



## Meeting Minutes | Retirement Policy Committee

Wednesday, June 26, 2024 | 11:30 a.m.

202 Arbor Lake Dr., Columbia, SC 29223 | First Floor Conference Room

Minutes Approved October 23, 2024

**Board Members Present for All or a Portion of the Meeting:** Mr. Calvin Elam Mr. Steve Heisler, Committee Chairman Paige Lewis, PEBA Board Chairman Joe “Rocky” Pearce, and Sheriff Steve Mueller.

**Board Members Absent:** Mr. Ed Walton

**Others Present for All or a Portion of the Meeting:** Peggy Boykin, Ashley Brindle, Donald Brock, Amber Carter, Justin Ellis, Evan Mitchell, Jessica Moak, Heather Muller, Tammy Nichols, Sheila Pinckney, Danielle Quattlebaum, Aaron Rabon, Katie Turner, Travis Turner, Angie Warren, and Justin Werner from the South Carolina Public Employee Benefit Authority (PEBA); Shaun Eskamani and Sam Kirby from CapTrust; Jenni Bailey, Nancy Ornduff from Empower; Austin Morris from TIAA; Tom Boyle, Carl Goodwin, Stacey Laxton, and Deltra Hayes from Voya; and Joe Newton and Danny White from Gabriel, Roeder, Smith & Company (GRS).

**Others Present for All or a Portion of the Meeting Via Virtual Means:** Heather Young from PEBA.

### I. Call to Order

Chairman Paige Lewis called the PEBA Retirement Policy Committee (Committee) meeting to order at 11:30 a.m., and stated that the public meeting notice was posted in compliance with the Freedom of Information Act.

### II. Approval of Meeting Minutes- March 6, 2024

Mr. Calvin Elam made a motion, which was seconded by Sheriff Steve Mueller, and passed unanimously, to approve the minutes from the March 6, 2024, Committee meeting.

### III. Actuarial Experience Study Review

Mr. Danny White, Senior Consultant, and Mr. Joe Newton, from Gabriel, Roeder, Smith & Company (GRS), presented the 2024 Experience Study to the Committee. Mr. White stated that an experience study compares actual experience to current actuarial assumptions, recommends changes to the assumptions, and reviews past experience over a given timeframe. It was noted that the experience study is currently required every four years.

Mr. White explained how assumptions are factored in and advised that the true cost of benefits is related to actual experience (not actuarial assumptions), and the assumptions provide expectations for future contributions, investment returns, and benefit payments.

Mr. White reviewed the experience study process, how actuarial assumptions are used, and defined what is considered a reasonable assumption, specifically noting that the median return assumption has dropped from 7.25 percent to 7.00 percent since the last experience study.

Mr. White provided a summary of material recommendations including no change to the investment return assumption of 7.00 percent, increased probabilities of retirement for long-service public school employees, and an increase in assumed salary increases, especially in the Police Officers Retirement System (PORS).

Mr. Newton described the investment return assumption which is used to predict what percentage of future benefit payments will be covered by investment returns and what percentage by contributions, specially noting that it is the most important, yet most subjective assumption.

Mr. Newton stated that the most significant demographic change was to increase the probabilities of retirement for long-service public school employees.

Mr. White reviewed the cost impact for the South Carolina Retirement System (SCRS) due to the new assumptions, specifically noting that the calculated funding period (based on the fiscal year 2025 contribution rate) increased from 15.3 years with the current assumption to 15.9 years with the new assumption.

In conclusion, Mr. White reviewed the cost impact for PORS, the Judges and Solicitors Retirement System (JSRS), the South Carolina National Guard Retirement System (SCNG), and the General Assembly Retirement System (GARS).

Sheriff Mueller made a motion, which was seconded by Mr. Elam, and passed unanimously, to recommend that the PEBA Board adopt the actuarial assumptions and methodologies recommended by GRS in the Actuarial Experience Study of the South Carolina Retirement Systems for the period ended June 30, 2023, and submit the actuaries' recommendation to maintain the investment return assumption at 7.00 percent to the General Assembly.

#### **IV. Defined Contribution Plans Quarterly Investment Performance Report**

Mr. Shaun Eskamani, Principal and Financial Advisor from CapTrust, introduced Mr. Sam Kirby, Investment Strategist, who provided market commentary for the quarter, specifically noting that the S&P was up approximately 10 percent during the quarter, with all major U.S. stock indexes posting gains. Core U.S. bonds and real estate posted a negative return for the first quarter of 2024.

Mr. Eskamani reviewed the South Carolina Deferred Compensation Program (Deferred Comp) investment performance for the first quarter of 2024 and stated that CapTrust recommends keeping the T. Rowe Price Growth Stock fund and the American Funds Europacific Growth R6 fund on the watch list for further review. Mr. Kirby provided the rationale behind these investment watchlist recommendations.

Mr. Eskamani turned the discussion to the State Optional Retirement Program (State ORP) investment performance for the first quarter of 2024 and stated that CapTrust recommends keeping the Vanguard U.S. Growth Admiral fund in the Corebridge lineup on the watch list for

further review. Mr. Kirby provided the rationale behind this investment watchlist recommendation.

Mr. Eskamani advised that CapTrust recommends keeping the JP Morgan Emerging Markets Equity R6 fund in the Empower lineup on the watch list for further review. Mr. Kirby provided the rationale behind this investment watchlist recommendation.

Mr. Eskamani reported that CapTrust recommends keeping the American Funds Europacific Growth R6 fund in the TIAA lineup on the watch list for further review for reasons previously mentioned by Mr. Kirby earlier in the presentation.

Mr. Eskamani stated that CapTrust recommends keeping the American Funds Europacific Growth R6 fund in the Voya lineup on the watch list for further review, again for reasons previously mentioned by Mr. Kirby earlier in the presentation.

**V. Deferred Compensation Program Quarterly Plan Summary**

Ms. Nancy Ornduff, from Empower, presented the first quarter of 2024 Deferred Comp quarterly plan summary to the Committee. Ms. Ornduff reviewed the plan statistics for the first quarter, including participant accounts; assets; contributions and distributions; rollovers; new enrollments; and participating employers.

Ms. Ornduff concluded her presentation by reviewing retirement plan advisory activity and outreach to participants and employers during the first quarter.

**VI. State ORP Service Provider Review (Voya Financial)**

Mr. Carl Goodwin from Voya Financial asked Mr. Tom Boyle, Ms. Stacey Laxton, and Ms. Deltra Hayes to introduce themselves to the Committee and to provide an overview of the State ORP administered through Voya.

Mr. Boyle, Technology Specialist, reviewed participant engagement and communication strategies, and demonstrated Voya's unique digital platform that is personalized and customized based on an individual's monthly income, balances, monthly budget, and spending habits. Mr. Boyle stated that Voya's goal is to get 100 percent of members to achieve at least 70 percent of their pre-retirement income, and the company uses behavioral finance to help member's reach their goals.

Mr. Boyle concluded by discussing Voya's Cyber security and fraud prevention techniques.

**VII. Old Business/Director's Report**

Ms. Peggy Boykin, Executive Director, stated that she would provide the Director's Report at the full Board meeting.

**VIII. Adjournment**

There being no further business, and upon motion by Mr. Elam, which was seconded by Sheriff Mueller, and approved unanimously, the Committee meeting adjourned at 1:02 p.m.