

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY NORTHRIDGE
RETIREMENT PLAN COMMITTEE
DECEMBER 15, 2023
MINUTES**

USU INTERNAL CONFERENCE ROOM – SOL CENTER

I. Call to Order

Chair, J. Zesati called the meeting to order at 2:50 P.M.

II. Roll Call

Present	Absent	Guests
Joseph Illuminate, Associate Director, Accounting & Finance (voting)	Debra Hammond, Executive Director (voting)	Sallie DeYoung, Certified Financial Planner
Marilyn Orantes, Student Board Representative (voting)		Gregory Guajardo, Student Administrative Assistant II, Accounting & Finance
Kristen Pichler, Associate Director, Human Resources & Professional Development (voting)		Daniel Lopez, USU Board Representative
Dr. Freddie Sanchez, Interim Asst VP, Student Affairs, Equity & Inclusion (voting)		
Jasmin Zesati, Committee Chair (voting)		

**Dr. Freddie Sanchez Joined the meeting at 3:15 P.M. via Zoom*

III. Approval of Agenda

M/S/P (J. Illuminate/K. Pichler) Motion to approve the Agenda for December 15, 2023.

Motion approved by General Consensus.

IV. Approval of Minutes

M/S/P (J. Illuminate/M. Orantes) Motion to approve the Minutes for September 22, 2023.

Motion approved by General Consensus.

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V. Chair's Report

- The addition of the Putnam Large Cap Value fund to the lineups of the 403(b) and the 401(a) Employer-Paid Supplemental Retirement Savings Plan (formerly known as the Money Pension Purchase Plan or MPPP) will be available to plan participants on January 01, 2024.
- Retirement Plan Committee Goal #3, which is to provide a general training for employees interested in learning more about the 401(a) and 403(b) plans and to familiarize them with The Standard's website, should occur during the Spring 2024 semester.

VI. Discussion Items

A. First Quarter 2023 Retirement Plan Review

Financial Planner, S. DeYoung, led the discussion.

As of September 30, 2023, the cash balance in the 403(b) Plan is \$4,033,368 (including outstanding loans) and the cash balance in the 401(a) Employer-Paid Supplemental Retirement Savings Plan is \$3,012,564. The total cash balance in the two plans is \$7,045,933.

The overall investment performance for the third quarter was a negative 3.37%. The average performance for the last twelve months was 15.15%.

With the exception of one fund, the FI360 scores are in the green and light green zones with scores ranging from 0 to 50. The best FI360 score is 0 and the worst FI360 score is 100. Funds in the green zone meet the majority of the FI360 Fiduciary Score Criteria.

The Vanguard Extended Market Index Admiral fund (80) is in the red zone. This fund has been in the red zone for several quarters. Despite being in the red zone, the fund has had positive returns e.g. 12.14% over a 12 month period. S. DeYoung noted that the balance in the fund is only \$3,000 which minimizes the impact of the fund being in the red zone. Our financial advisors will be monitoring this fund to determine if it should be replaced in the coming months.

B. Retirement Plan Expenses

Financial Planner S. DeYoung, led the discussion by stating that the committee reviews plan expenses every six months using the Fee Benchmark Report.

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The asset-based fee, that the Standard assesses to all plan participants increased from 45 basis points to 60 basis points due to unrealized losses and participants removing their money from the retirement plans due to leaving the company or taking in-service distributions.

S. DeYoung stated that to achieve the desired asset- basis fee of 45 basis points, a total of \$3.3 million in the 401(a) and a total of \$5 million in the 403(b) would be required.

When only Plan Participant expenses are considered, the Average Plan fee is 1.04%. The USU's fee is 0.91%. The USU's fee is 13 basis points **lower** than the fees of the Average Plan.

When both USU and Plan Participant expenses are considered, the Average Plan fee is 1.04% and the USU's fee is 1.13%. The USU's fee is only 9 basis points higher than the fees of the Average Plan.

The USU's plan fees are higher when both USU and Plan Participant expenses are considered because The USU subsidizes the expenses for the services of Financial Planner, Dennis DeYoung, and the Ryding Company. These fees are not deducted from the participant's retirement accounts.

During the discussion, K. Pichler inquired about the frequency of employee contacts with the DeYoung's. S. DeYoung informed the committee that approximately 4 to 5 employees reach out to the DeYoung's each year, particularly when they are approaching retirement. These interactions predominantly involve consulting-type questions, and not investment-related questions as one would expect.

C. Voluntary Employer Beneficiary Association (VEBA) Update

Executive Secretary, J. Illuminate led the discussion and informed the committee of the recent activity in the USU VEBA Trust account.

- The balance of the VEBA, as of November 30, 2023, was \$2,886,456. This total includes \$251,179 of inception-to-date investment gains and \$31,389 of inception-to-date disbursements to plan participants.
- For 2023-24, the USU is investing \$33,333.33 per month to fund the VEBA for a total investment of \$400,000 per year.
- At the current annual funding amount of \$400,000, it is projected that the

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VEBA will be fully funded by June 30, 2032.

In accordance with Goal #1, K. Pichler asked when scenarios could be developed to help the committee understand when the VEBA account would be fully funded. J. Illuminate responded that updated projections from our actuary, Carlos Diaz, will be provided in January 2024 which will show estimates of when the plan will be fully funded. This is based on the current assumption that the USU will continue to contribute \$400,000 annually to the plan.

However, J. Illuminate also stated that estimates to fully fund the VEBA account cannot be determined until the financial plan for the renovation project has been updated in the Spring or summer of 2024.

K. Pichler suggested that if the costs of the RHBP continue to grow beyond what is financially manageable, one strategy could be to grandfather current employees who are or may become eligible for plan participation, and provide more limited benefits for new hires.

VII. Action Items

A. None

VIII. Announcements

- D. Lopez formally introduced himself as the newly appointed Vice Chair for the Board of Directors effective Spring 2024 which will make Daniel the Retirement Plan Committee Chair.
- J. Zesati has been appointed the Chair of the Board of Directors so this is Jasmine's last Retirement Plan Committee meeting.

IX. Adjournment

The meeting was adjourned by Chair, J. Zesati at 3:19 P.M.

Respectfully submitted by,

Joseph Illuminate,
Associate Director, Accounting & Finance