

Chairperson: Steve Cady, 278-4347

Clerk: Carol Mueller, 278-4228

SELECT COMMITTEE ON DEFERRED COMPENSATION

Monday, February 11, 2013 – 9:00 a.m.
Milwaukee County Courthouse - Room 203-P

MINUTES

Members Present: Ceschin, Collins, Solomon and Cady (Chair)

Member Excused: Grady

The Chair introduced Ms. Jennifer Collins, as the new representative for the County Board. Ms. Collins is serving as the designee of Supervisor Cullen, Co-Chair of the Committee on Finance, Personnel and Audit.

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. 13-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. 13-DC3 Financial Update on Administration of Milwaukee's County's Deferred Compensation Plan. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

The Chair explained the format of the report for the new committee members and went into details on the fee reconciliation. He further explained that all mutual fund revenue sharing with Great West Financial flows back into the Plan to offset plan expenses. This has assisted in the extension of the administrative fee holiday, which is currently authorized through the end of 2013.

3. 13-DC4 From Great-West Financial, Fourth Quarter Report. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

Appearance:

Sue Oelke, Great-West Financial

Charmaine Martin, Account Executive, Great West Financial

SCHEDULED ITEMS (CONTINUED):

Ms. Oelke gave an overview for the two newest members of the Committee. The report gave a Plan review for 2012 and new proposed initiatives for 2013.

The "Did You Know" campaign has been very effective. After three years Great-West will roll out a new communication campaign. There has been significant focus with retirees on roll over monies into the Plan. This year Great-West continued to create partnerships and relationships with departments that haven't been previously targeted. The new website has received good feedback and is a work in progress with the latest technology that can be customized to the needs of the Plan. Another goal this year was to reach out to participants with larger account balances to ensure diversification in the Plan between asset classes and multiple investing options. The quantities of retirement meetings have remained steady but enrollments into the Plan are less. In force accounts remain at almost 94% and emergency withdrawals have leveled out.

Ms. Oelke informed the Committee of the comparisons from 2010 through 2012 on Plan Assets, Cash Flow, Participants and Plan Utilization along with details on Plan contributions and distributions.

As noted in previous meetings the fee disclosure for Plan participants is still being investigated with clarification from the IRS anticipated on the specific details of the contents of the disclosure statements. At this time the Plan is receiving Plan level fee disclosures from Great-West Financial with the expectation that participant level fee disclosures will be available to Plan sponsors later this year or early in 2014.

To assist participants with retirement readiness a new tool will soon be available online, the "Retirement Readiness Center". This tool will allow participants to see what their asset balance will "convert" to as far as annual income for their expected retirement years. Participants will also be able to add other sources of expected income (e.g. Social Security and defined benefit pension) to get a clearer picture of their financial future for retirement.

The Committee took no action on this informational report.

4. 13-DC5 From Great-West Financial, 2013 Strategic Marketing Plan.

Appearance:

Sue Oelke, Great-West Financial

The Strategic Market Plan will evaluate services on measurable improvements in four key areas: Participation, (Contribution levels and number of eligible employees contributing to the Program); Asset Allocation (Diversification of Program assets); Education/Department Outreach (Behavioral learning) and

SCHEDULED ITEMS (CONTINUED):

Retention/Retiree Outreach (Retiree education and retention of Program assets).

This plan will be offered quarterly throughout 2013 by the key areas listed above.

ACTION BY: (Ceschin) Approve the Strategic Market Plan set forth by Great-West Financial for 2013. 4-0

AYES: Ceschin, Collins, Solomon and Cady (Chair) – 4

NOES: 0

5. 13-DC6 From Hewitt Ennis Knupp, Fourth Quarter Performance Report.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

Appearance:

Laurel Nicholson, Hewitt Ennis Knupp and Associates (HEK)

The fourth quarter had mixed results. Equity markets around the world posted positive returns with Europe as the best performing due to lessening debt crisis worries and the worst performing is the US, resulting from concerns of the “fiscal cliff” and super storm Sandy.

Mid cap equity markets outperformed both small and large cap during the fourth quarter. In the US fixed income markets corporate bonds and commercial mortgaged-backed securities were the strongest performing sectors. Lower quality bonds outperformed higher quality bonds for the full year of 2012. Unemployment was the lowest in years and bond returns were moderate. The outlook is alright and hopefully the hard times of 07-08 are behind us.

The Plan funds are \$283 million which reflects an increase of \$27 million over the last twelve months.

Vanguard is in the process of changing its index data provider which will lower cost benefits to Plan participants. Ms. Nicholson will provide a report to the chair regarding this change.

The status of the Heartland Value fund in is a “red” status which HEK has some concerns about. Ms. Nicolson will provide a formal review of this fund for the next quarterly meeting. The long term returns of Heartland are still strong.

So far this year the market looks good. The US markets are up 6% with Non US markets up 3%.

The Committee took no action on this informational report.

SCHEDULED ITEMS (CONTINUED):

6. 13-DC7 From Advised Assets Group, Fourth Quarter Stable Value Fund Report. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

Appearance:

Steve Cady, Fiscal and Budget Analyst, County Board

The first quarter credited rate for the Stable Value Fund is 2.85% annualized a reduction of 5 basis points from the fourth quarter of 2012. It is expected that the annualized returns on this fund will continue to decline as investments mature in the Stable Fund portfolio and are replaced with lower interest earning securities in the current market environment.

The Committee took no action on this informational report.

7. 13-DC2 Next regularly scheduled meeting of the Select Committee on Deferred Compensation: **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

- May 6, 2013
- August 5, 2013
- November 13, 2013

The meeting was moved to Room 201 B and noted at both locations. There were some equipment difficulties so the first two items of the meeting weren't taped and Item 3 began midway through the presentation. The meeting was called to order approximately at 9:05 a.m. and adjourned at 10:18 a.m.

Respectfully Submitted,

Carol Mueller
Chief Committee Clerk
Select 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.