Meeting Agenda | Finance, Administration, Audit and Compliance (FAAC) Committee |
Health Care Policy Committee | Retirement Policy Committee
Thursday, September 21, 2017 | 200 Arbor Lake Dr., Columbia, SC 29223 | Second Floor Conference Room

I. Finance, Administration, Audit and Compliance (FAAC) Committee- 8:30 a.m.
   A. Call to Order
   B. Approval of Meeting Minutes- August 17, 2017
   C. Election of Committee Vice-Chairman
   D. Committee Charter Review
   E. Internal Audit Reports
      i. Internal Audit Report on Insurance and Retirement Receivables
      ii. Memo - Retirement Plan Compliance (Part II)
      iii. Update - Internal Audit Plan Status Report
   F. Old Business/Director’s Report
   G. Executive Session for Discussion of Personnel Matters Pursuant to S.C. Code of Laws § 30-4-70(a)(1)
   H. Adjournment

II. Health Care Policy Committee Meeting- 10:30 a.m.
   A. Call to Order
   B. Approval of Meeting Minutes- July 19, 2017
   C. Election of Committee Vice Chairman
   D. State Health Plan Annual Adult Well Exam Approval
   E. Review of Obesity and Diabetes Programs
   F. Update on Patient Center Medical Homes
   G. Committee Charter Review
   H. Old Business/Director’s Report
   I. Adjournment

III. Retirement Policy Committee Meeting- 1:00 p.m.
   A. Call to Order
   B. Approval of Meeting Minutes- July 19, 2017
   C. Election of Committee Vice-Chairman
   D. Segal Marco Advisors
   E. Deferred Compensation Program Plan Summary
   F. Committee Charter Review
   G. Old Business/Director’s Report
   H. Adjournment

Notice of Public Meeting
This notice is given to meet the requirements of the S.C. Freedom of Information Act and the Americans with Disabilities Act. Furthermore, this facility is accessible to individuals with disabilities, and special accommodations will be provided if requested in advance.
1. **Subject:** Election of Retirement Policy Committee Vice-Chairman

2. **Summary:** The Committee shall elect a Vice-Chairman to preside over the Committee and oversee Committee business in the absence of the Committee Chairman.

3. **What is Committee asked to do?** Elect a Retirement Policy Committee Vice-Chairman

4. **Supporting Documents:**

   (a) Attached: None
Meeting Date: September 21, 2017

1. **Subject**: Investment Consultant - Segal Marco Advisors

2. **Summary**: Mr. Mike Wright and Mr. Joe Ferguson from Segal Marco Advisors will introduce themselves as the Investment Consultant for the 401(k) and 457 Deferred Compensation Plans.

3. **What is Committee asked to do?** Receive as information

4. **Supporting Documents:**

   (a) Attached: none
Meeting Date: September 21, 2017

1. Subject: Deferred Compensation Program Plan Summary Report

2. Summary: Nancy Ornduff from Empower will present the SC Deferred Compensation Program (SCDCP) Plan Summary Report for the quarter ending June 30, 2017.

3. What is Committee asked to do? Receive as information

4. Supporting Documents:

   (a) Attached: Q2 2017 Performance Summary
Plan Review Summary
South Carolina Deferred Compensation Program
Empower Retirement
Second Quarter 2017
Executive Summary

The attached reports detail the progress we have experienced during the second quarter of 2017. A few of the items of note in the report include:

- Plan Assets grew by $101.31 million (2.5%) as of June 30, 2017.

- Outgoing rollovers have increased year over year from $16.6M (2Q16) to $20.9M (2Q17).

- Incoming rollovers have increased year over year from $15.8M (2Q16) to $33.4M (2Q17). Roll-in campaign (email, newsletter article, post-login targeted bulletin, Brainshark).

- South Carolina Stable Value Fund remains healthy with a market to book ratio of 100.0% (Market Value $1,254.77 mm/Book Value $1,253.82 mm).

- Increase in diversification: number of participants utilizing Managed Accounts or Advice Services increased from 16,877 in 1st quarter 2017 to 17,724 in 2nd quarter 2017 (total increase of 847 users).

- Contributions increased year over year to $74.15 million as of 06/30/2017 from $53.64 million as of 06/30/2016. Wow campaign (increase your contribution began in late March 2017).

- Total number of participants invested 100% in Target Date Funds increased from 6,535 to 6,684. (total increase of 149 participants).

- 733 total participating employers as of 06/30/2017; 85 state agencies, 648 non-state agencies.

- As of 06/30/2017, 99.53% of employers are 100% compliant with the Business Transformation Project.
Retirement Income Control Panel (RICP) Usage

Measurement Period 04/01/2017 – 06/30/2017

Total number of users to visit www.southcarolinadcp.com

35,704 (42% of total participants)

Number of individual website users decreased from 37,407 in 1st quarter 2017 to 35,704 in 2nd quarter 2017 (total decrease of 1,703 users).

Total number of users to RICP

2,767 (3.3% of total participants, 7.7% of all website users)

Total number of users to RICP decreased from 2,952 in 1st quarter 2017 to 2,767 in 2nd quarter 2017 (total decrease of 185 users).

56.6% of RICP visitors were return visitors. 43.4% were new visitors, a decrease from 44.6% during 1st quarter 2017.

Average session duration

Total website: 4 minutes, 44 seconds
RICP tool: 13 minutes, 22 seconds
## Plan Statistics Summary

<table>
<thead>
<tr>
<th></th>
<th>401(k) Plan (pre-tax)</th>
<th>401(k) Plan (Roth)</th>
<th>457(b) Plan (pre-tax)</th>
<th>457(b) Plan (Roth)</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan Assets $^1$</td>
<td>$3,074.60</td>
<td>$46.40</td>
<td>$968.63</td>
<td>$7.04</td>
<td>$4,096.67</td>
</tr>
<tr>
<td>Contributions $^1$</td>
<td>$61.72</td>
<td>$1.88</td>
<td>$9.93</td>
<td>$0.62</td>
<td>$74.15</td>
</tr>
<tr>
<td>Distributions $^1$</td>
<td>$48.31</td>
<td>$-</td>
<td>$13.49</td>
<td>$-</td>
<td>$61.80</td>
</tr>
<tr>
<td>Participant Accounts</td>
<td>71,329</td>
<td>4,687</td>
<td>22,243</td>
<td>1,194</td>
<td>99,453</td>
</tr>
<tr>
<td>Active Employers</td>
<td>603</td>
<td>437</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inactive Employers</td>
<td>130</td>
<td>296</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Employers</td>
<td>733</td>
<td>733</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

$^1$ Dollars (in millions)
<table>
<thead>
<tr>
<th><strong>COMPLETED Communications Projects</strong></th>
<th><strong>Completion or Target Date</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Stable Value Fund tile updated</td>
<td>Completed 2Q2017 (4/5/2017)</td>
</tr>
<tr>
<td>Annual update of fliers</td>
<td></td>
</tr>
<tr>
<td>Enrollment, RICP, Distribution Options, Investing Together</td>
<td>Completed 2Q2017 (4/6/2017 through 6/2/2017)</td>
</tr>
<tr>
<td>Added roll-in forms to the “Enroll Now” section of website</td>
<td>Completed 2Q2017 (4/6/2017)</td>
</tr>
<tr>
<td>Employee “exit packet” posted on pre-login website (Employer tab)</td>
<td>Completed 2Q2017 (4/26/2017)</td>
</tr>
<tr>
<td>2017 Participant Satisfaction survey “campaign” (email and web bulletin)</td>
<td>Completed 2Q2017 (4/26/2017)</td>
</tr>
<tr>
<td>Interactive web newsletter (Z-mag) pre-login promotional web bulletin</td>
<td>Completed 2Q2017 (4/27/2017)</td>
</tr>
<tr>
<td>PIMCO/Victory Munder, BlackRock fund change (mailed letter and pre-login web bulletin)</td>
<td>Completed 2Q2017 (5/30/2017)</td>
</tr>
<tr>
<td>Approaching retirement PowerPoint annual update</td>
<td>Completed 2Q2017 (6/15/2017)</td>
</tr>
<tr>
<td>Plan comparison flier rebrand</td>
<td>Completed 2Q2017 (6/26/2017)</td>
</tr>
<tr>
<td>Representative territory map update (online version)</td>
<td>Completed 2Q2017 (6/27/2017)</td>
</tr>
<tr>
<td>New Empower Experience (website) communications materials development</td>
<td>Completed 2Q2017 (6/27/2017)</td>
</tr>
<tr>
<td>Roll-in campaign (email, newsletter article, post-login targeted bulletin, Brainshark)</td>
<td>Completed 2Q2017 (5/24/2017 through 6/30/2017)</td>
</tr>
</tbody>
</table>
## Administrators Report – 2nd Quarter 2017

<table>
<thead>
<tr>
<th>Project</th>
<th>Strategic Initiative</th>
<th>Project Status</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Transformation Project</td>
<td>no</td>
<td>In Process</td>
<td>99.53% completed</td>
</tr>
<tr>
<td>Beneficiary Claim/Date of Death /Eligible Employees Project</td>
<td>no</td>
<td>In Process</td>
<td>Working on setting up FTP for further cross check of PEBA information and the record keeping system. Set up of procedures to further cross check PEBA beneficiaries against the recordkeeping system for participants that have passed</td>
</tr>
<tr>
<td>Fund Change</td>
<td>no</td>
<td>Completed</td>
<td>Completed 6/30/2017</td>
</tr>
<tr>
<td>9999 Employer Clean-up Project</td>
<td>no</td>
<td>In Process</td>
<td>Clean up of participants that do not have an employer referenced on their account.</td>
</tr>
</tbody>
</table>
Educational Campaigns


Second Quarter Local Office Activity

<table>
<thead>
<tr>
<th>Local Office</th>
<th>1st Quarter 2017</th>
<th>2nd Quarter 2017</th>
<th>3rd Quarter 2017</th>
<th>4th Quarter 2017</th>
<th>Year-To-Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Group Meetings</td>
<td>220</td>
<td>290</td>
<td></td>
<td></td>
<td>510</td>
</tr>
<tr>
<td>2) Individual Appointments</td>
<td>851</td>
<td>1,040</td>
<td></td>
<td></td>
<td>1,891</td>
</tr>
<tr>
<td>New Employers</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>New Enrollments</td>
<td>1,206</td>
<td>1,259</td>
<td></td>
<td></td>
<td>2,465</td>
</tr>
<tr>
<td>Managed Accounts</td>
<td>690</td>
<td>794</td>
<td></td>
<td></td>
<td>1,484</td>
</tr>
<tr>
<td>100% Stable Value Fund</td>
<td>72</td>
<td>81</td>
<td></td>
<td></td>
<td>153</td>
</tr>
<tr>
<td>100% Target Date Fund</td>
<td>95</td>
<td>70</td>
<td></td>
<td></td>
<td>165</td>
</tr>
<tr>
<td>Walk-In Center: Phone Volume</td>
<td>3,438</td>
<td>3,412</td>
<td></td>
<td></td>
<td>6,850</td>
</tr>
<tr>
<td>Walk-In Center Visitors</td>
<td>452</td>
<td>468</td>
<td></td>
<td></td>
<td>920</td>
</tr>
</tbody>
</table>

Field Campaigns:

- Build out Service Model components through annual planning meetings with Political Subdivision Key Contacts.
- Express the value of RICP during all Key Contact meetings, group seminars, and individual meetings.
- Blast email communication through employers to encourage RPC/employee interaction.
- Raise awareness of the importance of a comprehensive retirement readiness strategy through Advisory Services focused seminars.

Employer Outreach Program:

Meetings with Employers: 139

733 total participating employers as of 06/30/2017; 85 state agencies, 648 non-state agencies
Meeting Date: September 21, 2017

1. Subject: Committee Charter Review

2. Summary: Periodic review and update of the Committee Charter

3. What is Committee asked to do? Review and approve the revised Committee Charter

4. Supporting Documents:
   (a) Attached: RP Committee Charter
The Retirement Policy Committee will carry out the following responsibilities:

**Monthly:**

Receive as information any Retirement Systems-related Legislative Updates (during the Legislative Session).

**Quarterly:**

Optional Retirement Program- Receive as information a quarterly report on the performance of the ORP vendors and funds. As needed, make recommendations to the PEBA Board regarding the termination, selection, and retention of funds in the State ORP pursuant to the investment benchmarks set forth in the State ORP Investment Policy approved by the PEBA Board.

Provide the PEBA Board with a recommended replacement fund for the State ORP in the event of a fund termination.

SC Deferred Compensation Program- Quarterly Report on the performance of the vendor and funds. As needed, make recommendations to the PEBA Board regarding the termination, selection, and retention of funds in the SC Deferred Compensation Program pursuant to the investment benchmarks set forth in the SC Deferred Compensation Investment Policy approved by the PEBA Board.

Provide the PEBA Board with a recommended replacement fund for the SC Deferred Compensation Program in the event of a fund termination.

**Annually:**

Review Retirement Policy Committee Charter;

Revisit Strategic Priorities list;

Review actuarial assumptions and valuations, and submit to the PEBA Board recommended actions regarding employer contribution rates for the SC Retirement Systems;

Review the actuarial requirement for General Fund appropriations for the National Guard System;

Review the annual SC Deferred Compensation Program Audit Report;

Review the annual Optional Retirement Program Audit Report;

Review the State ORP Investment Policy at least annually and make recommendations to the PEBA Board; and

Review the SC Deferred Compensation Program Investment Policy at least annually and make recommendations to the PEBA Board.
Retirement Policy Committee Charter
[As adopted by the PEBA Board on DATE]

(A) **Purpose:** The Retirement Policy Committee will fulfill the fiduciary responsibilities related to the administration of the defined benefit and defined contribution retirement plans and the oversight of the staff related thereto regarding the administration, financial and actuarial performance and associated reporting of the plans.

(B) **Authority:** The authority of the Retirement Policy Committee is limited to information-gathering and advice and recommendations to, and on behalf of, the Board, and to ministerial acts. The Committee may invite administrators, consultants, staff, external auditors, and/or others to attend meetings and provide pertinent information as necessary. PEBA Board of Directors Bylaws, Section V(C).

(C) **Composition:** The Retirement Policy Committee will be established pursuant to the process defined in the PEBA Board of Directors Bylaws.

(D) **Meetings:**

1. The Retirement Policy Committee will meet as circumstances require upon the call of the Committee Chair.
2. Retirement Policy Committee meetings will adhere to the rules outlined in the PEBA Board of Directors Bylaws and with applicable law.

(E) **Responsibilities:**

1. Ensure the PEBA strategic plan includes strategic issues and projects within the Retirement Policy Committee’s purpose, noted in Section A.
2. Optional Retirement Program – Receive ORP vendor investment performance reports regularly in accordance with the investment policy statement. As needed, make recommendations to the PEBA Board regarding the termination, selection, and retention of funds in the State ORP pursuant to the investment benchmarks set forth in the State ORP Investment Policy approved by the PEBA Board.
3. Provide the PEBA Board with a recommended replacement fund for the State ORP in the event of a fund termination.
4. S.C. Deferred Compensation Program – Receive Program vendor investment performance reports regularly in accordance with the investment policy statement. As needed, make recommendations to the PEBA Board regarding the termination, selection, and retention of funds in the S.C. Deferred Compensation Program pursuant to the investment benchmarks set forth in the S.C. Deferred Compensation Investment Policy approved by the PEBA Board.
(5) Provide the PEBA Board with a recommended replacement fund for the S.C. Deferred Compensation Program in the event of a fund termination.

(6) Review actuarial assumptions and valuations, and submit to the PEBA Board recommended actions regarding employer contribution rates for the S.C. Retirement Systems;

(7) Review the actuarial requirement for General Fund appropriations for the National Guard System;

(8) Review the annual S.C. Deferred Compensation Program Audit Report;

(9) Review the State ORP Investment Policy periodically, but no less than every three years, and make recommendations to the PEBA Board; and

(10) Review the S.C. Deferred Compensation Program Investment Policy periodically, but no less than every three years, and make recommendations to the PEBA Board.

As approved and adopted:

SOUTH CAROLINA PUBLIC EMPLOYEE BENEFIT AUTHORITY
BOARD OF DIRECTORS

By: ______________________________ By: ______________________________
    John A. Sowards, Chairman                          Alex Shissias

By: ______________________________ By: ______________________________
    Frank W. Fusco                                      Stephen Heisler

By: ______________________________ By: ______________________________
    Ed Walton                                             Sheriff Leon Lott

By: ______________________________ By: ______________________________
    Steve A. Matthews                                    Joe W. “Rocky” Pearce, Jr.

By: ______________________________ By: ______________________________
    Audie Penn                                           David J. Tigges

Dated: ______________________________
Retirement Policy Committee Charter
[As Adopted by the PEBA Board on 7.16.14]

(A) Purpose/Mission Statement: The Retirement Policy Committee will fulfill the fiduciary responsibilities related to the administration of all aspects of the defined benefit and defined contribution retirement plans and the oversight of the staff related thereto regarding the administration, financial and actuarial performance and associated reporting of the plans, accomplished through the following four areas:

(B) Administrative: Interface (collaborate/communicate/coordinate) with the staff on the administration of the retirement plans;

(C) Policy: Review the structure of the plans and their administration to ensure they are taking advantage of best practices (including plan design and strategic planning);

(D) Financial: Review the financial results of the plans (audited results; quarterly reviews; compliance with investment policy); and

(E) Reporting: Recommend/report to the PEBA Board.

(G)(A) Authority: The authority of the Retirement Policy Committee is limited to information-gathering and advice and recommendations to, and on behalf of, the Board, and to ministerial acts. The Committee may invite administrators, consultants, staff, external auditors, and/or others to attend meetings and provide pertinent information as necessary. PEBA Board of Directors Bylaws, Section V(C).

(H)(B) Composition: The Retirement Policy Committee shall be established pursuant to the process defined in the PEBA Board of Directors Bylaws.

(I)(C) Meetings:
(1) The Retirement Policy Committee will meet as circumstances require upon the call of the Committee Chair.
(2) Retirement Policy Committee meetings shall adhere to the rules outlined in the PEBA Board of Directors Bylaws and with applicable law.

(D) Responsibilities:
(1) Ensure the PEBA strategic plan includes strategic issues and projects within the Retirement Policy Committee’s purpose, noted in Section A.
(2) Optional Retirement Program—Receive ORP vendor as information a quarterly report on the investment performance reports regularly in accordance with the investment policy statement performance of the ORP vendors and funds. As needed, make recommendations to the PEBA Board regarding the termination, selection, and retention of funds in the State ORP pursuant to the investment benchmarks set forth in the State ORP Investment Policy approved by the PEBA Board.
(3) Provide the PEBA Board with a recommended replacement fund for the State ORP in the event of a fund termination.
(4) SC Deferred Compensation Program—Receive Program vendor investment performance reports regularly in accordance with the investment policy statement. Quarterly Report on the performance of the vendor and funds. As needed, make recommendations to the PEBA Board regarding the termination, selection, and retention of funds in the SC Deferred Compensation Program.
Deferred Compensation Program pursuant to the investment benchmarks set forth in the SC Deferred Compensation Investment Policy approved by the PEBA Board.

(5) Provide the PEBA Board with a recommended replacement fund for the SC Deferred Compensation Program in the event of a fund termination;

(6) Review actuarial assumptions and valuations, and submit to the PEBA Board recommended actions regarding employer contribution rates for the SC Retirement Systems;

(7) Review the actuarial requirement for General Fund appropriations for the National Guard System;

(8) Review the annual SC Deferred Compensation Program Audit Report;

(9) Review the State ORP Investment Policy at least annually, but no less than every three years, and make recommendations to the PEBA Board; and

(10) Review the SC Deferred Compensation Program Investment Policy at least annually, but no less than every three years, and make recommendations to the PEBA Board.

(J) Strategic Priorities:

(1) Evaluate the investment, custody, design and administration (including the adequacy of PEBA staff and resources) of State Retirement Plans and make such recommendations or changes as are necessary to fulfill fiduciary best practices related thereto.

(2) Evaluate the information, communication and educational efforts undertaken to encourage participants to obtain retirement readiness and make such recommendations or changes as are necessary to achieve best practices related thereto.

(K) Annual Priorities: The Retirement Policy Committee shall create annually a list of initiatives to advance the strategic priorities. Establish reporting requirements to measure the success of the initiatives. See Annex I.

(G) Responsibilities: The Retirement Policy Committee will carry out the responsibilities outlined in Annex II.

As approved and adopted:

SOUTH CAROLINA PUBLIC EMPLOYEE BENEFIT AUTHORITY
BOARD OF DIRECTORS

By: ______________________________  By: _____________________________
John A. Sowards  Arthur M. Bjontegaard, Jr., Chairman  Alex Shissias  Peggy G. Boykin, CPA

By: ______________________________  By: _____________________________
Frank W. Fusco  Stephen Heisler

By: ______________________________  By: _____________________________

Commented [SC1]: These items were previously in the "annex"

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Commented [SC2]: Strategic priorities will be in the strategic plan rather than the Charter

Commented [SC3]: Annual priorities will be in the strategic plan rather than the Charter
By: ______________________________
Steve A. Matthews
By: ______________________________
Audie Penn
By: ______________________________
David J. Tigges
Dated: ____________________________