



San Francisco City and County Employees' Retirement System

DEFERRED COMPENSATION COMMITTEE MINUTES

Wednesday, December 18, 2024

1145 Market Street, 6th Floor

San Francisco, CA 94103

1:00 PM

Members of the Committee will attend this meeting in-person. Members of the public attending the meeting in person will have an opportunity to provide public comment on every item. In addition to in-person public comment, members of the public may provide public comment remotely by phone. The Committee will hear remote public comment on each agenda item in the order that commenters add themselves to the queue to comment on the item.

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

Leona Bridges, Chair

Joseph Driscoll

Joel Engardio

Alison Romano, CEO & CIO

Deferred Compensation Committee Meeting

PUBLIC COMMENT CALL-IN: 415-655-0001

Access Code: 2660 806 3969

Providing Public Comment

- 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 **[2660 806 3969]**, press '#' 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.

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DISABILITY ACCESS

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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 8th 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, Board Secretary, at (415) 487-7012. Written reports or background materials for calendar items are available for public inspection and are available online at <https://mysfers.org/about-sfers/retirement-board/>.

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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 94103-4689
(415) 554-7724 by fax at (415) 554-7854 or by email at sotf@sfgov.org

Citizens interested in obtaining a free copy of the Sunshine Ordinance can print a copy of 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, 7th Floor, during regular office hours.

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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 94103, telephone (415) 252-3100, fax (415) 252-3112 and web site: www.sfgov.org/ethics

OPENING CALENDAR

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|---------------------|-----------------------|---------|
| 1. Roll Call | Chair Bridges | 1:20 PM |
| | Commissioner Driscoll | 1:20 PM |
| | Commissioner Engardio | Absent |

2. 121824-02 General Public Comment

Chair Bridges called for General Public Comment.

There were no comments, and General Public Comment was closed.

3. 100224-03 Action Item Approval of the Minutes of the October 2, 2024 Deferred Compensation Committee Meeting

Documents provided to the Retirement Board prior to the current meeting: Draft Minutes of the October 2, 2024 Deferred Compensation Committee Meeting.

Chair Bridges called for Public Comment.

There were no comments from the public and Public Comment was closed.

Action: Moved by Commissioner Driscoll, seconded by Commissioner Bridges, to approve Minutes of the October 2, 2024 Deferred Compensation Committee meeting.

Ayes: Commissioners Bridges, Driscoll
 Absent: Commissioner Engardio

4. 121824-04 Action Item Stable Value Manager Recommendation

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum

Diane Chui Justen, Deferred Compensation Director, Steve Moy, Deferred Compensation Program Manager, Ben Taylor, Callan, presented an oral and written report on this item and reported that Staff and Callan completed a rigorous evaluation process, including:

- Comprehensive due diligence, including review of portfolio design proposals

- On-site visits to Invesco (Kentucky) on 10/29/24 and Galliard (Minnesota) on 10/30/24
- Reference checks from other government clients
- A Best and Final Fee Offer presented to both firms on November 7, 2024.

Callan and Staff recommended the retention of Galliard as the Plan's Stable Value Fund Manager and approved forwarding Galliard as the SFDCP Stable Value Manager to the Full Board with a recommendation for approval.

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

Chair Bridges called for Public Comment.

There were no comments from the public and Public Comment was closed.

Action: Moved by Commissioner Driscoll, seconded by Commissioner Bridges, to approve and forward Galliard as the SFDCP Stable Value Manager to the Full Board with a recommendation for approval.

Ayes: Commissioners Bridges, Driscoll

Absent: Commissioner Engardio

5. **121824-05** **Discussion Item** **SECURE 2.0 Overview and Updates**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum

Diane Chui Justen, Deferred Compensation Director, Ben Taylor, Callan, Bishop Bastien, Voya, provided a SECURE 2.0 overview and reported that SECURE 1.0 (Setting Every Community Up for Retirement Enhancement Act of 2019) and SECURE 2.0 are landmark U.S. legislative acts designed to improve the accessibility and security of retirement savings for American workers. These laws encourage greater participation in retirement plans, enhance savings opportunities, and provide flexibility in retirement savings strategies. While SECURE 1.0 focused on expanding access and encouraging participation, SECURE 2.0 builds on these initiatives by offering more flexibility, incentivizing savings at different stages of life, and addressing emerging issues such as student debt and emergency savings.

Staff has been collaborating with Voya, SFERS IT, and the Controller's Office to ensure the timely implementation of mandatory SECURE provisions before year-end, or earlier. These provisions include:

1. Catch-Up Contributions for Ages 60-63 (Effective 2025): For individuals aged 60, 61, 62, and 63, the greater of either: \$10,000, or 150% of the regular catch-up amount for 2024 (indexed for inflation).
2. Increased RMD Age: For individuals who turn 72 after December 31, 2022, the age for Required Minimum Distributions (RMDs) is increased to 73, and the RMD age will increase to 75 for those turning 74 after December 31, 2032.

3. Roth Accounts Exempt from Pre-Death RMD Rules: Previously, only Roth IRAs were exempt from RMD rules before death; SECURE 2.0 extends this exemption to Roth 401(k)s, and Roth conversions are now available.

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

Chair Bridges called for Public Comment.

There were no comments from the public and Public Comment was closed.

Action: This is a discussion only item.

6. 121824-06 Discussion Item Deferred Compensation Committee Member Good of the Order

Commissioner Driscoll suggested that Voya's Quarterly newsletter should direct readers to the website so readers can fully understand all factors for more information before calling a Retirement Counselor.

Commissioner Driscoll requested that future Deferred Compensation meetings begin at 1:30 pm rather than 1:00 pm.

Chair Bridges called for Public Comment.

There were no comments from the public and Public Comment was closed.

Action: This is a discussion only item.

7. 121824-07 Adjournment

Having no further business, the Committee adjourned the meeting at 2:05 PM.