



**MINUTES FROM THE MEETING OF THE  
PLANS MANAGEMENT BOARD  
September 12, 2023**

A virtual meeting of the Plans Management Board (the “Board”) was held on September 12, 2023, commencing at 10:00 a.m. Board members and members of the public were able to participate by using the provided dial-in information.

Board Members Represented or in Attendance:

Ms. Donna Vieira, Board Chair  
Mr. Alan Colberg, Chair, Investment Committee (“IC”)  
Mr. Pete Kennedy, Chair, Audit and Governance Committee (“AGC”)  
The Honorable Colleen C. Davis, State Treasurer  
Ms. Jennifer Carlson, Director of Finance Office, Department of Education, (on behalf of Mr. Mark Holodick, Secretary of Education)  
Ms. Melissa Marlin, Deputy Principal Assistant (Mr. Rick Geisenberger, Secretary of Finance)  
Mr. Joel Coppadge, III, Public Member  
Mr. Jason Hale, State Employee  
Ms. Courtney Stewart, Deputy Director of the Office of Management and Budget (on behalf of Mr. Cerron Cade, Director of OMB)

Members Absent:

The Honorable Trinidad Navarro, Insurance Commissioner  
Ms. Leighann Hinkle, State Employee

Others in Attendance:

Mr. Jordan Seemans, Deputy State Treasurer, (“OST”)  
Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice  
Mr. John Meyer, Director of Contributions and Plans Management, OST  
Mr. Dan Kimmel, Promotion and Outreach Manager, OST  
Ms. Deborah Bradl, Executive Assistant, OST  
Mr. Brian Maxwell, Director of Policy & Communications, OST  
Mr. Matt Rosen, Senior Policy Advisor, OST  
Mr. Earle Allen, Principal Financial Advisor, CAPTRUST  
Mr. Christopher Engelhardt, Vice President, Strategic Relationship Management, Voya  
Mr. Anthony Durkan, Director, Vice President, Head of 529 Relationship Management (“Fidelity”)

**CALLED TO ORDER**

The meeting was called to order at 10:00 a.m.

## **APPROVAL OF MINUTES**

**A MOTION was made by Mr. Kennedy and seconded Mr. Coppadge to approve the minutes from the Board meeting on June 6, 2023.**

**MOTION ADOPTED UNANIMOUSLY**

## **PRESENTATIONS**

### *Quarterly Business Report - Deferred Compensation Plans*

Mr. Meyer presented the quarterly report on the deferred compensation plans. Mr. Meyer stated that enrollments for through the second quarter of 2023 were up five percent compared to the same period in 2022. Mr. Meyer reported that the second quarter experienced record growth through the end of May with 384 new enrollments compared to 265 enrollments in May 2022. While Mr. Meyer noted that enrollments have experienced slower growth during the summer, he stated upcoming initiatives may boost enrollments including several email blasts promoting National Retirement Month in October, a direct mail campaign and the return of state education professionals in September.

Mr. Engelhardt provided Voya's report. Mr. Engelhardt reviewed second quarter data for the deferred compensation plans. He stated that, as of June 30, 2023, plan assets for the 457(b) plan were approximately \$860.9 million. Mr. Engelhardt reported that there were approximately 16,257 total plan participants with an average account balance of \$52,956. This compares to Voya's other government plans with an average balance of \$54,707. Three percent of participants are using the managed account services. For the quarter, approximately fifty-three percent of participants are engaged with the tools and resources that Voya offers. This compares to Voya's other government plans with an average of thirty-five percent. Overall, employee engagement decreased six percent from approximately fifty-nine percent in the second quarter of 2022 to approximately fifty-three percent in the second quarter of 2023. Mr. Engelhardt reviewed participant digital engagement with the Board. According to Mr. Engelhardt, web engagement and the mobile app performed above the benchmark at approximately forty-three percent and eleven percent respectively in the second quarter 2023 versus the benchmark at approximately twenty-nine percent and six percent respectively in the second quarter 2022.

Mr. Engelhardt also reviewed the second quarter data for the 403(b) plan. He stated that total plan participants increased to approximately 8,186 in the second quarter of 2023 versus 7,763 in the second quarter of 2022. Total plan assets were approximately \$264.2 million as of June 30, 2023 (not including 403(b) legacy vendor assets valued at approximately \$38 million, an increase of approximately \$8.6 million from the second quarter of 2022. The average account balance was approximately \$32,284. This compares to Voya's other government plans with an average of \$54,707. Mr. Engelhardt stated that approximately two percent of 403(b) plan participants are using managed account services. Mr. Engelhardt indicated that overall employee engagement for the 403(b) plan is approximately forty-four percent compared to Voya's other government plans at an average at thirty-five percent.

The Board inquired about the difference in level of engagement between state employees and teachers versus the benchmark. Mr. Engelhardt stated that there is more of a leveling between the office environment and the teacher environment.

#### *Quarterly Business Report - Education Savings Plan*

Mr. Meyer presented second quarter data for the 529 plan. Mr. Meyer stated total plan assets at the end of the quarter were approximately \$650.4 million, an increase from approximately \$612.67 million from year end 2022. Mr. Meyer stated that approximately sixty-eight percent of plan assets (\$438 million) was invested in the age-based portfolios. Forty-eight percent (approximately \$313.1 million) was in the active age-based funds, three percent (approximately \$16.1 million) was in the blend age-based funds and eighteen percent (approximately \$114.0) was in the index age-based funds. New accounts through the second quarter of 2023 saw growth of forty-one percent year over year. The Delaware education saving plan is one of the fastest growing direct-sold plans in the country. Mr. Durkan stated that the growth may be attributed to the implementation of a recently passed tax deduction and a robust grass roots approach towards outreach by OST. Mr. Meyer provided an update on the First State, First Steps incentive program. Total accounts opened by Delaware residents for beneficiaries under age five increased approximately forty-five percent, out-of-state accounts increased by approximately seventy-five percent, and overall total accounts increase approximately forty-five percent over the non-incentive period.

Mr. Kimmel informed the Board of some upcoming initiatives, including a University of Delaware football game, the Apple-Scrapple Festival, and the Sea Witch Festival both in October, and Gift of Lights at Dover Motor Speedway that will run Thanksgiving through New Year's Day.

#### *Quarterly Business Report - ABLE Plan*

Mr. Meyer presented the quarterly report on the ABLE plan. The plan saw a forty-two percent increase in enrollment growth through the second quarter of 2023. There were 345 funded accounts with approximately \$3.3 million in assets as of June 30, 2023. Mr. Meyer stated that net contributions totaled approximately \$684,238.04 in the second quarter of 2023.

Mr. Meyer informed the Board of Mr. Kanefsky's appointment to the ABLE Savings Plan Network Executive Board.

### **COMMITTEE REPORTS AND ACTION ITEMS**

#### *Status Report on External Audit Firm*

Mr. Meyer updated the Board regarding plan audits and external audit firm. During the August AGC meeting, Barbacane Thornton presented the audit reports and financial statements for the 2021 457(b) plan, 401(a) plan and the 529 college investment plan. Barbacane Thornton intends to present the audit report and financial statements for the 2021 403(b) plan at the November AGC meeting. The AGC will update the Board at the December meeting. At the May AGC Meeting, State Auditor York reviewed the current audit firm contract with Barbacane Thornton. She stated that the current audit firm is under contract for the 2021 and 2022 plan year audits. Ms. York stated that it is the intent of the Office of Auditor of Accounts ("OAOA") to issue a new RFP rather than exercise the contract extension option. The AGC voiced support for an upcoming RFP and the desire of having Board representation in the RFP process. OAOA consulted with OST on an RFP and is looking to issue the request in the upcoming month. The AGC will provide an update on the external audit firm engagement and a new memorandum of understanding for 2024 and 2025 with OAOA and the Board at the December meeting.

**No Action Needed.**

*Status Report on Cyber Security Policy*

Mr. Meyer presented an update on the cyber security policy to the Board. The AGC reviewed a revised draft of a cyber security policy that was developed by OST, OST’s DAG and AGC member John Macedo. The AGC requested that OST meet with the Delaware Department of Technology and Information (“DTI”) to discuss procedures and capabilities for ongoing monitoring of vendor practices. The AGC will review an updated policy at the November 2023 committee meeting.

**No Action Needed.**

*Status Report Regarding Watch List*

Mr. Meyer indicated that, at the May and August 2023 meetings, CAPTRUST and the IC discussed the performance of the PIMCO Total Return fund. CAPTRUST continues to monitor this fund due to a change in leadership and an uncertain economic and interest rate environment. The IC will revisit a discussion on whether to recommend this fund for the Board’s watch list at the November IC meeting.

**No Action Needed.**

*Status Report Regarding Small Balance IRA Provider*

Mr. Meyer reported that in September 2022, the Board approved involuntary force-out provisions for terminated participants with balances between \$1,000 and \$5,000. If a terminated participant with a balance between \$1,000 and \$5,000 fails to act upon notice of pending distributions, the balance would be transferred to an IRA. CAPTRUST provided the IC with expanded options in August related to potential providers. The IC will revisit the discussion at the November meeting.

**No Action Needed.**

*OST Updates*

Mr. Meyer updated the Board on SECURE Act 2.0. He stated that OST has been advised by Ice Miller to wait for guidance regarding the changes. Additional information will be shared with the Board in the fourth quarter. Mr. Allen updated the Board and the recent guidance on tax treatment for catch-up contributions for highly compensated employees. The guidance delayed the implementation of this provision for another two years.

Mr. Seemans updated the Board on HB130, which will allow casual seasonal state employees to contribute to the 457(b) plan. He stated that over 2,000 state employees will benefit and be able to save for retirement. OST is currently working with PHRST, the state’s payroll department, to implement the change prior to January 2025.

**PUBLIC COMMENT**

None

**NEXT MEETING**

The next meeting of the AGC is scheduled for November 7, 2023.

The next meeting of the IC is scheduled for November 14, 2023.  
The next meeting of the Board is scheduled for December 5, 2023.

**ADJOURNMENT**

**Ms. Vieira adjourned the meeting of the Board at 11:36 a.m.**

Respectfully submitted,

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Donna Vieira  
Chair for the Plans Management Board