

**NEW MEXICO**  
**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**  
**SMARTSAVE**  
**COMMITTEE MEETING**

**December 10, 2019**

1. This meeting of the Public Employees Retirement Board SmartSave Committee was called to order by PERA Board Vice Chair John Melia at approximately 9:10 a.m. on the above-cited date at the Senator Fabian Chavez, Jr. Board Room, PERA Building, 33 Plaza La Prensa, Santa Fe, New Mexico.

2. & 3. Mr. Melia appointed himself and the three other present Board members to serve on the SmartSave committee. Following the Pledge of Allegiance, roll was called and a quorum was confirmed as follows:

**Members Present:**

John Melia  
Loretta Naranjo Lopez [appointed]  
David Roybal [appointed]  
Shirley Ragin [appointed]  
Lawrence Davis, Vice Chair [late arrival]

**Member(s) Absent:**

Claudia Armijo, Chair  
Jackie Kohlasch  
Patricia French

**Other Member(s) Present:**

Dan Mayfield  
Steve Neel

**Staff Members Present:**

Wayne Propst, Executive Director  
Susan Pittard, Chief of Staff/General Counsel  
Dominic Garcia, Chief Investment Officer  
Greg Trujillo, Deputy Director/Chief Information Officer  
Renada Peery-Galon, Administrator Services Director  
Trish Winter, Executive Assistant  
Karyn Lujan, SmartSave Plan Manager  
Anna Williams, Chief Financial Officer  
Misty Schoepner, Deputy General Counsel  
Geraldine Garduño, Assistant General Counsel

**Others Present:**

Harvey Leiderman, Reed Smith  
Jessica Bundy, REDW  
Cait Gutierrez, REDW  
Lenora Chavez, Retiree  
Paul Cowie, Meketa Investment Group  
Tom Toth, Wilshire  
Joseph E. Montoya, Retired  
Jake Salazar, Retired  
Ernest Marquez, AES

**4. APPROVAL OF AGENDA**

Ms. Naranjo Lopez moved to approve the agenda as presented. Her motion was seconded by Mr. Roybal and passed by unanimous voice vote.

**5. APPROVAL OF CONSENT AGENDA**

Mr. Roybal moved approval and Ms. Ragin seconded. The motion passed without opposition.

**4. CURRENT BUSINESS**

**A. Q1 FY20 Investment Performance Review**

Paul Cowie, Meketa, reviewed the structure of the SmartSave investments and noted there have been no changes to the four tiers. As of September 30, 2019 the assets were at \$642.7 million which was down slightly from the end of the previous quarter. There was a net cash outflow of \$2.8 million. There were 23,000 participants with an average balance of \$28,000; although 2/3's of the participants have a balance under \$15,000.

The lifecycle portfolios continue to have the largest holding, representing 27 percent of the plan participants.

Referring to the outflows from the passive funds, Karyn Lujan, SmartSave Plan Manager, said it could be due to retirees who rolled over their accounts before the transition to the new third-party administrator Voya.

Mr. Cowie reviewed the returns by manager. Domestic equity had returns that ranged from -2.4 to +3.2 percent. The year-to-date US equity numbers were very strong. International stocks did not do well during the 3<sup>rd</sup> quarter, other than Fidelity Diversified International. Again, for the year-to-date period, the managers did well against benchmarks and peers.

Fixed income/bonds portfolio contains one of the largest market values with \$135 million in NM Stable Value Fund. As the Fed reduces interest rates, there are strong returns in the fixed income portfolio. He noted that Franklin Templeton Global Bond continues to be problematic. Columbia Institutional High Yield, while only available

through the lifecycle plan, is performing very well.

Mr. Cowie reviewed the real assets, noting that REITs had a good quarter. Longer term, REITs may be an asset class to eliminate from the plan.

Mr. Cowie reviewed an investment expense analysis, and noted that only two of the funds are more expensive than the average: Fidelity Contra Fund and NM Global REITs. Overall, the plan is inexpensive for the participants.

Mr. Cowie reviewed the most recent results from November 30, 2019. The plan assets are almost \$664 million, up \$20 million from the 3<sup>rd</sup> quarter report. Year-to-date show some “remarkable” returns greater than 20 percent, and the Principal Fund has 41 percent return. This has been a very strong year, stated Mr. Cowie.

#### **B. Q1 FY20 Plan Activity Review**

Ms. Lujan provided a review of all the plan transactions during July, August and September 2019. The focus of the quarter has been on the transition to the new third-party manager. The net asset of the plan was just over \$641 million.

Workshops and individual meetings continued through the quarter, and 461 new employees were enrolled in the program.

#### **C. Voya Transition Update**

Ms. Lujan said the plan has been live with Voya since October 7<sup>th</sup>. There was a lot of data that was transferred from Nationwide to Voya which included \$645 million in assets, 22,871 individual accounts of which 10,000 had balances of zero, 154 local public body employers, and state of New Mexico employer data. She said staff is reviewing the zero dollar balance population for termination dates to close those accounts.

The new features offered in the plan include online enrollment, contribution changes, each employer has a Voya portal for uploading payroll files and employee information, and outreach printed marketing information is available to employers from Voya.

The plan has a new website, call center number, mobile app, employer payroll help line and email for employer payroll help. Ms. Lujan said the local Nationwide outreach representatives were offered positions with Voya and they accepted. Voya is leasing an office at the PERA Building. She provided numbers of plan participants who have utilized the new paperless features offered by Voya.

Mr. Garcia said that the SmartSave plan has been moved to the 21<sup>st</sup> century with the transition to Voya. He commended Ms. Lujan for her dedication and contribution to the transition.

Regarding the marketing materials, Ms. Lujan pointed out that PERA’s logo is predominant, and she was pleased Voya was not using it for their own promotion.

Ms. Naranjo Lopez asked whether those individuals who withdrew from SmartSave did so to stay with Nationwide. Ms. Lujan explained that PERA has transitioned to Voya, and Nationwide was no longer an option for PERA's SmartSave participants.

5. **OTHER BUSINESS**

None was presented.

6. **ADJOURNMENT**

Having completed the agenda, Vice Chair Davis adjourned this meeting at approximately 10:00 a.m.

Approved by:

  
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Shirley M. Ragin, Chair

ATTEST:

  
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Wayne Propst, Executive Director