

**MINUTES OF THE
DEFINED CONTRIBUTION COMMITTEE**

Friday, March 24, 2023 – 9:00 A.M.
180 N. LaSalle St., Suite 2015
Chicago, IL 60601

Present:

<u>Committee Members</u>	Committee Chairman Senator Robert Martwick (via audio conference) Treasurer Michael Frerichs Comptroller Susana Mendoza Elizabeth Sanders Justice Debra Walker
<u>Board Members</u>	Board Chairman Terrence Healy Gisela Atlan
<u>Staff</u>	Genette Bacon-Cordova Koula Berlin Mary Cahill Michelle Choi Johara Farhadieh Maryann Hong Jennifer Koelle Dipesh Mehta Alex Somolski Atul Talwar
<u>Guests</u>	Burke Burns & Pinelli, Ltd. Sarah Boeckman Empower Retirement Heather Smith Illinois Central Management Services Chris Colantino Kari Wolfe Illinois State Comptroller's Office Patrick Corcoran RVK, Inc.

Stephen Budinsky
Tony Johnson

ROLL CALL

Committee Chairman Martwick called the meeting to order at 9:07 a.m. at the Illinois State Board of Investment office, 180 N. LaSalle St., Suite 2015, Chicago. Mr. Mehta called the roll and noted that a quorum was present.

Trustee Walker moved that Committee Chairman Martwick be allowed to participate in the meeting via audio conference pursuant to Section 7(a) of the Open Meetings Act. Trustee Sanders seconded, and the motion passed unanimously.

REPORT OF THE DEFINED CONTRIBUTION COMMITTEE CHAIR

Committee Chairman Martwick informed the committee that he expected his pending legislation regarding the automatic enrollment into the Deferred Compensation Plan of all currently unenrolled participants to be assigned to the Senate Special Committee on Pensions for a hearing next week.

CONSIDERATION AND APPROVAL OF PREVIOUS MEETING MINUTES

Trustee Mendoza moved to approve the minutes from the December 16, 2022 meeting of the Defined Contribution Committee. Trustee Sanders seconded, and the motion passed unanimously.

REPORT BY CONSULTANT – RVK, INC.

Deferred Compensation Performance Review as of December 31, 2022

Mr. Johnson referred trustees to the presentation materials and gave a capital markets review. Next, Mr. Budinsky gave an overview of the Deferred Compensation Plan, discussing plan statistics including participant balances, demographics, and loan information. Mr. Budinsky also reviewed asset allocation and performance, noting that despite ongoing negative market conditions, the Plan's target date funds continue to perform well compared to peers, especially on a long-term basis. Finally, Mr. Budinsky noted that fees continue to be very competitive and reasonable compared to peers. Committee Chairman Martwick asked if there were any questions and there were none.

AUTO-ESCALATION UPDATE – EMPOWER RETIREMENT

Ms. Smith introduced herself and referred trustees to the presentation materials, giving an overview of automatic enrollment into the Deferred Compensation Plan since implementation. Ms. Smith then discussed the initial round of automatic escalation, providing detailed statistics and covering Empower's outreach and education efforts. Finally, regarding the small number of participants who opted out of the automatic escalation, Ms. Smith stated that it was Empower's

recommendation that the Plan proceed with targeted communications, rather than pursuing an automatic recapture of such participants into the automatic escalation population.

Several trustees inquired about participant options with regard to the escalation and contribution rates, Empower's ongoing outreach efforts, and the operational process for escalating contributions. Ms. Smith and Ms. Farhadieh provided additional information. Board Chairman Healy praised Senator Martwick, ISBI staff, and Empower for their efforts on automatic enrollment and escalation.

REPORT OF PLAN ADMINISTRATOR – CENTRAL MANAGEMENT SERVICES (CMS)

Update on Federal SECURE Act 2.0

Mr. Colantino provided an update on the SECURE 2.0 Act of 2022, giving an overview of all the provisions which would have an impact on the Plan. Several trustees inquired about specific provisions, and Mr. Colantino and Ms. Smith provided additional detail. Mr. Colantino stated that CMS and Empower would continue working to identify and implement new plan requirements as they take effect. Mr. Colantino further noted that regulatory guidance is expected on many of the provisions, and he will keep the Board apprised of upcoming changes at future meetings.

Consideration and Approval of JCAR Revisions

Mr. Colantino directed trustees to the presentation materials. He outlined the proposed revisions to JCAR, which included changing the required minimum distribution age language to reference the age set by the Federal SECURE 2.0 Act, as well as several modernizing and clarifying changes. There were no questions.

Trustee Mendoza moved that the Committee approve the revisions to JCAR, as recommended by CMS, including any further revisions deemed necessary by ISBI's General Counsel. Trustee Sanders seconded the motion, and it passed unanimously.

NEW BUSINESS/OLD BUSINESS

None.

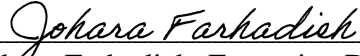
PUBLIC COMMENT

None.

NEXT MEETING AND ADJOURNMENT

Committee Chairman Martwick noted that the next meeting was tentatively scheduled for June 22-23, 2023. At 10:26 a.m., there being no further business to come before the committee, Trustee Mendoza moved to adjourn the meeting. Trustee Walker seconded, and the meeting was adjourned.

Respectfully submitted,



Johara Farhadieh, Executive Director/
Chief Investment Officer