



# SFERS

San Francisco Employees' Retirement System

City and County of San Francisco  
Employees' Retirement System

## DEFERRED COMPENSATION COMMITTEE MINUTES

---

**Wednesday, November 18, 2020**

10:00 AM

### **Meeting Held by Teleconference Pursuant to the Governor's Executive Order N-29-20 and the Fifth Supplement to Mayoral Proclamation Declaring the Existence of a Local Emergency**

**During the Coronavirus Disease (COVID-19) emergency, the Retirement System's regular meeting room, 1145 Market Street, 6<sup>th</sup> Floor, is closed.** Commissioners and Retirement Staff will convene remotely. The public will be able to provide public comment during the meeting by live call-in. The public is encouraged to submit comments in advance of the meeting either by: (1) email to [sferspubliccomment@sfgov.org](mailto:sferspubliccomment@sfgov.org) or (2) recording your public comment on the Retirement System's public comment line 415-487-7020. Written public comments are limited to 150 words or less [Admin. Code § 67.16]

Public comments submitted by 5:00 p.m. PST, Friday, November 13, 2020 will be included in the record.

#### **MISSION STATEMENT**

*San Francisco City and County Employees' Retirement System is Dedicated to Securing, Protecting and Prudently Investing the Pension Trust Assets, Administering Mandated Benefit Programs, and Providing Promised Benefits.*

#### **DEFERRED COMPENSATION COMMITTEE MEMBERS**

Al Casciato, Chair  
Leona Bridges  
Joseph Driscoll

Jay Huish  
*Executive Director*

---

### **DISABILITY ACCESS**

The San Francisco Employees' Retirement System is wheelchair accessible. Accessible seating is available for persons with disabilities. To obtain a disability-related modification or accommodation, including large print agendas, American Sign Language interpreters, FM sound amplification system and auxiliary aids or services, please contact Darlene Armanino at (415) 487-7012 at least two (2) business days before the meeting.

There is accessible parking in the vicinity of 1145 Market Street at Civic Center Plaza. Accessible **MUNI** lines are available at the corner of Market Street and 8<sup>th</sup> Street. The closest accessible **MUNI /BART** station is Civic Center Station.

Materials accompanying the agenda are available for public inspection and copying at SFERS, 1145 Market Street, 7th Floor. For additional information, please contact Darlene Armanino, Executive Assistant, at (415) 487-7012.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

**The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.**

### **Know Your Rights Under the Sunshine Ordinance**

#### **(Chapter 67 of the San Francisco Administrative Code)**

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. FOR MORE INFORMATION ON YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE OR TO REPORT A VIOLATION OF THE ORDINANCE, CONTACT THE SUNSHINE ORDINANCE TASK FORCE.

Sunshine Ordinance Task Force  
City Hall  
1 Dr Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102-4689  
(415) 554-7724  
by fax at (415) 554-7854  
or by email at [sotf@sfgov.org](mailto:sotf@sfgov.org)

**Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, <http://www.sfgov.org/sunshine/>**

Any materials distributed to the Retirement Board (or committee) within 72 hours of the meeting or after distribution of the agenda packet to Board (or committee) members are available for public inspection at SFERS, 1145 Market Street, 7<sup>th</sup> Floor, during regular office hours.

### **Lobbyist Registration and Reporting Requirements**

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (San Francisco Campaign and Governmental Conduct Code sections 2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 25 Van Ness Avenue, Suite 220, San Francisco, CA 94102, telephone (415) 252-3100, fax (415) 252-3112 and web site: [www.sfgov.org/ethics/](http://www.sfgov.org/ethics/)

## Deferred Compensation Committee Meeting

**PUBLIC COMMENT CALL-IN: 415-655-0001 Access Code: 146 185 0425**

- Public comment will be available on each item on this agenda. Each speaker will be allowed 2 minutes to speak. Comments or opportunities to speak during the public comment period are available via phone call by calling 415-655-0001, access code [146 185 0425], then '#' and then '#' again.
- When connected you will hear the meeting discussions, but you will be muted and in listening mode only.
- When your item of interest comes up, dial \*3 to be added to the speaker line. Best practices are to call from a quiet location, speak clearly and slowly, and turn down your television, radio or computer.

**OPENING CALENDAR**

- |                     |                       |          |
|---------------------|-----------------------|----------|
| <b>1. Roll Call</b> | Commissioner Bridges  | 10:00 AM |
|                     | Commissioner Casciato | 10:00 AM |
|                     | Commissioner Driscoll | 10:00 AM |

**2. 111820-02 General Public Comment**

Chair Casciato called for General Public Comment.

There were no callers and General Public Comment was closed.

**3. 111820-03 Action Item Approval of the Minutes of the September 28, 2020  
Deferred Compensation Committee Meeting**

Documents provided to the Committee prior to the current meeting: Draft Minutes of the September 28, 2020 Deferred Compensation Committee Meeting.

Chair Casciato called for public comment.

There were no callers and public comment was closed.

**Action:** Moved by Commissioner Bridges, Seconded by Commissioner Casciato, to approve Minutes of the September 28, 2020 Deferred Compensation Committee Meeting.

Ayes: Commissioners Bridges, Casciato, Driscoll

Chair Casciato called Item No. 7

**7. 111820-07 Discussion Item SFDCP Manager Report**

Documents provided to the Committee prior to the current meeting: SFDCP Manager Memorandum.

Steve Moy, Deferred Compensation Program Manager, presented an oral and written report on this item.

- Self-Directed Brokerage Account Statistics
- Voya Retirement Advisors Statistics
- National Retirement Security Month Results
- General SFDCP Updates

The Committee reviewed and discussed the material and engaged in a question and answer session with staff.

Chair Casciato called for public comment.

There were no comments and public comment was closed.

**Action:** This is a discussion only item.

Chair Casciato called Item #6

**6. 111820-06 Discussion Item January – June 2020 Defined Contribution Litigation Summary**

Documents provided to the Committee prior to the current meeting: Staff Memorandum, January – June 2020 DC Plan Litigation Summary.

Greg Ungerman, Callan, and Jana Steele, DC Research and consulting Group, presented an oral and written presentation on this item.

Ms. Steele presented a summary of the recent litigation affecting Defined Contribution Plans during the first half of 2020, including demographics, key themes, and items for Plan Sponsors to consider.

Ms. Steele reported that litigation has been increasingly common during 2020, likely influenced by a number of different factors. Speculation has tied the increase to more people staying at home with time on their hands, employees who may have lost their jobs and feel less loyalty to the plan sponsor, as well as the shocks to the stock market. She reported that a recent Bloomberg Law analysis found approximately 20 ERISA lawsuits were filed in 2019. Ms. Steele reported that Callan's review identified 29 lawsuits filed during the first half of 2020. Subsequent monitoring by Callan has identified at least another 23 lawsuits filed during 3Q20. Three lawsuits by relatively new players were dismissed in 2020 and had been filed only three months, four months, and nine months earlier, respectively.

The Committee reviewed and discussed the material and engaged in a question and answer session with staff.

Chair Casciato asked that this item be calendared for presentation to full Board after the first of the year and the Callan materials also electronically distributed in advance to Board members.

Commissioner Driscoll asked that it be noted that we have continued to monitor issues to prevent litigation rather than react to it.

Chair Casciato called for public comment.

There were no callers and public comment was closed.

Action: This is a discussion only item.

**4. 111820-04      Action Item                      SFDCP Automatic Enrollment**

Documents provided to the Committee prior to the current meeting: Staff Memorandum, Automatic Enrollment Implementation Considerations.

Steve Moy, Deferred Compensation Program Manager, Ben Taylor, Greg Ungerman, Callan, and Brian Merrick, Voya, provided an oral and written report on this item.

Mr. Moy noted that as a voluntary retirement savings program, increasing participation rates is a constant goal for the SFDCP. One method which can be utilized to increase participation rates is automatic enrollment. Automatic enrollment arrangements allow employers to enroll eligible employees in the retirement plan automatically unless the employee affirmatively elects not to participate. Each pay period, employees will have their wages deducted by a plan-specified default amount. The employee may request to not contribute to the plan or contribute a different amount.

Studies have shown that automatically enrolling employees into defined contribution plans has helped more people save for retirement than if left on their own to do. However, there are multiple considerations with automatic enrollment that need to be addressed before implementation.

Mr. Taylor spoke about automatic enrollment among government DC Plans, including prevalence, recent trends within defined contribution plans, and implementation considerations.

Mr. Merrick, Voya presented a sample post implementation procedure on auto enrollment and options.

The Committee reviewed and discussed the material and engaged in a question and answer session with staff.

Chair Casciato called for public comment.

There were no callers and public comment was closed.

**Action:** Moved by Commissioner Bridges, Seconded by Commissioner Driscoll, to direct staff to prepare a plan for the Board for review for auto enrollment implementation.

Ayes: Commissioners Bridges, Casciato, Driscoll

**5. 111820-05 Discussion Item Voya One Year Annual Review**

Documents provided to the Committee prior to the current meeting: Staff Memorandum, Voya Annual Recap.

Steve Moy, Deferred Compensation Program Manager, Brian Merrick, Voya, presented an oral and written report on this item.

Mr. Moy reported that new enhancements have been added to the Plan including the platform expansion of the Self-Directed Brokerage Account, customization features of the myOrangeMoney calculator, and the addition of Spanish language capabilities on the Voya website. He reported that, in addition to these planned upgrades, Voya has provided plan support in response to the unforeseen conditions resulting from COVID-19 this year. This included the implementation and administration of the CARES Act provisions as well as the development of additional virtual methods of communication.

Mr. Merrick, provided an update on the following:

- Voya Coronavirus & CARES Act Updates
- SFDCP Updates
- Enhancements
- Statistics
- Local counselor activity
- Service Levels and highlights

The Committee reviewed and discussed the material and engaged in a question and answer session with staff.

Chair Casciato called for public comment.

There were no callers and public comment was closed.

**Action:** This is a discussion only item.

**9. 111820-09 Discussion Item Deferred Compensation Committee Member Good of the Order**

Retirement Board members may request that any matter be calendared at a future meeting. All such requests shall be calendared in a reasonable time. (Board Operations Policy ¶24.) The Board will not discuss any items requested to be calendared until a subsequent meeting when the matter is included on the agenda with the required public notice.

Chair Casciato called for public comment.

There were no callers and public comment was closed.

**Action:** This is a discussion only item.

**10. 111820-10**

**Adjournment**

Having no further business, the Committee adjourned the meeting at 12:00 PM

Respectfully submitted,



Jay Huish, Executive Director