

Chairperson: Steve Cady, 278-4347

Clerk: Carol Mueller, 278-4228

SELECT COMMITTEE ON DEFERRED COMPENSATION

Monday, August 6, 2012 – 9:00 a.m.
Milwaukee County Courthouse - Room 203-P

Minutes

PRESENT: Grady, Russell, Walker and Cady (Chair)

SCHEDULED ITEMS:

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(f), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).

1. 12-DC1 Appeal(s) from deferred compensation participant(s) of decisions regarding request(s) for hardship withdrawal(s) of funds from Milwaukee County's Deferred Compensation Plan.

There were no appeals.

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2. 12-DC2 Financial Update on Administration of Milwaukee's County's Deferred Compensation Plan. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

ACTION BY: (Grady) Approve the extension of the administrative fee holiday through December 2013. 4-0

AYES: Grady, Walker, Russell and Cady (Chair) – 4

NOES: 0

3. 12-DC19 From Great-West Retirement Services, Second Quarter Report. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

Appearance:

Sue Oelke, Great-West Retirement Services

Ms. Oelke introduced the newest member of the in-house team, Ms. Cathy Croak.

The second quarter focused heavily on retirees with a custom presentation on

SCHEDULED ITEMS (CONTINUED):

backdrops. A new retirement seminar was offered in conjunction with the State regarding feelings and emotions involved in retiring. The feedback has been very positive.

Chairman Cady explained due to a new administrative change, when employees retire they no longer stay on the payroll for extra time until their accrued balances are paid out. Now, the policy is for a lump sum payout upon retirement. How do we inform the Plan participants that a change in the deferral amount for that lump sum would be needed? Ms. Oelke stated there is a letter in the retirement kit that is provided to participants, and Retirement Services encourages planned retirees to make an appointment at the same time with Great West to explain their options. The meeting with a deferred compensation representative is included and encouraged in the retirement workshops. There is an approximate month delay to change lump sum deferral rates. Ms. Oelke will review the letter contained in the kit to ensure this is clearly explained.

Participants that are turning 50 or older are receiving letters that they are eligible to increase their deferral for an additional \$5,500 per year. Direct mail postcards are continuing at a rate of 40 per week.

The projection for 2012 is no new growth, but the goal is to keep 85% of the inforce accounts.

Mr. Grady noted that as 2012 continues there may be a fair amount of new hires to fill some of the recent retiree vacancies.

Next quarter the focus will be on Did You Know (DYK) direct rollover postcard outreach regarding roll overs into the Plan from outside IRA's and 401K's. Additionally, a DYK effort will be to inform participants of salary deferral increases that will help them reach their retirement goals. Invitations will be sent to large account balances holders for a review of their plan for diversification.

An ERISA rule regarding fee disclosures will result in a release of the employer portion within the next 60 days and near the end of the year Great West will release the participant fee disclosure plan document. Great West would like to include Hewitt Ennis Knupp on any training regarding the fee disclosure.

The Committee took no action on this informational report.

4. 12-DC20 From Great-West Retirement Services, a demonstration of the proposed changes to the County Deferred Compensation website. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

SCHEDULED ITEMS (CONTINUED):

Appearances:

Sue Oelke, Great West Retirement Services

Charmaine Martin, Great West Retirement Services

Evelyn Calhoun, Great West Retirement Services (via teleconference)

Ms. Oelke explained that Great West hired outside consultants to work on the upgrade to the website which will allow participants to reach areas of interest within two clicks of a mouse. Ms. Calhoun gave a webinar presentation of the areas of interest that can be accessed pre-login. They include learning seminars, tools, in-depth calculators, rates of return, my account section and statements from the last four years. The post sign in areas contain transfers, financial planning, my profile (address changes feed automatically from the payroll system and cannot be changed) forms section and various others.

The launch date will be at the discretion of the Committee with yearly updates. The Committee would like to see the upgraded website go live as soon as available.

The Committee took no action on this informational report.

5. 12-DC21 From Hewitt Ennis Knupp, Second Quarter Performance Report.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

Appearance:

Laurel Nicholson, Hewitt Ennis Knupp and Associates

Ms. Nicholson stated that the market was very mixed in the second quarter. The funds within the Plan had mixed results but holding up well. There was a mixed bag in Equity Markets but gains in Fixed Income. A sluggish growth of key economies in China, many parts of Europe, particularly Spain, and Germany affected the market. The US had falling consumer spending. There were fewer jobs created and unemployment was at 8.2%. Contributing to the mix was a drop in energy prices, declining inflation with the drop in oil prices to \$91 per barrel and continued depressed housing markets. However, the US economy has continued to post slow moderate growth.

US stock markets were down 3% for the second quarter and the bond market up 2% with PIMCO the best performer in the Plan. Internationally, Europe continues to struggle. Emerging markets were weak. Large cap performed the strongest. Mid cap was the weakest during the quarter. Even though the stock market was down in May, the US markets for the first six months of the year were up 9% and the International markets were up about 3% for the same timeframe.

SCHEDULED ITEMS (CONTINUED):

US Treasury continued to be viewed as a safe haven in the Bond market. Corporate bonds slightly outperformed Government bonds over the year-to-date. At the Federal Open Market Committee meeting they expressed the fund rate (0.0 to 0.25) would stay in place through 2014. There is still some uncertainty in the market. Managers see a lot of value to be had in the Equity markets. Through the end of the quarter almost 70% of the companies beat their earnings and revenue expectations.

The Target Date Retirement funds move from aggressive to conservative as they near the titled dates. PIMCO still is the best performing fund. The Hartland Value Fund has underperformed in the last few quarters and has moved to yellow status. Over the 10 years it has outperformed one of every two quarters. The one, three and five year performance is disappointing, although its benchmark (Russell 2000 Value Index) may not accurately represent the holdings of the fund.

It may be helpful if the Plan would include a description on the website of the Target Date, Index and Actively Managed funds on the risk and return. At this time there is not a big difference of return on your risk in the fund selections offered in the Plan. As a reminder the William Blair fund will replace the JP Morgan fund at the end of this month.

The Committee took no action on this informational report.

6. 12-DC22 From Advised Assets Group, Second Quarter Stable Value Fund Report.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

The second quarter annualized Stable Value Fund rate was 3.35%. The rate for the third quarter is 3.15%.

The Committee took no action on this informational report.

7. 12-DC23 NAGDCA Conference 2012.

ACTION BY: (Russell) Approve attendance for members with reasonable expenses covered by the plan. 4-0

AYES: Grady, Walker, Russell and Cady (Chair) – 4

NOES: 0

8. 12-DC12 Next regularly scheduled meeting of the Select Committee on Deferred Compensation: **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

SCHEDULED ITEMS (CONTINUED):

November 12, 2012

The meeting was called to order approximately at 9:30 a.m. and adjourned at 10:50 a.m. The meeting started late due to technical issues with the webinar presentation and was moved to Room 201-B.

Submitted by
Carol Mueller
Chief Committee Clerk
Committee on Deferred Compensation

ADA accommodation requests should be filed with the Milwaukee County Executive Office for Persons with Disabilities, 278-3932 (voice) or 278-3937 (TTY), upon receipt of this notice.