

**Smart Savings Committee Meeting  
(aka Deferred Compensation)  
February 25, 2021 @ 2:00 p.m.  
Via Go-to-Meeting**

**Attended**

*Maricopa County* – Brandon Newton, Alicia Snarr, Charlotte Marz, Frances Dairman, Jan Plank, Bridget Harper, Max Porter, and Mike Fulton

*Nationwide Retirement Solutions* –Andee Gravitt, Jim Keeler, Jennifer Foglia, and Tracy Childers

*SageView* – Jake O’Shaughnessy and Stuart Payment

Absent- Monica Pimentel and Lee Ann Bohn

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**1. Call to Order**

The meeting was called to order at 2:02 p.m. by Charlotte Marz.

**2. Approval of Minutes for November 17, 2020 Regular Quarterly Meeting**

Charlotte Marz asked for Motion to approve November 17, 2020 Minutes. Motion was made by Jan Plank and seconded by Max Porter. Motion carried by unanimous vote.

**3. Welcome Bridget Harper, CFO Appointment**

Charlotte Marz and Committee welcomed Bridger Harper to Committee.

**4. Sageview-Investment Performance Report**

On December 11th, Pfizer received emergency use authorization of the Pfizer-BioNTech COVID-19 vaccine from the FDA. Moderna received a similar authorization a week later. By the beginning of January, more than 5 million Americans had received a vaccination. As the first quarter progresses, prioritized groups (those over 65, those with pre-existing conditions) should begin to receive either of the vaccines with increasing expediency.

For the year, the S&P 500 returned 18.40%, well above its historical annual average. The Aggregate Bond index returned 7.51% over the same time period. Looking at year-end numbers in isolation would suggest that 2020 was not the year of a global pandemic. Certain areas of the economy benefited more than others as the pandemic accelerated the adoption of e-commerce and work-from-home technologies.

During the final meeting of the year, Fed Chair Jerome Powell reiterated the pledge to keep the federal funds rate at near zero for some time in an effort to bolster demand. The effective federal funds rate remains at 0.09%.

The index of national factory activity rose to its highest level (60.7) since August of 2018, according to The Institute for Supply Management. The IHS Markit U.S. Manufacturing PMI rose to 57.5 in December.

The economic relief provided by both the CARES Act and the additional stimulus passed in December has helped to fend off economic implosion. For the year ahead, additional rounds of stimulus are expected.

In November, President Trump issued an executive order that bars Americans from investing in 31 state-run Chinese companies that are alleged to support the modernization of the Chinese military.

Fact set estimates the earnings decline for S&P 500 companies will be 8.8% in the fourth quarter. That would be the third largest year-over-year decline since Q3 2009.

Off the double-digit market lows in March, the S&P 500 finished the year up 16% (excluding dividends). Even amidst a global pandemic, the S&P 500 followed the similar historical trend of previous years with larger intra-year declines. The span from low (-34%) to year-end (+16%) is the second largest in the last forty years.

Value stocks continue to appear cheap relative to growth stocks on a forward price-to-earnings basis. Over the past 20 years, value companies overall have become increasingly volatile, as measured by beta, as the Value index is increasingly concentrated in cyclical economic sectors.

The forward price/earnings ratio for the S&P 500 has soared over the past year. Initially, this increase could be attributed to depressed forward earnings estimates for S&P 500 companies in light of COVID-19 shutdowns, but valuations remain elevated even as earnings estimates have normalized.

Cumulative performance charts show just how wide the disparity between U.S. and international stocks has become over the past decade. On a forward price-to-earnings basis, international stocks are much cheaper than their American counterparts, in part because of their greater value tilt.

Federal debt ballooned to more than 100% of U.S. GDP in 2020 as the government approved large stimulus packages meant to combat the effects of COVID-19 on consumers and businesses. The 2021 Federal Budget projects a deficit of nearly 9% of GDP (approximately \$21T).

Expectations for another round of U.S. fiscal stimulus, along with optimism around COVID-19 vaccines, sent interest-rate sensitive bonds lower in the fourth quarter. Asset classes like U.S. high yield and emerging market bonds led returns in a "risk on" environment. The U.S. Treasury yield curve steepened from the prior quarter, but rate cuts in 2020 kept yields historically low.

The Bureau of Labor Statistics released its December nonfarm payroll statistics, showing that employment declined by 140,000 in December while unemployment remained flat at 6.7%. Though current monthly job losses are much lower than we experienced in April, monthly *permanent* job losses have continued their upward trend as the economy transforms in the wake of the pandemic.

SageView Institutional Investing Diversity Cooperative shared goal is to ensure greater diversity in the institutional asset management sector by advocating for access to data that would capture every dimension of diversity

President-Elect Biden announced plans to nominate Boston Mayor Marty Walsh to be the next Secretary of Labor

Fidelity Contrafund second largest holding or 16.54% of Plan Assets, over the next couple quarters review shared class cost by seeking opportunity to get lower cost product or something in a collective investment trust.

Next meeting Agenda Action items:

Vanguard Savings  
International stock hold  
Fidelity

Index funds target date funds are now 20% of plan assets.

All funds are performing well.

32:15 thru 33:16 go-to-meeting audio lost or poor audio -County network

## **5. Nationwide Retirement Solutions Performance Report**

Retirement Readiness has an increase of 35%. 9% Asset Growth

EU's; Christina Lessard campaigning upcoming; market to retirees; 5 year to be's; retirement communications

Revenue reconciliation; consider revenue reimbursement; last time April/May 2019; keep in mind rebate

Keeler demographics

Workshops large spike 20,442 total participant interactions occurred between virtual meetings, webinars, phone consultations, and the participant website. This includes the following virtual meetings: 976 individual meetings and 18 webinars attended by 395 participants and employees.

48 new enrollments were completed in the fourth quarter. This is an increase of 3 from third quarter enrollments of 3.

122 participants increased their contributions in the fourth quarter. This is a decrease of 369 from third quarter increases of 491.

Service agreement  
Performance standards

Assessed \$1,000 SLA fine for Phone Response time; assessed \$500.00 fine Participant Distributions Missed 13 distributions cares related. 850 distributions were processed by day 5.

a.) Cares Act Update

In April, the County adopted the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This allowed qualified participants in the plans to request a distribution(s), loan, postpone loan repayments, and suspend required minimum distributions for 2020. In 4Q2020, there were 243 corona related distributions (CRDs) totaling \$2.49M. Since the adoption of CARES, Nationwide has processed 632 CRDs totaling \$6.76M and 6 loans totaling \$150.9K.

## 6. Guidelines for Investment Policy Statement

Charlotte Marz asked for Motion to approve the Guidelines for Investment Policy Statement along with the three grammatical changes. Motion was made by Frances Dairman and seconded by Alicia Snarr. Motion carried by unanimous vote.

Updates:

Page 5 second to last paragraph last sentence Committee's

Page 6 under Self-Directed Brokerage Account last paragraph for

Page 9 third to last paragraph second sentence added "may"

## 7. Vote Vice Chair

Motion was made by Max Porter and seconded by Mike Fulton. Motion carried by unanimous vote.

## 8. Comments from Committee Members

No comments.

## 9. Public Comments

No comments. No Public attendance

## 10. Motion to Adjourn

Motion was made to adjourn the meeting at 3:28PM pm by Max Porter and seconded by Frances Dairman. Motion carried by unanimous vote.

Minutes Taken by Sonia Venegas