



**MINUTES FROM THE MEETING OF THE  
PLANS MANAGEMENT BOARD  
December 5, 2023**

A virtual meeting of the Plans Management Board (the “Board”) was held on December 5, 2023, commencing at 10:00 a.m. Board members and members of the public were able to participate in person, or 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  
The Honorable Trinidad Navarro, Insurance Commissioner  
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:

Mr. Mark Holodick, Secretary of Education  
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. Carl Kanefsky, Director of Communications, OST  
Mr. Ted Griffith, Executive Director, DE EARNs  
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  
Mr. Robert Scoglietti, Legislative Hall  
Mr. Derek Delorenzo, Senior Director, Education Savings Business Development, Teachers Insurance and Annuity Association of America

## **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. Colberg to approve the minutes from the Board meeting on September 5, 2023.**

**MOTION ADOPTED UNANIMOUSLY**

## **PRESENTATIONS**

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

Mr. Englehardt presented the quarterly report on the deferred compensation plans. Mr. Englehardt stated that enrollments for the third quarter of 2023 were flat compared to the third quarter of 2022. Mr. Englehardt also reported that while the third quarter experienced low growth there is optimism looking forward to the fourth quarter. Mr. Englehardt noted that enrollments in October were up approximately three percent and noted that upcoming initiatives may boost enrollments.

Mr. Engelhardt continued to review third quarter data for the deferred compensation plans. Mr. Engelhardt reported that the average account balance is approximately \$52,000. Total plan contributions are approximately \$56 million, an increase of approximately 1.45 percent over the third quarter of 2022 and that average contributions for the third quarter are trending upward from the same period in 2022. Mr. Englehardt stated that overall employee engagement for the quarter remains flat at approximately fifty-three percent in the third quarter of 2022 to approximately fifty-two percent in the third quarter of 2023. He further stated approximately forty-one percent of plan participants have digitally engaged over the past twelve months which is down thirteen percent versus the third quarter of 2022. According to Mr. Engelhardt, during the third quarter younger participants utilize the mobile app more as of September 30, 2023. Approximately eighteen percent of 20–29-year-olds utilize the mobile app versus six percent of 60–69-year-olds and approximately twenty-one to twenty-eight percent of 60–70-year-olds utilize the call centers.

Mr. Engelhardt also reviewed the third quarter data for the 403(b) plan. He stated that trends for the plan show an uptick in mobile engagement and registration however other measurements remain flat as in the 457(b) plan.

Mr. Peters reviewed advisor engagement with the Board. He stated while overall engagement increased slightly, engagement with advisors via email has increased approximately 51.4 percent while face-to-face appointments and phone calls have both decreased approximately 2.5 percent and 16.4 percent respectively for the quarter. Outreach continues with the schools and universities throughout the state, and 2024 will see an educational financial wellness series as well as a new sick and vacation payout presentation.

Mr. Englehardt stated that presently seventy-four percent of new enrollments have a designated beneficiary, and overall fifty-six percent of participants have a designated beneficiary. The average number of hardship requests in 2023 was approximately 11 per month for the 457(b) and seven per month for the 403(b), remaining flat for the year.

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

Mr. Meyer presented third quarter data for the 529 plan. Mr. Meyer informed the Board of the Morningstar upgrade for the 529 Plan from bronze to silver. Mr. Meyer highlighted a factor that contributed to this upgrade was the State's oversight exceeding industry standards, which resulted in an above average parent rating.

Mr. Meyer stated total plan assets at the end of the quarter were approximately \$612.0 million, a slight decrease from approximately \$612.67 million from year end 2022. Mr. Meyer stated that approximately sixty-eight percent of plan assets (\$415.4 million) was invested in the age-based portfolios. Within the age-based portfolios, forty-seven percent (approximately \$288.7 million) was in the active age-based funds, three percent (approximately \$16.5 million) was in the blend age-based funds and eighteen percent (approximately \$110.2) was in the index age-based funds. New accounts for the third quarter of 2023 saw growth of forty percent year over year. The Delaware Education Saving Plan is one of the fastest growing direct-sold plans in the country based on account growth percentage. Mr. Meyer stated that the growth may be attributed to the implementation of a recently passed tax deduction and the incentive program geared towards families with beneficiaries under five years old. Mr. Meyer provided an update on the First State, First Steps incentive program. The program continues to yield positive results. The number of accounts opened by Delaware residents for beneficiaries under age five continues to increase as does the number of out-of-state accounts with beneficiaries under five years old. Overall, total accounts continue to increase over the non-incentive period.

Mr. Kimmel informed the Board of some recent initiatives, including University of Delaware football and basketball games in the fall of 2023 and winter of 2024, 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. Kanefsky presented the quarterly report on the ABLE plan. The plan saw a forty-one percent increase in enrollment growth in the third quarter of 2023. There were 378 funded accounts, an increase of approximately forty-one percent with approximately \$3.5 million in assets as of September 30, 2023. Mr. Kanefsky stated that net contributions totaled approximately \$689,271.40 in the third quarter of 2023. New accounts increased approximately fourteen percent (ninety accounts) through the third quarter of 2023 over the equivalent time in 2022.

Mr. Kanefsky stated the ABLE plan continues to be represented in meetings with the National ABLE Alliance and with the ABLE Savings Plan Network ("ASPN"). He further mentioned that a new tiered dues structure will begin in 2025. Delaware's ABLE Plan consists of under 1000 accounts and will be located in the lowest tier. Mr. Kanefsky stated that OST plans to request a total of \$5,000 for ABLE in its budget proposal to the Joint Finance Committee and if approved, the monies would be used to cover the annual dues for the ASPN at approximately five-hundred dollars.

## **COMMITTEE REPORTS AND ACTION ITEMS**

### *Discussion and Vote on Recommendation Regarding 2022 Plan Audits*

Mr. Meyer updated the Board regarding the plan audits for 2022. He stated that the AGC received draft audit reports for the 2022 457(b) plan, 401(a) plan, and the 529 college investment plan at the August meeting. Barbacane Thornton presented the audit report and financial statements for the 403(b) plan at the November meeting. The AGC accepted the reports and financial statements for the plans.

**A MOTION was made by Mr. Coppadge and seconded by Mr. Kennedy to approve the recommendation to accept the plan audit reports for 2022 for the 457(b), 401(a), 403(b) plans and the 529 education saving plan. MOTION PASSED UNANIMOUSLY**

*Discussion and Vote on Recommendation Regarding Cybersecurity Policy*

Mr. Meyer presented an update on the cyber security policy to the Board. The AGC discussed the Board's cybersecurity policy. The policy governs OST's duties and responsibilities concerning cybersecurity for the plans. OST and vendors performing plan-related services may have additional duties and responsibilities under the Board's vendor management policy. OST collaborated on the policy with the Department of Technology and Information, AGC member Mr. John Macedo and the Deputy Attorney General.

**A MOTION was made by Ms. Vieira and seconded by Treasurer Davis to approve the recommendation to adopt the Cybersecurity Policy. MOTION PASSED UNANIMOUSLY.**

*Discussion and Vote Regarding Small Balance IRA Provider*

Mr. Meyer indicated that, at the September 2022 meeting, the Board approved plan amendments for the 457(b), 403(b), and 401(a) plans relating to the involuntary distribution for terminated participants with balances between \$1,000-\$5,000. At the June 2022 meeting, the Board discussed Voya's pricing proposal to lower the overall recordkeeping fee from the new rate of .00065% to .0006% if the plans enacted the involuntary distributions for balance between \$1,000 and \$5,000. Involuntary distributions for terminated participants with balances between \$1,000-\$5,000 need to be directed to an automatic rollover IRA service provider. The IC, in consultation with CAPTRUST and the Deputy Attorney General has evaluated several providers. Providers have been reviewed for reasonable fees and prudent investment options. The IC is recommending that Voya be selected as the automatic IRA rollover service provider based on pricing and a desire to maintain consistency for participants. Treasurer Davis added that the Board should ensure that individuals who are rolling over balances are supported adequately and that the Board continue to look for growth opportunities for participants. Discussion followed regarding the number of participants affected and the monetary amount involved. OST will update the Board at a future meeting.

**A MOTION was made by Mr. Colberg and seconded by Mr. Kennedy to approve the recommendation that Voya be utilized for automatic IRA rollover services for involuntary distributions for terminated participants with balances between \$1,000-\$5,000 and to direct OST to work with the DAG to execute any necessary agreements and report back to the IC if needed.**

*Discussion and Vote Regarding Deferred Compensation and Education Savings Investment Policy Statements*

Mr. Meyer reported that the Board has delegated to the IC all matters relating to the investment policy statements ("IPSs"). Consistent with such duty, the IC shall periodically review the IPSs and make recommendations if changes are needed. The IC reviewed the IPSs for the deferred compensation program and the education savings plan. The IC does not recommend any changes or amendments to the IPSs.

**No Action Needed.**

*Update Regarding 2023 Plans Administrative Budget*

Mr. Meyer stated in March 2023, the Board approved the administrative budget for the deferred compensation and education savings plans. Through November 2023, the plans have operated within overall budget expense parameters. He further stated that the plans are supported by administrative fee revenue, and that there are legacy fee balances in the administrative budget that are being spent down through the First State, First Steps program.

**No Action Needed.**

*Discussion on 2024 Plans Management Board and Committee Meeting Schedule*

Mr. Meyer stated that the 2024 Board and Committee meeting schedule has been completed and will be circulated to members. Also, calendar invites for all Board and Committee members will be forthcoming in the next few weeks.

**OST UPDATES**

*Delaware EARNNS*

Mr. Griffith updated the Board regarding Delaware EARNNS program. The EARNNS Board is working with the state of Colorado on a consortium agreement to accelerate the launch of Delaware’s program. The partnership with the State of Colorado will ensure low fees and long-term savings benefits for Delaware participants. Mr. Griffith reviewed some upcoming outreach events with small businesses throughout the state and the Hispanic Commission.

*Other Legislation*

Mr. Seemans updated the Board regarding legislative items, including a bill to bring back the match program for state employees and a bill relating to the selection external audit firms for the plans under the Board’s oversight.

**PUBLIC COMMENT**

None

**NEXT MEETING**

The next meeting of the AGC is scheduled for February 6, 2024.

The next meeting of the IC is scheduled for February 13, 2024.

The next meeting of the Board is scheduled for March 5, 2024.

**ADJOURNMENT**

**Ms. Vieira adjourned the meeting of the Board at 11:05 a.m.**

Respectfully submitted,

---

Donna Vieira  
Chair for the Plans Management Board