

## BCC Meeting April 25, 2019

- Meeting was called to order at 2pm by Lauran Beebe
- Lauran began the meeting by introducing Assistant City Manager, Brent Stockwell, followed by introductions of Innovest consultants, Gordon Tewell and Paul Nacario, and Jim Keeler of Nationwide
- Gordon Tewell began by providing an overview of the meeting's topic, "Measuring Plan Success and Setting Plan Goals". He said that since Nationwide was selected as the new provider in 2016, Nationwide has reported on plan statistics, they have capabilities on their website that offer participants a Retirement Readiness Report and a Plan Sponsor Retirement Readiness Health Report. These reports offer very good information and this information will help the committee with measuring plan success and setting goals going forward. Gordon stated that elements of plan success are based on retirement readiness for participants, looking at traditional success measures, improving the plan by looking at communication and education, plan design, fees and investment options, governance.
- He said that retirement readiness is defined as the degree to which an individual is on target to meet his or her retirement-income goals so that the standard of living enjoyed while working will be maintained after retirement. Most experts believe that retirees need approximately 85% of their pre-retirement income, called the income replacement ratio. The City's 457 plan is only one component of the retirement program, the defined benefit plan and Social Security may suffice for some. The average retiree receives \$1422 a month in Social Security benefits, \$17,064 annually
- Gordon stated that the income replacement ratio is a standard in determining retirement readiness and that Nationwide's My Interactive Retirement Planner is a tool that participants can use to determine this ratio.
- City Manager, Jim Thompson commented that Arizona State Retirement will most likely not be enough to replace the gap between replacing income and the pension benefit
- Gordon posed several questions for the Committee to consider:
  - What is the goal of the City's employee retirement plans benefit package?
  - Is the goal of the retirement plan package to have employees retire financially secure?
  - Is it important that the 457 plan help facilitate a sufficient retirement income for employees?
  - When do you want employees to retire?
  - Does delayed retirement negatively impact the organization?
  - Is the plan consistent with the goals?
- Jim Keeler from Nationwide reviewed materials from their My Interactive Retirement Planner tool. Jim stated that once participants access the tool, they can select their pension, add outside assets and add spousal information to generate a retirement readiness report. All participants who utilize this tool will have their information roll up to a plan sponsor report that provides a plan health score and report.
- Gordon reviewed methods the City could undertake to help with the 457(b) plan readiness, highlighting matching contributions, education and communication, simplified enrollment, active choice and auto-enrollment. Traditional measures of plans are:
  - Participations rate, average deferral rate, distribution flows, number of group and one on one meetings, average account balances, overall diversification, number of contribution changes, number of new enrollees and use of services such as website and phone
- Jim Keeler reviewed Nationwide's simplified enrollment form

- Lauran Beebe discussed New Employee Orientation and how employees can enroll immediately
- Jim Thompson referred to page 6, how the City can help to improve retirement readiness, the City is competing with the private sector for talent, he likes the simplified enrollment form, he discussed active choice and way to address the millennial group with an app. Jim finished with comments on ways the City can help with post-employment medical costs, 401a or other options available
- Paul Nacario from Innovest asked Jim Keeler from Nationwide if employees can enroll in the 457 plan from their iPhone, Jim responded yes.
- Lauran mentioned the marketing plan that Nationwide provides to the City, the report addressed specific departments and their respective departments contributions
- Brian Biesemeyer asked what the City's participation rate is, Lauran said 50%, Police has the highest participation rate, followed by Fire
- Brent Stockwell raised the question, is the goal to increase participation or to focus on the existing participant's retirement readiness
- Katie Callaway asked about any incentives that Nationwide could offer to drive new enrollments
- Brian Biesmeyer commented on plan participation and how it interacts with Arizona State Retirement, he'd like to see education and communication around the gap with the pension
- Gordon addressed education and communication as a method to move participants to action and the demographics in retirement plans ranging from maturists, baby boomers, generations X, Y and Z. Gordon reviewed plan design trends on simplified enrollment forms, auto enrollment and active choice, an alternative requiring employees to actively say yes or no to plan participation during Open enrollment. Gordon closed with best practices for the committee around fees, the investment options and plan governance
- Donna Brown commented on new board member training for Brent Stockwell and Kerry Swick, Innovest will provide this training
- Meeting was adjourned at 3:03pm.

Attendance:

Amy Barczak, Brian Biesemeyer, Donna Brown, Charles Cabrera, Katie Callaway, Kelly Corsette, Judy Doyle, Darlene Ganger, Ana Li Johnson, Bill Murphy, Brent Stockwell, Kerry Swick, Jim Thompson, Dan Worth; Nationwide – Jim Keeler; Innovest – Paul Nacario, Gordon Tewell;