

### Minutes

An electronic meeting, held in accordance with §2.2-3708.2(A)(3) of the *Code of Virginia* and Chapter 56 of the 2020 Special Session I Acts of Assembly, of the Defined Contribution Plans Advisory Committee (DCPAC) of the VRS Board of Trustees convened electronically on June 24, 2021, with the following members present:

**Committee Members:**

Hon. J. Brandon Bell, Chair  
Dr. Susan Gooden  
Shannon Irvin  
Rick Larson  
Brenda Madden  
David Winter

**Members of the Board of Trustees:**

O'Kelly McWilliams, III  
John Bennett  
Michael Disharoon  
William Garrett

**VRS staff members in attendance:**

Trish Bishop, Steve Cerreto, Jeanne Chenault, Michael Cooper, Jon Farmer, Josh Fox, Kelly Hiers, KC Howell, Robert Irving, Ciara Lawson, Rebecca Nicholas, Joyce Monroe, Laura Pugliese, Kristy Scott, Michael Scott, Jillian Sherman, Jennifer Schreck, Peter Thompson, Rachel Webb and Cindy Wilkinson.

Also in attendance were Lauren Albanese, Financial Investment News; Adam Rosatelli, Virginia Senate Finance & Appropriations Committee Staff; Kimberly Sarte, Joint Legislative Audit and Review Commission Staff; Latosha Johnson, Virginia Department of Planning and Budget Staff; and Denise Fortune, Voya

The meeting convened at 1:00 p.m.

Ms. Sherman served as facilitator and walked participants through the logistics of an electronic meeting. Ms. Sherman turned the meeting over to Mr. Bell to call the meeting to order.

Chairman Bell welcomed committee members, board members, VRS staff, representatives from other stakeholder groups and members of the public.

Mr. Bell noted that given the current circumstances related to COVID-19, the DCPAC was unable to meet in person. However, utilizing electronic means, the DCPAC could hold this meeting in accordance with §2.2-3708.2(A)(3) of the *Code of Virginia* and Chapter 56 of the 2020 Special Session I Acts of Assembly as it relates to conducting business during the pandemic.

Mr. Bell took a roll call of each DCPAC member for attendance purposes:

Dr. Gooden – Present  
Ms. Irvin – Present  
Mr. Larson – Present  
Ms. Madden – Present  
Mr. Winter – Present  
Mr. Bell – Present

There was no public comment.

#### **APPROVAL OF MINUTES**

Upon a motion by Mr. Bell, with a second by Mr. Larson, the minutes of the April 15, 2021 meeting were approved.

Mr. Bell asked for each Committee member to vote on the motion:

Dr. Gooden - Aye  
Ms. Irvin – Aye  
Mr. Larson – Aye  
Ms. Madden – Aye  
Mr. Winter – Aye  
Mr. Bell – Aye

Trish Bishop, VRS Director, informed the Committee that due to the nature of electronic meetings, a change was made to the format of the presentation materials to help facilitate discussion and focus attention on the most important items .

#### **DC PLANS INVESTMENTS UPDATE**

Laura Pugliese, Portfolio Manager, Defined Contribution Plans, shared with the Committee a new performance table that provided an overview of the number of investment options that met or exceeded their benchmarks based on the 1-, 3-, 5-, and 10-year periods in the Unbundled DC Plan Structure and Bundled TIAA ORPHE Structure for the period ending April 30, 2021. She informed the Committee that the investment options in the Unbundled DC Plan Structure, including the Target Date Portfolios and individual investment options, as well as the investment options in the Bundled TIAA ORPHE Structure are performing as expected.

The Committee found the new format helpful. Ms. Irvin inquired if the information would be presented differently when investment options did not meet or exceed the benchmark performance and noted her preference for more information. Ms. Pugliese informed the Committee that additional information could be provided to address any underperforming funds.

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Ms. Pugliese noted the difference in the number of total options measured over a specific period can differ across the 1-, 3-, 5- and 10-year periods because the total number of options are based on investment options' inception dates. She stated for example an investment option may not have a 10-year performance history based on its inception date resulting in the total number of investment options within the 10-year category differing from the total number of investment options in other periods. She also noted that additional detailed information would be provided to the Committee in those instances when investment options did not meet or exceed the benchmark performance.

Ms. Pugliese shared with the Committee that the performance reports for the Unbundled DC Plans and TIAA ORPHE for the period ending April 30, 2021, were included the appendix.

Ms. Pugliese also thanked the Committee for their feedback and suggested edits to the VRS DC Investment Belief Statements. She noted an opportunity was provided to receive additional comments during the June 24<sup>th</sup> meeting from the DCPAC prior to the September 21<sup>st</sup> meeting of the VRS Board of Trustees. There being no additional comments at this time, Ms. Pugliese suggested an extension to the deadline for additional comments up until July 16<sup>th</sup> and informed the Committee that a red lined version with any additional edits, a final clean document and request for board action would be provided to the DCPAC at the September 2<sup>nd</sup> meeting.

Following Ms. Pugliese's report, the Committee took a five-minute recess.

The meeting reconvened upon the following roll call vote:

Dr. Gooden – Present  
Ms. Irvin – Present  
Mr. Larson – Present  
Ms. Madden – Present  
Mr. Winter – Present  
Mr. Bell - Present

#### **ADMINISTRATIVE REPORTS AND COMMUNICATIONS UPDATE**

Kelly Hiers, DC Plans Administrator, provided an update of the VRS Defined Contribution Plans for the first quarter ending March 31, 2021. Ms. Hiers shared the total assets and accounts under management across all DC plans as of March 31, 2021.

Ms. Hiers informed the Committee of recent initiatives, including the ICMA-RC name change to MissionSquare Retirement. She noted that phase out of the ICMA-RC name is expected to be completed in September 2021. Ms. Hiers also provided an update regarding financial planning services with MissionSquare, highlighting preliminary results since the launch of the service.

Ms. Hiers shared that VRS DC Plans was the recipient of the 2021 Communicator Award of Distinction for its COVID-19 Response Campaign.

Ms. Hiers also provided an overview of the COV 457 Splash Screen initiative to encourage eligible employees to increase deferral elections and participation in the plan. She noted the new feature utilizes enhanced active choice and is presented to eligible employees behind the account login.

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DC Plans and Hybrid Plan Update

Ms. Hiers provided an update on total assets and accounts in the COV 457 and Virginia Cash Match plans through March 31, 2021. She also provided a review of total assets and accounts in the Hybrid Retirement Plan for the first quarter of 2021.

Ms. Hiers provided an overview of Hybrid Retirement Plan participation highlights, noting the overall participation in Hybrid 457 voluntary contributions and the number of hybrid plan members making voluntary contributions.

Ms. Hiers provided an overview of the first quarter DC Plans goal focused on the Annual Review and Benchmarking. The 2020 Annual Service Review with MissionSquare was held electronically on April 21 and April 28, 2021. She shared with the Committee that all 2020 performance standards were met and highlighted several agenda topics addressed as well as current and future initiatives, including a future initiative to increase participation in the COV 457 Plan and an initiative designed to allow employers to customize a pay increase campaign for their employees.

With respect to the COV 457 Participation initiative, Dr. Gooden inquired if there was opportunity to further customize the direct mail campaign communication materials to reach eligible participants in underserved communities across the Commonwealth, including employees in rural areas and people of color. Ms. Hiers indicated that although information as it pertains to the race and ethnicity of the DC Plans participant population was not available, efforts could be made to target participants by gender and potentially geographic region.

Mr. Larson also shared efforts underway in the higher education community to approach policies through a diversity, equity, and inclusion (DEI) lens to ensure information has a broad appeal, and inquired of measures taken by staff to address diversity and inclusion in the absence of information about race and ethnicity. Ms. Hiers informed the Committee that efforts are made to ensure imagery used across various communication channels is representative of diverse populations and language content is crafted through a readability and accessibility lens so the average person can read and understand the information.

Ms. Hiers provided an update of VRS DC Plans' participation with the Public Retirement Research Lab (PRRL), a collaboration between the National Association of Government Defined Contribution Administrators (NAGDCA) and the Employee Benefit Research Institute (EBRI). Ms. Hiers shared with the Committee some of the data analysis the joint venture has produced, including a white paper published in February 2021 that looks at the state of public sector plans based on PRRL research. She also noted that a new benchmarking tool based on established standards that are consistent across all participating record keepers will allow for the plan to benchmark against public sector peers that have a similar plan structure.

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ORPHE Update

Ms. Hiers provided an overview by provider of total ORPHE assets, participants and average balances for the first quarter of 2021. She also gave an update on ORPHE provider selections and provider initiatives for the first quarter of 2021.

Ms. Hiers informed the Committee of efforts underway to change and streamline the Administrative Summary in order to share the most relevant information with the DCPAC, including the use of dashboards to measure changes and performance in cash flows, contributions, deferral rates, distributions, participation rates, and investment holdings.

Ms. Hiers included in the meeting materials the *Q1 2021 Administrative Summary Appendix Supplement* for the Committee to review.

The Committee thanked Ms. Hiers for her presentation.

**OTHER BUSINESS**Discussion of New Ideas

Mr. Larson discussed the opportunity for employers to assist DC Plans with promoting strategic communication initiatives around key objectives such as increasing contributions or participation rates. Given the role the Committee plays, Mr. Larson also expressed interest in being added to the email distribution for the monthly Employer Update.

Staff welcomed the opportunity to leverage assistance from employers to help promote and encourage employees to save more for retirement and indicated that DCPAC members would be included on the Employer Update email distribution.

Mr. Larson indicated that he would be willing to share and discuss the findings from his organization's exercise in reviewing materials through a DEI lens. Staff indicated they would be interested in receiving information and discussing their findings.

**UPCOMING DEFINED CONTRIBUTION PLANS ADVISORY COMMITTEE MEETINGS**

Mr. Bell confirmed the following DCPAC meeting dates for 2021:

The next meeting of the DCPAC will take place on September 2, 2021, from 1:00 p.m. to 4:00 p.m., with a remaining meeting on December 2, 2021 from 1:00 p.m. to 4:00 p.m.

The ORPHE Annual Employer Update is scheduled for September 30<sup>th</sup>, as required by the DCPAC Charter. This is not a DCPAC Committee meeting, however members may attend if interested.

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**ADJOURNMENT**

Mr. Bell made a motion to adjourn the meeting. Ms. Irvin seconded the motion.

There being no further business, Mr. Bell adjourned the meeting at 2:29 p.m.



J. Brandon Bell, Chair  
Defined Contribution Plans Advisory Committee