
Minutes

A regular meeting of the Defined Contribution Plans Advisory Committee (DCPAC) of the VRS Board of Trustees convened on March 14, 2024, with the following members present:

Hon. J. Brandon Bell, II, Chair
Susan T. Gooden, Vice Chair
Ravindra Deo
C. Matt Harris
Rick Larson
Brenda Madden
Arun Muralidhar (*remotely in accordance with § 2.2-3708.3(B)(3)*)
David Winter

Members of the Board of Trustees:

John M. Bennett

VRS Staff:

Trish Bishop, Steve Cerreto, Jeanne Chenault, Michael Cooper, David Cotter, Antonio Fisher, Josh Fox, Kelley Harlow, Kelly Hiers, KC Howell, Robert Irving, Sandy Jack, Brian Lackey, Ryan LaRochelle, Joyce Monroe, Teresa Nyugen, Laura Pugliese, Mark Rein, Kristy Scott, Michael Scott, Jennifer Schreck, Ashley Spradley, Bridgette Watkins-Smith, Rachel Webb, Leslie Weldon, and Tanya Williams.

Guests:

Jamie Bitz, JLARC; Andrew Ness, Sageview; Spencer Witherspoon, Shenkman Capital.

The meeting convened at 1:00 p.m.

Opening Remarks

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

Approval of Minutes

Upon a motion by Dr. Gooden and a second by Mr. Deo, the minutes of the November 30, 2023, meeting were approved by the Committee.

Administrative Reports and Communications Update

DC Plans Overview

Kelly Hiers, Defined Contribution Plans Administrator, provided an overview of the DC Plans, as well as an update on administrative reports for the fourth quarter of 2023. An overview of assets and accounts

across the various defined contribution plans, as well as asset allocations across all plans and on an individual plan basis, was also provided.

Ms. Hiers advised the Committee that total assets and plan accounts have increased substantially over the last year. Total Plan assets and accounts have increased 22% and 16%, respectively, during the same time period. Pending Plan document recommendations, which are primarily related to SECURE 2.0, were presented to include an additional age-based catch-up provision, hybrid plan deferral change frequency from quarterly to monthly, allowance of in-plan Roth conversions, the addition of Unforeseen Emergency Withdrawal (UEW) provisions to the Hybrid 457 Plan with self-certification, application of self-certification provisions to UEWs in the COV 457 Plan and the elimination of the *de minimis* withdrawal option in the COV 457 Plan – all to be rolled out with the Voya transition, if approved.

DC Plans Recordkeeper Transition Update

Ms. Hiers provided an update on the transition to Voya. Teams are meeting weekly covering various areas (i.e., Administration, Communications, Call Center, Operational Readiness, Plan Set-up/Conversion). The contract review and discussions should be completed by June.

Mr. Bell thanked Ms. Hiers for her presentation.

DC Plans Investments Update

Performance Reports

Laura Pugliese, Portfolio Manager of Defined Contribution Plans, provided an overview of the January 31, 2024, performance reports, including the unbundled DC plans investment options and the bundled TIAA investment menu for ORPHE. Staff provided highlights from two Callan Periodic Tables of Investment Returns from 2014-2023 showing various asset class returns and inflation trends.

Projects

Ms. Pugliese provided an update on various projects, including the review of DC Investments governing documents, Retirement Income Solutions, and Investment Advice & Managed Accounts.

Mr. Bell thanked Ms. Pugliese for her presentation.

Other Business

Legislative Update

Sandy Jack, Director of Policy, Planning and Compliance, presented an RBA for plan document updates which proposes plan changes regarding escheatment provisions impacting all DC Plans as a result of legislation passed by the General Assembly.

Following a motion by Dr. Gooden, with a second by Ms. Madden, the Committee recommended approval of the following action to the full Board of Trustees:

RBA: Approve amended and restated Plan Documents: Virginia 457 and Cash Match, Hybrid 457 and Cash Match, ORPHE, ORPPA, and ORPSS.

Request for Board Action: *The Virginia Retirement System Board of Trustees approves the amended and restated (i) Commonwealth of Virginia 457 Deferred Compensation Plan, (ii) Virginia Cash Match Plan, (iii) Virginia Hybrid 457 Deferred Compensation Plan, (iv) Virginia Hybrid 401(a) Cash Match Plan, (v) Optional Retirement Plan of the Commonwealth of Virginia for Employees of Institutions of Higher Education, (vi) Optional Retirement Plan of the Commonwealth of Virginia for Political Appointees, and (vii) Optional Retirement Plan of the Commonwealth of Virginia for Public School Superintendents, effective July 1, 2024.*

Ms. Jack further provided an overview of VRS-related legislation presented during the 2024 regular session of the General Assembly. Ms. Hiers reviewed the status of several mandatory and optional SECURE 2.0 Act provisions with impact to the DC Plans. Most of the changes will be implemented in conjunction with the Voya transition.

Mr. Bell thanked Ms. Jack and Ms. Hiers for their presentations.

Discussion of New Ideas

Dr. Gooden initiated a discussion regarding the education provided to employees and retirees and what other employers may be doing to supplement educational activities. Staff added various areas that are currently being addressed, such as holistic financial wellness, and concurred that there are opportunities to enhance what is currently being done. This was a timely discussion to consider where there may be gaps in educational efforts.

Upcoming Defined Contribution Plans Advisory Committee Meetings

Mr. Bell confirmed the remaining DCPAC meeting dates in 2024, all at 1:00 p.m.:

- Thursday, May 23rd
- Thursday, September 12th
- Thursday, December 5th

Additionally, the ORPHE Annual Employer Update will be scheduled and appear on the agenda as an upcoming event. This is not a DCPAC meeting; however, members may attend if interested.

Adjournment

There being no further business, Mr. Bell adjourned the meeting at 2:44 p.m. upon a motion by Dr. Gooden, with a second by Mr. Deo, and a vote of the Committee.


Chair

MAY 23, 2024
Date