to approve the November 16, 2021 meeting minutes. Seconded by Frances Dairman. Motion carried by unanimous vote.

4. Nationwide Retirement Solutions Performance Report

Andee Gravitt presented the 4th quarter performance report executive summary. The My Interactive Retirement Planner (MIRP) tool shows that 40% of the 4,089 plan participants utilizing the tool are prepared for retirement.

The balance sheet shows an increase in distributions but a decrease in deferrals in the 4th quarter compared to the 3rd quarter of 2021. There was speculation that the decrease in deferrals could be due to employees hitting their annual limit in the 4th quarter. One reason for the increase in distributions may be early retirement, but more likely it is due to RMDs that come out in the 4th quarter. There was no significant increase in unforeseeable emergency/hardship withdrawal requests, which is good.

The number of new loans and the dollar amount of new loans both decreased in the quarter. This is good, but also having a loan feature may be an encouragement for someone to join the plan.

A review of the revenue reconciliation shows that the retained revenue balance continues to grow. In another four quarters, it may be time for the committee to consider another rebate.

Andee reported that Nationwide did not meet performance standards for response time and call abandonment.

Andee reviewed collateral and informed the committee about a new decumulation feature available in the MIRP for retirees.

5. Sageview-Investment Performance Report

Jake O'Shaughnessy presented SageView's 4th Quarter Investment Performance Review for the Maricopa County 457 Plan. The plan is growing and in good shape with over \$730 million in plan assets as of 12/31/21. The outlook is optimistic despite rising inflation. Jake O'Shaughnessy also presented a market update as of 12/31/21 with the following highlights:

- I. December marked the eighth consecutive month of U.S. inflation at or above 5%, well over the Fed's established target. In response, the Federal Reserve reduced the amounts of its monthly bond purchases and offered guidance for three rate hikes in 2022. Since the onset of the COVID pandemic, the unprecedented levels of fiscal and monetary stimulus have fueled demand for consumer goods, even as services have yet to fully rebound.
- II. Equity markets posted another positive quarter in Q4 2021. Domestic stocks outpaced international, developed, and emerging markets stocks. In the U.S. large-cap stocks outpaced small caps. The Technology-dominated NASDAQ Composite failed to keep pace with the S&P 500, largely because Communications Services firms (~16% of the index) lagged other sectors for the quarter.
- III. The yield curve flattened in Q4 2021, indicating that bond investors expect (1) more modest economic growth and inflation over the long to medium term, and (2) for the Fed to make good on its pledge to continue tapering and raise short-term interest rates. The risk/reward tradeoff of bonds has changed meaningfully over the past several decades as interest rate volatility has soared, just as yields are at or near historic lows.

On Watch Fund Updates:

The T. Rowe Price Mid-cap Growth fund continued to perform below the benchmark. Sageview presented three similarly well-ranked alternative investment options for consideration (Delaware Ivy Mid Cap Growth, JPMorgan Mid Cap Growth, and MFS Mid Cap Growth).

Frances Dairman made a motion to replace the T. Rowe Price Mid Cap Growth fund with JP Morgan Mid Cap Growth (Ticker: JMGMX). Max Porter seconded the motion. Motion carried by unanimous vote.

Jake O'Shaughnessy presented the opportunity to move the Fidelity Contrafund to a lower cost 'K6' share class. Mike Fulton made a motion to change the Fidelity Contrafund to the K6 Shareclass (Ticker: FLCNX). The motion was seconded by Monica Pimentel. Motion carried by unanimous vote.

As the committee had briefly discussed the absence of a TIPS fund in the past, SageView presented three similarly suited alternatives (Fidelity® Inflation-Prot Bd Index, Schwab Treasury Infl Protected

Secs Idx, and Vanguard Inflation-Protected Secs Adm). Max Porter made a motion to add the Schwab TIPS Index Fund (Ticker: SWRSX) to the plan's fund lineup. The motion was seconded by Frances Dairman. Motion carried by unanimous vote.

6. Comments from Committee Members

No comments.

7. Public Comments

No comments.

8. Motion to Adjourn

A motion was made to adjourn the meeting at 4:121 pm by Frances Dairman and seconded by Monica Pimentel. Motion carried by unanimous vote.