

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
RETIREMENT PLAN COMMITTEE
MAY 11, 2021
MINUTES**

I. Call to Order

Chair, Albert Martinez called the meeting to order at 10:05 A.M.

II. Roll Call

Present	Absent	Guests
Ayana Galves, Co-Chair (voting)	Dr. Shelly Ruelas-Bischoff, Associate Vice President of Student Life Student Affairs (voting)	Reshini Ekanayake, Student Administrative Assistant, Accounting & Finance
Debra Hammond, Executive Director (voting)		Dennis DeYoung, Certified Financial Planner
Joe Illuminate, Associate Director, Accounting & Finance (voting)		Sallie DeYoung, WIS Financial Planner
Albert Martinez, Committee Chair (voting)		
Jonathan Navarro, Executive Secretary (non-voting)		
Kristen Pichler, Associate Director, Human Resources & Professional Development (voting)		

- *Sallie DeYoung left at 10:47 A.M.*

III. Approval of Agenda

M/S/P (K. Pichler /D. Hammond) Motion to approve the agenda for May 11, 2021.

Main Motion approved by general consensus.

IV. Approval of Minutes

M/S/P (D. Hammond /K. Pichler) Motion to approve the minutes for February 23, 2021.

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Main Motion approved by general consensus.

V. Chair's Report

Chair, Albert Martinez, requested the committee members to share something exciting they had done since the last meeting.

VI. Action Items

A. None

VII. Discussion Items

A. First Quarter 2021 Retirement Plan Review

The total cash balance in the 403(b) plan is \$4,645,111 which includes \$102,826 in 403(b) loans.

The total cash balance in the Money Purchase Pension Plan (MPPP) is \$3,205,766.

The asset allocations in both plans are approximately 73% stocks and 27% bonds.

Most funds in both plans have FI360 scores in the green and light green zones ranging from 0 to 50. The best FI360 score is 0 and the worst FI360 score is 100. Fund in the green zone meet the majority of the FI360 Fiduciary Score Criteria.

Funds with FI360 scores from 51-74 are in the yellow zone and those with scores from 75-100 are in the red zone. The USU closely monitors all funds in the yellow and red zones. Scores in the yellow and red zones indicate that the funds do not meet the FI360 Fiduciary Score Criteria. Any fund that remains in the yellow zone or red zone for an extended period of time is put on the Watchlist. Funds on the Watchlist have the potential of being replaced with a similar fund that meets the FI360 Fiduciary Score Criteria and has a score in the green zone.

For the current period the funds on the Watchlist are the *JP Morgan High Yield R5 funds* (with a score of 51), *Northern Small Cap Value* (with a score of 59), and *Nuveen Real Estate Securities I* (with a score of 60). These three funds are in the yellow zone.

B. Retirement Plan Expenses

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Financial advisor, Dennis DeYoung, discussed retirement plan expenses, using the Fee Benchmark Report. The renegotiation of the asset-based fee by Dennis DeYoung from 80 basis points to 60 basis points has had a very positive impact on plan expenses.

When only Plan Participant expenses are considered, the Average Plan has total fee of 1.01% compared to USU's total fees of 0.98% meaning the USU's plan expenses are *lower* than the Average Plan.

When both USU and Plan Participant expenses are considered, the "Average Plan" total fees are 1.01% compared to the USU's total fees of 1.17%, a 16-basis point difference. The USU's plan expenses are higher than the expenses of the Average Plan because the USU pays for the fees of the Retirement Plan Financial Advisor (Dennis DeYoung) and the Third-Party Administrator (The Ryding Company) on behalf of Plan Participants.

In Summary, the USU's plan expenses are in alignment with the Average Plan's Expenses.

C. Voluntary Employer Beneficiary Association (VEBA) Update

Joe Illuminate led the discussion and notified the committee that the total balance in the VEBA Trust Account as of March 31, 2021 was \$1,982,492.

The balance is comprised of \$1,625,000 of USU cash contributions, investment gains of \$379,958 and disbursements of \$22,466 for eligible retirement plan expenses [$\$1,625,000 + \$379,958 - \$22,466 = \$1,982,492$].

The Board approved VEBA cash contribution for 2020-21 is \$300,000 which is being paid out \$25,000 per month [$\$25,000$ monthly cash contribution X 12 months = \$300,000].

The proposed budget for VEBA cash contribution for 2021-22 is \$400,000.

D. Retiree Medical Final Disclosure Report for 2021-22

The USU contracts with Demsey-Filliger, a professional actuarial firm, to prepare the annual Retiree Medical Final Disclosure report (actuarial valuation).

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J. Illuminate guided the committee through the key components of the report. Key components of this report include the following projections as of June 30, 2021:

1. The Accumulated Postretirement Benefit Obligation (APBO) is projected to be \$5,283,883.
2. The Funded Status is projected to be \$3,220,090.
3. The Total Net Periodic Benefit Cost (NPBC) is projected to be \$622,879.
4. The total amount recognized in Changes in Unrestricted Net Assets (CUNA) is projected to be \$627,183.

E. Committee Member Appreciation

Chair, Albert Martinez, expressed appreciation to the committee by providing a Certificate of Appreciation to each student member and staff member.

VIII. Announcements

- A. None

IX. Adjournment

The meeting was adjourned by Chair, Albert Martinez at 11:06 A.M.

Respectfully submitted by,

Jonathan Navarro
Accounting Manager