

NEW MEXICO
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
SMARTSAVE COMMITTEE MEETING

March 10, 2020

1. This meeting of the Public Employees Retirement Board SmartSave Committee was called to order by Chair Shirley Ragin at approximately 9:00 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. Following the Pledge of Allegiance, roll was called and a quorum was confirmed as follows:

Members Present:

Shirley Ragin, Chair
David Roybal, Vice Chair
Claudia Armijo

Member(s) Absent:

Patty French
Tim Eichenberg

Other Member(s) Present:

Dan Mayfield
Loretta Naranjo Lopez
Lawrence Davis
Paula Fisher

Staff Members Present:

Wayne Propst, Executive Director
Susan Pittard, Chief of Staff/General Counsel
Dominic Garcia, Chief Investment Officer
Greg Trujillo, Deputy Director
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
LeAnne Larrañaga-Ruffy, Director of Equity

Others Present:

Paul Cowie, Meketa [telephonic]
Charles Burciaga, Voya Financial
Jessica Bundy, REDW
Cait Gutierrez, REDW
Lenora Chavez, Retiree

4. APPROVAL OF AGENDA

Mr. Roybal moved to approve the agenda as published. His motion was seconded by Ms. Armijo and passed by unanimous [3-0] voice vote.

5. APPROVAL OF CONSENT AGENDA

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

6. CURRENT BUSINESS

A. Q2 FY20 Investment Performance Review

Karyn Lujan, SmartSave Plan Manager, said the review will cover the October, November, December 2019 quarter. The information is dated and Meketa provided an interim performance report as of February 29, 2020.

Chief Investment Officer Dominic Garcia remarked on the turbulence in the market the past few weeks. As of yesterday, global stocks for the calendar year are down about 15.38 percent, with energy taking the largest hit – down 43 percent. Bonds, particularly core bonds, have significantly rallied. Capital moved from risk assets into safe assets. Diversified assets index – agriculture, livestock, energy, industrial metals – were down by 5 percent. This is a significant reaction in the market place with a move from risk assets.

Paul Cowie, Meketa, speaking by telephone, outlined the four funds, highlighting how they move from conservative to aggressive investments. At the end of the quarter in review, there were \$670.4 million in assets up from the previous quarter. The plan experienced outflows of \$2.8 million during the quarter, with the majority of those funds from the active funds. The lifecycle portfolios continue to be the largest investment option in the plan.

Mr. Cowie said that the positive results of the quarter are useful when reviewing the current financial climate.

The target date/lifecycle funds were up between 2.7 percent and 7 percent for the quarter, and for the year, they were up between 11.4 percent and 22.2 percent.

Referring to expenses, Mr. Cowie compared the SmartSave to the average mutual fund fee in the market place, which showed that PERA is lower than the median expenses.

Mr. Cowie provided an interim as of February 29, 2020 performance report, noting that the fund contains \$644 million, close to the 3rd quarter funds. The lifecycle portfolio returns were down between 1.1 percent to 6.8 percent. The very conservative portfolios made up of mostly bonds were down by 1 percent and the 2055 fund is primarily equity and had poor returns.

With the drastic drop in interest rates, Mr. Cowie said that there are positive returns in bond options. Generally, the funds with a growth orientation are doing better than those invested in value stocks.

B. Q2 FY20 Plan Activity Review

Ms. Lujan introduced Charles “Chip” Burciaga, the relationship consultant for Voya. PERA transitioned from Nationwide to Voya on October 7, 2019. The plan has over 23,000 participants with a value over \$676 million. She noted that Voya provides additional tools to the participants through a mobile app. Approximately 31 percent of the plan participants engaged in the call center, mobile app or website with 26 percent conducting a business transaction.

Ms. Lujan said that the plan allows participants to borrow from their account, and with Voya, the loan is initiated through the website which requires the borrower to participate in an educational piece. During the quarter, 219 participants used the loan guidance and 51 percent proceeded with the loan. She also highlighted the myOrangeMonday digital piece available from Voya. This tool assists in measuring financial goals.

A how-to guide has been added to the Voya website to better enable navigation. A PERA member must be enrolled in the SmartSave program to use the tools.

Ms. Lujan provided a summary of the activities of the outreach of Voya’s team. For bank verification, participants are no longer required to provide a voided check, and instead they do it online. Voya conducts the validation process. Over 1,000 participants used the mobile app or website to update their contribution amount. Members continue to enroll by paper, but the online enrollments are increasing. Voya provides an option for professional management of an account based on a tiered fee structure. Currently there are 243 participants that have taken advantage of this option.

Mr. Roybal asked about the loan program and Ms. Lujan said that a participant can borrow up to half their account balance, or a maximum of \$50,000. Mr. Roybal asked about the percentage of new hires enrolling in the program, and Ms. Lujan said that would be good information, but currently it was not available.

Ms. Armijo congratulated staff on advancing this plan. Chair Ragin said she recently used the app and found it very easy and helpful.

Mr. Burciaga said that with participation at about 20 percent of all eligible employees, Voya has a lot to do to spread the information. He said Voya is very excited and thankful for the opportunity to serve PERA.

5. OTHER BUSINESS

None was presented.

6. **ADJOURNMENT**

Having completed the agenda, Chair Ragin adjourned this meeting at approximately 9:45 a.m.

Approved by:



Shirley M. Ragin, Chair

ATTEST:



Wayne Propst, Executive Director