



**MINUTES FROM THE MEETING OF THE
PLANS MANAGEMENT BOARD
March 5, 2024**

A meeting of the Plans Management Board (the “Board”) was held on March 5, 2024, at Buena Vista, 661 S. Dupont Highway, New Castle, DE 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

Ms. Tanesha Merced, Deputy Commissioner (on behalf of The Honorable Trinidad Navarro, Insurance Commissioner)

Mr. Rick Geisenberger, Secretary of Finance

Ms. Courtney Stewart, Deputy Director of the Office of Management and Budget (on behalf of Mr. Cerron Cade, Director of OMB)

Ms. Jennifer Carlson, Director, Finance Office (on behalf of Secretary Mark Holodick)

Ms. Leighann Hinkle, State Employee

Mr. Joel Coppadge, III, Public Member

Mr. Jason Hale, 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. 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. Derek Delorenzo, Senior Director, Education Savings Business Development, Teachers Insurance and Annuity Association of America

Mr. Robert Sisk, Deputy State Auditor, Office of Auditor of Accounts (“AOA”)

Mr. Sam Barry, Fiscal and Policy Analyst, AOA

CALLED TO ORDER

The meeting was called to order at 10:05 a.m.

APPROVAL OF MINUTES

A MOTION was made by Mr. Coppadge and seconded Mr. Colberg to approve the minutes from the Board meeting on December 5, 2023.

MOTION ADOPTED UNANIMOUSLY

PRESENTATIONS

Quarterly Business Report - Deferred Compensation Plans

Mr. Engelhardt presented the quarterly report on the deferred compensation plans. Mr. Engelhardt stated total assets across all plans for the fourth quarter were approximately \$1.2 billion. He stated that the growth in assets is primarily due to strong market activity, an increase in contributions, and an increase in number of participants. Participant activity for the fourth quarter shows approximately 31,340 participant accounts across all plans. Total plan contributions are approximately \$19.5 million and total plan distributions are approximately \$20.4 million. Mr. Engelhardt stated enrollments for the fourth quarter saw a slight increase and feels upcoming initiatives may continue to boost enrollments and provide momentum going into 2024.

Mr. Engelhardt reviewed the fourth quarter communications data for the deferred compensation plans. In reviewing advisor engagement, he stated that overall engagement decreased slightly; however, engagement with advisors via email has increased, and face-to-face appointments and phone calls have both decreased for the quarter. In 2024, Voya will focus on an educational financial wellness webinar series as well as account consolidation.

Quarterly Business Report - Education Savings Plan

Mr. Meyer presented fourth quarter data for the 529 plan. Mr. Meyer stated that total plan assets at the end of the quarter were approximately \$651.1 million, an increase from approximately \$612.67 million from year end 2022. Mr. Meyer stated that approximately sixty-seven percent of plan assets (\$436.7 million) was invested in the age-based portfolios. Within the age-based portfolios, forty-six percent (approximately \$297.3 million) was in the active age-based funds, three percent (approximately \$20 million) was in the blend age-based funds, and eighteen percent (approximately \$119.4) was in the index age-based funds. Thirty-three percent (approximately \$214.4 million) of participants are selecting static portfolios or individual funds. New accounts for the fourth quarter of 2023 continued to be strong and resulted in growth of thirty-six 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. In the month of December, 400 new accounts were opened, which set a monthly record. 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. Meyer continued with discussion regarding SECURE Act 2.0 and rollover of 529 funds into a Roth IRA (which became available January 1, 2024). This option allows an account holder who has unused 529 funds for a beneficiary to do a direct trustee to trustee rollover into a Roth IRA subject to annual contribution limits. The lifetime limit for such rollovers is \$35,000. The industry is waiting on further guidance from the IRS for further clarification on specific rollover situations.

Mr. Kimmel presented promotion and outreach information for the 529 plan, such as the Gift of Lights event at Dover International Speedway during the holiday season, the 529 Baby Race at a recent University of Delaware basketball game, and promotions at Delaware Blue Rocks baseball games.

Quarterly Business Report - ABLE Plan

Mr. Meyer presented the quarterly report on the ABLE plan. The ABLE plan continues to grow and has 395 funded accounts with approximately \$4 million in assets as of December 31, 2023. Mr. Meyer stated that net contributions totaled approximately \$850,136.43 in the fourth quarter of 2023. New accounts increased approximately ten percent (thirty-eight accounts) through the fourth quarter of 2023 over the equivalent time in 2022.

Mr. Meyer mentioned upcoming April initiatives that include Blue Rock Autism Awareness Night and representation at the Delaware Autism Program Transition Night.

COMMITTEE REPORTS AND ACTION ITEMS

Discussion and Vote on Recommendation Regarding 2024 Committee Goals

Mr. Meyer updated the Board regarding the 2024 Committee goals. He stated that during the February meetings, the AGC and IC discussed 2024 goals for committee work. The AGC is recommending focusing on SECURE Act 2.0 changes, the 2024 Board education schedule, the development of vendor management a policy, and the Memorandum of Understanding with AOA. Audit presentations will be scheduled for the August 2024 and November 2024 meetings. The IC outlined goals to include the annual reviews of the investment policy statements for the deferred compensation and college plans, the target date fund provider, the managed account provider, and the self-directed brokerage vendor. Additional IC goals include items the investment strategy for the college administrative fund and the contract extension and request for proposal for investment advisory services.

A MOTION was made by Mr. Colberg and seconded by Mr. Coppadge to approve the recommendation to accept the 2024 committee goals.

MOTION PASSED UNANIMOUSLY

Discussion and Vote on Recommendation Regarding 2024 Education Schedule

Mr. Meyer presented the 2024 education schedule to the Board. The schedule includes fiduciary training for the Board and Committee members.

A MOTION was made by Ms. Vieira and seconded by Mr. Colberg to approve the recommendation to approve the 2024 Board education schedule and direct OST to coordinate with Ice Miller to conduct fiduciary training.

MOTION PASSED UNANIMOUSLY.

Discussion and Vote on Recommendation Regarding Removing Contribution Suspension for 457 Participant with Unforeseen Emergency

Mr. Meyer indicated that the AGC discussed the status of participant contributions when requesting a hardship or unforeseeable emergency withdrawals. Prior to the 2019 passage of the SECURE Act 1.0 legislation, participant contributions in a 403(b) were suspended for six-months. The legislation lifted the suspension for the 403(b) plan; however, the 457(b) still maintained a six-month suspension for contributions if a participant requested a withdrawal for an unforeseeable emergency. OST researched

the matter and confirmed that the 457(b) and 403(b) plans are now aligned regarding the contribution suspension provision. **No action needed.**

Discussion and Vote on Recommendation Regarding SECURE Act 2.0 Provisions

Mr. Meyer reported that the AGC discussed several plan provisions from SECURE Act 2.0 that became available as of January 2024. The AGC agreed to recommend action on the SECURE Act 2.0's provisions permitting self-certification for hardship/unforeseeable emergency withdrawals. Withdrawals for hardships (403(b) plan) or unforeseeable emergencies (457(b) plan) are currently authorized in the plans. The AGC will revisit other optional provisions at future meeting.

A MOTION was made by Mr. Kennedy and seconded by Ms. Vieira to approve the recommendation to permit self-certification of hardship withdrawals and unforeseen financial emergency withdrawals from the 403(b) and 457(b) plans.

MOTION PASSED UNANIMOUSLY

Discussion and Vote on Recommendation Regarding Contract Extension for Investment Consultant and Approval to Proceed with RFP

Mr. Meyer stated that in March 2020, the Board approved a three-year contract with two one-year extensions with CAPTRUST for the purpose of providing investment advisory and consulting services to the Board for the 457(b), 403(b), 401(a) and 529 plans. The IC discussed the final one-year extension and recommended the extension to the Board. The IC also recommends that OST proceed with publishing a request for proposals for investment advisory and consulting services in the second half of calendar year 2024.

A MOTION was made by Mr. Colberg and seconded by Mr. Coppadge to approve the final one-year extension to the investment advisory and consulting services agreement with CAPTRUST and direct OST to undertake a procurement process for those services in the second half of calendar year 2024.

MOTION PASSED UNANIMOUSLY

Discussion and Vote on Recommendation Regarding Contract Extension for Tax Counsel (Ice Miller)

Mr. Meyer stated that in May 2019, the Board and OST entered into an agreement with Ice Miller for tax counsel. The initial term was for five years with three one-year extensions. The initial term ends on May 1, 2024. OST is recommending to the Board to approve the first of three one-year extensions.

A MOTION was made by Mr. Seemans and seconded by Secretary Geisenberger to approve the first of three, one-year extensions with Ice Miller.

MOTION PASSED UNANIMOUSLY

Discussion and Vote on 2024 Plans Administrative Budget

Mr. Meyer reviewed the 2024 plans administrative budget with the Board. He stated that the budget policy, OST is responsible for developing an annual budget for the administration of the deferred compensation and college investment plans.

A MOTION was made by Ms. Vieira and seconded by Mr. Coppadge to approve the 2024 administrative budget for the plans.

MOTION PASSED UNANIMOUSLY

Discussion and Vote on Recommendation Regarding MOU between OST and Department of Finance

Mr. Meyer discussed the recent need for an MOU between OST, the Board and the Department of Finance (“DOF”) regarding the treatment of data provided by Fidelity and Ascensus. DOF has requested data for analysis of the tax incentives.

A MOTION was made by Ms. Vieira and seconded by Mr. Colberg to direct OST to work with the DAG to draft the data sharing MOU and report back to the Board at a future meeting. MOTION PASSED. Secretary Geisenberger recused himself from the vote.

OST UPDATES

Delaware EARNNS

Mr. Griffith updated the Board regarding Delaware EARNNS program. The EARNNS program entered into a joint interstate partnership headed by the State of Colorado. The partnership will ensure low fees and long-term savings benefits for Delaware participants. Mr. Griffith stated that the pilot for the program will launch in May with a full launch in early July. Mr. Griffith stated that the program is seeking employers to participate in the pilot. He reviewed some upcoming outreach events with small businesses, the New Castle Chamber of Commerce as well as conducting webinars and in-person meetings with the State Chamber of Commerce.

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 May 7, 2024.

The next meeting of the IC is scheduled for May 14, 2024.

The next meeting of the Board is scheduled for June 4, 2024.

ADJOURNMENT

Ms. Vieira adjourned the meeting of the Board at 11:30 a.m.

Respectfully submitted,

Donna Vieira
Chair for the Plans Management Board