



City and County of San Francisco
Employees' Retirement System

DEFERRED COMPENSATION

COMMITTEE MINUTES

Wednesday, June 23, 2021

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, 6th Floor, is closed. Commissioners and Retirement Staff will convene remotely. The public may listen to the committee meeting "live" by dialing 415-655-0001 and using Access Code: 146 156 4200 and will be able to provide public comment during the meeting using this live call-in. The public is encouraged to submit comments in advance of the meeting either by: (1) email to sferspubliccomment@sfgov.org or (2) recording your public comment on the Retirement System's public comment line 415-487-7020.

Public comments submitted by 5:00 p.m. PST, Friday, June 18, 2021 will be included in the record.

MISSION STATEMENT

Deliver an exceptional voluntary retirement program, with empowering education and advanced tools that enable participants to achieve their financial retirement goals.

DEFERRED COMPENSATION COMMITTEE MEMBERS

Al Casciato, Chair
Leona Bridges
Joseph Driscoll

Jay Huish
Executive Director

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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.

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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

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Deferred Compensation Committee Meeting

PUBLIC COMMENT CALL-IN: 415-655-0001 Access Code: 146 156 4200

- 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 [**146 156 4200**], 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

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|---------------------|-----------------------|----------|
| 1. Roll Call | Commissioner Bridges | 10:00 AM |
| | Commissioner Casciato | 10:00 AM |
| | Commissioner Driscoll | 10:00 AM |

2. 062321-02 General Public Comment

Chair Casciato called for General Public Comment.

There were no callers and General Public Comment was closed.

3. 062321-03 Action Item Approval of the Minutes of the March 31, 2021 Deferred Compensation Committee Meeting

Documents provided to the Committee prior to the current meeting: Draft Minutes of the March 31, 2021 Deferred Compensation Committee Meeting.

Chair Casciato called for public comment.

There were no callers and public comment was closed.

Action: Moved by Commissioner Driscoll, Seconded by Commissioner Bridges, to approve Minutes of the March 31, 2021 Deferred Compensation Committee Meeting.

Ayes: Commissioners Bridges, Driscoll, Casciato

CHAIR CASCIATO CALLED ITEM NO. 5

5. 062321-05 Discussion Item Target Date Suitability Study

Documents provided to the Committee prior to the current meeting: Staff Memorandum and Callan’s Target Date Suitability Presentation

Diane Chui Justen, Deferred Compensation Director, Greg Ungerman and Jimmy Veneruso (Callan) provided an oral and written report on this item.

Russell Investments is the current custom target date manager and their agreement terminates December 31, 2022. Before undertaking a search for a custom target date manager, and in keeping with industry best practices, an evaluation for the need of a custom target date manager versus an

off the shelf target date fund is being conducted to help determine if a custom glidepath is still necessary for the SFDCP.

Callan presented a target date suitability study reviewing the plan demographics and relevant participant information used to determine if the current target date suite offered in the plan is still appropriate for the participants, especially those being defaulted into the TDF series.

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.

6. 062321-06 Discussion Item SFDCP Manager Report

Documents provided to the Committee prior to the current meeting: SFDCP Manager Memorandum, *futureReady* Model Portfolios Overview, Callan's SFDCP Performance Summary, and SFDCP Communications Presentation

Diane Chui Justen, Deferred Compensation Director, Greg Ungerman and Ben Taylor (Callan) provided an oral and written report on this item.

- New "Retirement" model portfolio designed by Financial Engines
 - Dated *futureReady* model portfolios (such as the *futureReady* 2020, 2025, etc) will collapse into a newly created "Retirement" model portfolio designed to maintain a static asset allocation indefinitely

Rename/Repurpose *futureReady* 2020 Fund was recommended.

- Clarify the portfolio's investment time horizon by renaming the portfolio to "Ready to Retire" (1 year outlook)
- Participants communicated to regarding the renaming convention, reminder of time horizon and opportunity to voluntarily elect an alternate investment or enroll in MA program with 90 days of free service
- Model portfolios will be sunset every 5 years with participants mapped into the "Ready to Retire" portfolio
- SFDCP Investment Performance – Q1 2021

The Deferred Compensation Plan was valued at \$4.6 billion on March 31, 2021. The change in total Plan assets increase by \$1.2 billion for the trailing 12 months.

The target date funds had another strong quarter returns between 1% and 5% depending on the vintage. All of the vintages performed ahead of their custom benchmark returns on a since inception basis.

Given the strong equity market during the quarter, the absolute results for the core investment funds have been very good. Relative performance has also been strong across short and longer term time periods with only a few exceptions.

SFDCP targeted direct mail campaign

Targeted Outreach – Restart Saving

- 1,601 participants who are active employees of the CCSF have not contributed to the SFDCP since September, 2019.
- Call-to-Action: Register for or log into your SFDCP account and restart saving to the SFDCP.
- Print mail delivered week of June 14.
- Follow-up Email to be sent week of June 28.
- Campaign goals: 40% email open rate, 5% email click rate, 10% registration or login, 5% of audience restart SFDCP contributions by the end of July.

Targeted Outreach – Save More

- 6,055 active participants contributed less than 6% or \$101 per pay period to the SFDCP as of May, 2021.
- Call-to-Action: Log into your SFDCP account and increase your contributions or schedule automatic increases with the Rate Escalator.
- Print mail delivered week of June 14.
- Follow-up Email to be sent week of June 28.
- Campaign goals: 40% email open rate, 5% email click rate, 5% of audience increases SFDCP contributions by the end of July.

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 #4

4. 062321-04 Discussion Item Auto-Enrollment in SFDCP

Documents provided to the Committee prior to the current meeting: Staff Memorandum

Diane Chui Justen, Deferred Compensation Director, presented an oral and written report on this item.

At the Deferred Compensation Committee meeting on November 18, 2020, Staff, Callan (Consultant), and Voya (Recordkeeper) presented on automatic enrollment considerations, including prevalence, defined contribution trends, and implementation needs. Upon hearing the presentations, the Deferred Compensation Committee directed Staff to prepare a plan and draft a timeline for review.

Staff presented a timeline for auto enrollment and Callan presented on the data inputs, demographics, and other considerations that will inform their recommendation for auto enrollment design.

Jay Huish, Executive Director, reported that the City is currently negotiating with labor on return to office, safety protocols and required reopening protocols so open enrollment would not be a priority to the City at the current time. One Union adoption is needed before auto enrollment can move forward.

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.

7. 062321-07 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 thanked staff and consultants for their work.

Chair Casciato called for public comment.

There were no comments and public comment was closed.

Action: This is a discussion only item.

8. 062321-08

Adjournment

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

Respectfully submitted,



Jay Huish, Executive Director