DEFERRED COMPENSATION PLAN
BOARD MEETING
JUNE 10, 2025

MINUTES

Notice of this meeting has been filed with and prominently posted in the offices of the Secretary of State pursuant to the Open Public Meeting Law. The meeting notice was mailed to the Secretary of State on January 24, 2025, posted in the Star Ledger on January 22, 2025, and posted in the Trenton Times on January 21, 2025.

DISCLOSURE OF THE OPEN PUBLIC MEETINGS ACT

When necessary, the Board shall adopt this Resolution to go into closed session to consider individuals' appeals of administrative determinations as follows:

In accordance with the provisions of the Open Public Meetings Act, N.J.S.A. 10:4-13, be it resolved that the Board of Trustees go into closed session for purposes of discussing matters pertaining to appeals of administrative determination which may involve material or other content related to personal, medical and financial records, data, reports and recommendations relating to specific individuals, pursuant to N.J.S.A. 10:4-12(3). Those matters are confidential unless expressly waived by the individual involved.

The information recorded during the closed session shall remain confidential until after such time as the Board determines that the need of confidentiality no longer exists and the matters discussed can be disclosed.

Called to Order: 10:04 A.M. Adjourned: 11:58 A.M.

Attendance:

Steven Harris (via phone), representing Elizabeth Maher-Muoio, Treasurer, State of New Jersey

Leslie Notor, representing Tariq Shabazz, Acting Director, Office of Management and Budget

Manuel Paulino, representing Justin Zimmerman, Commissioner, Department of Banking and Insurance

Lisa Walker, Division of Investment

Brandon Bowers, Deputy Attorney General

Michael Kusmierczyk, Plan Manager & Board Secretary

Patricia Martin, DB & DC Plans Reporting Bureau

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CONTINUED

Attendance Continued:

Empower Representation

Gabe D'Ulisse	Robert Luciani	Bob Rooyakkers
Joseph Fein	Rocco Attanasio	Lily Lau
Dan Morrison	Don Wiggins	

Via phone:

Greg Howell	Maria Vazquez-Perez

Other:

Oyeyeme Ogundare

OPEN SESSION

Review and Approval of the Minutes from the April 8, 2025 Board Meeting – Manuel Paulino made a motion to approve the minutes. The motion was seconded by Steven Harris and it was carried unanimously.

Empower's Investment and Plan Review – Gabe D'Ulisse provides an outline of today's presentation. Gabe introduced Dan Morrison (Vice President of Government Markets). Dan appreciates the partnership Empower has with the State of New Jersey. Empower's core business is DC record keeping. They have been serving 457 plans since it was enacted, so they have a lot of experience. They have double digit growth for first quarter 2025 compared to the same period last year. They are healthy, growing, and very committed to the business. There are massive capital expenses that go into operating a record keeping platform. There is a lot of technology and security with this program. It is capital intense compared to other financial industries where the margins are low and the risk is massive. They have the ability to invest in the business and fewer organizations are able to do that. They have improved the participant experience. Empower has 19 million participants with almost $2 trillion in plan assets. Their business is segmented into smaller groups. The government sector group serves 30 state plans, has about $300 billion in assets, and provides service to almost 4 million public workers across the country. They can support unique things for government plans. They have grown through acquisitions and they completed the Prudential migration, which went very well. The goal was to retain about 80% of the assets through the acquisitions, but they are able to keep 90%. They are renewing contracts with current clients and have added three new government entities this year. The accuracy rate is nearly 100% for tracking funds coming in or leaving the plan. The growth is good and the client retention is exceptional. They continue to make things easier and create better experiences for the participants. About six weeks ago, they introduced the first ever zero fee S&P 500 and it will be discussed later today. Most government plans have an S&P 500 fund and pay some type of basis point fee. About three weeks ago, they are the first record keeper to introduce private equity into retirement plans like ours. They will introduce, later this year, liquid versions of private equity funds for government plans.

Leslie Notor informed Dan Morrison that they have a great team and appreciate the work they do. Steven Harris agrees with Leslie's comments and he hopes to continue to do business with them.

Gabe D'Ulisse discusses data in the Plan Performance Insights report. Empower continues to see a lot of volatility in the markets. Assets were down to $5.9 million as of the end of the first quarter 2025 and it is $6.2 million as of today. Participants in the past would move their money and take on real life losses when there is volatility, but recent data reflects more participants are staying the course. About 65% of participants in the state plan are in Goalmaker, which provides proper allocation based on their risk and time horizon. Participants want help and professional advice. Gabe said he will provide a Money in Motion report, which reflects where the distributions and withdrawals were distributed from the plan within the last year. Empower is also seeing relocations have tempered down. The main reason participants are staying the course is they have become numb to the volatility or are more financially literate and understand the benefits of leaving things as is.

Gabe D'Ulisse highlights information reflected in the report. He highlights summary data from page 3 and 4 of the report. He reminds the Board this is a very mature plan and that about 76% of the assets, $4.6 billion, is with individuals age 50 and over. As people retire, they either consolidate their savings or withdraw the money as needed. He continues to highlight data on page 5, Lifetime Income Score, page 6, Cash Flow, page 8, Contribution Activity, and page 11, Distribution Activity. Gabe moves to the Money in Motion Report and reflects 54% of participants that have retired or terminated employment stay with the plan. About 33% roll out to external plans and the remaining percentage is cash outs or rollover to different Empower options. The main reason people move their money out is they want to have professionally managed accounts. They are hopeful they will be able to provide professional financial advice services with the new contract and be able to retain more participants. This would also be cheaper for the participants compared to outside competitors. Empower will use this information to assist with communications provided to the participants. Robert Luciani brought some clients to Denver and this was a main concern with plans being able to maintain participants in the plan after they retire, especially with providing professional services. Leslie Notor states this has been an issue for years trying to determine how to keep participants in the plan after retirement. Gabe adds to help participants understand the benefits of staying in the plan. Robert states they did a survey and the number one reason is people believe they have to take out their money from deferred compensation when they retire, which is not true. Going to an advisor is in the top five reasons. They are becoming more aware of the issues and concerns and Empower is working on educating participants. Leslie states it would be good to see this Money in Motion report once a year. Robert states they do not have an issue with people taking their money for retirement reasons, which is the purpose of this plan. The issue is to reduce the rollovers out of the plan. Gabe returns to the main report and highlights data on page 15, Investment Strategy Utilization. Many retirees still allocate their funds into retirement instead of putting all of it in a safe fixed fund. He continues with Goalmaker data on pages 16 through 19 and discusses demographic information on page 25 and 26. Robert mentions the staff at Pensions do a good job of notifying when participants retire and Empower becomes aware of things more timely compared to other plans.

Bob Rooyakkers provides the field report. They strategy this year is to be available more in person since there appears to be a demand for that by the participants and employers. They will continue to provide services with a hybrid format (in person and remote services). Bob informed Steven Harris that Empower was able to schedule two on-site seminars and two webinars with Taxation. They had 40 employees attend the first on-site seminar, 50 employees registered for the second on-site seminar, and 140 employees registered so far for the webinars. Another strategy this year is to get in front of more retirees. Don Wiggins is responsible for scheduling more meetings with retirees besides the general ones that are scheduled each year. Don states they typically do retirement seminars in July and August at three standard locations. He mentions new places visited this year and attendance for them, plus reviewing other areas in New Jersey that make sense to provide a seminar. The reasons to add new locations and to have it at different times in the year is due to many people take vacations in July and August and the location is not always convenient. One of things that was developed for him was a QR code, which is provided at the sign in station and in the presentation. When an attendee scans this code, it requests their name and email address, plus a couple other questions to answer. What this does it sends an email to them with the presentation attached to it and provides a link for the attendee to schedule a meeting with him based on his availability. The main reason he wanted this feature is because the sign in sheets were illegible and the code makes it lot easier to provide information to the attendees and have contact with them. Not everyone is using this feature, but they are assisting some attendees on how to use it. Overall this has been well received. Robert Luciani states the gaming commission meeting held in Atlantic City each year was well attended in the past. Besides seeing the Empower group, they enjoy seeing former coworkers. Don states about 80% of the attendees that he talks to want advice. Right now, he cannot tell them what to do, but he can say what will happen if you do this. He has informed participants that they are not required to withdraw their funds at retirement, provide education to not make decisions solely on market swings, and calm their fears with the volatile markets. He also assists active participants and his schedule books quickly for one-on-one meetings when he schedules a location visit. There is a variety of employees at different stages of life and ask different questions or need some type of assistance. Lily Lau spoke about her recent experiences. She also sees a demand to meet in person and has many blocks of time already scheduled with participants now and in the coming months. She sees three main trends. First is people taking advantage of the market when it is low. Newer and younger participants receive information from participants with several or many years in the plan that have experience and history of volatility in the markets. Participants may adjust their allocation, risk tolerance, or boost their contribution rate. The second trend involves participants that are looking to retire in the near future, typically five years or less. These individuals mostly have large balances and are looking to preserve their retirement savings so there are discussions on how much they want to preserve versus how much to continue to grow. The third trend involves new retirees. They are looking for more guidance with their savings and requesting additional assistance. Rocco Attanasio shares what he has seen over his 20 years with the plan regarding trends and the way the participants viewed this plan.

Greg Howell provides the communication update covered in pages 35 through 37. He discusses the accomplishments and upcoming events.

Joseph Fein provides the investment review. The main issue with the markets has been the issue of tariffs and the uncertainty surrounding it. This has caused the US equity markets to fall during the first quarter of 2025 and the market continues to be volatile. International stocks performed much better than US stocks for the last quarter, which has not occurred in years. He provides an exhibit, explaining the market low (bottom) was hit on April 8, 2025, and how much it has grown through May 9, 2025. This explains why participants should stay the course and the benefits they see when a rebound occurs. The funds not meeting the performance criteria has not changed and much of the reasons provided in the past stays the same. These funds show some improvement, but they will continue to keep an eye on them.

Michael Kusmierczyk asks Don Wiggins and Lily Lau if they asked why participants think they are required to withdraw their funds at time of retirement. Don did not ask, but he will in the future. He was not sure why the participants have that thought. Gabe explains how the 457 plan worked when it was introduced. When it first started, an employee had to pick a future distribution date at time of enrollment in advance and this could not be changed. So participants had to remember to take the money out based on their initial decision and probably stuck with a lot of people. The rules have changed over time and this has not been a requirement for many years, but many still remember this. Lily adds that some participants think when the RMD (Required Minimum Distribution) is required, they have to take all of their money out, which is also not the case. Rocco Attanasio adds that participants in the past had to decide if they wanted their distribution in a lump sum or periodic payments, but this is no longer required either.

Leslie Notor asks if there has been any movement on the self-certification issue. Michael Kusmierczyk advised the pension legal team is still looking into the matter and it is still not available on Empower's end for government plans, which they confirmed.

Gabe provides closing remarks.

Details of this presented information is stored in audio format in the office of the Plan Administrator.

Presentation by Division of Investment of investment change proposal – Michael Kusmierczyk requests Empower to stay for the next part of the meeting and hands it over to Lisa Walker to make the investment proposal change. Lisa informs the Board of reviewing each fund in the plan with Gabe D'Ulisse and Joseph Fein. They discussed the history, performance, how it is managed, and the goal of each fund lineup. They reviewed the fund lineup to determine how the fund offerings can be improved. She provides additional information to the Board that was not covered in the memorandum dated June 10, 2025. The fund addition of the Empower S&P 500 Index Separate Account fund will have the zero fee for the life of the plan and the benchmark used to evaluate performance will be the S&P 500. Leslie Notor asks if this will be an addition or replacement and will it be in Goalmaker. Lisa states it is an addition and Joseph states it is not in Goalmaker. Joseph asks Lisa if it will be replacing the current S&P index fund and Lisa confirms it will not. Leslie asks why we would have two similar funds in the plan. Lisa states the Vanguard Index Fund based on S&P 500 was established in 1997 and it has $303 billion in assets. While it has a 2 basis point expense ratio, it has a longer track record. She believes the new fund will do well, but it does not have the history. This is a passive index fund and falls in the large cap blend category. Lisa continues her discussion with the accounts that will be closed. Participants will be provided communication informing them of the accounts being closed and to which fund it will be moved to if they do not take action within a certain period of time. Lisa states there will be lower fees and participants can track the index fund. Lisa states this process occurred previously when it was Prudential having two state accounts closed in 2014. Greg will provide custom communication and the process will take about two months. Lisa informs they worked with the DAG office and the Treasurer was made aware of these changes.

Leslie Notor made a motion at 11:33 a.m. to adopt the changes proposed by the Division of Investment to the Board in the memorandum dated June 10, 2025. It was seconded by Steven Harris. Motion was carried unanimously.

APPEALS

Unforeseeable Emergency Appeal – Oyeyeme Ogundare

Ms. Oyeyeme Ogundare is present for the meeting. Leslie Notor asks if the medical expenses are for a non-dependent. Oyeyeme states this is for her mother and she lives in Nigeria. She is responsible for everything regarding her mother. Leslie states she had a part-time job to cover household expenses. She asks if the reason for the appeal is due to finance changes. she lost or anything else that might qualify her request. Oyeyeme explains she had a small business and things did not go well so she incurred a lot of debt. This put her in a difficult situation. Leslie states that the IRS rules clearly state the medical expenses would need to be for a dependent. Any loss of income needs to be related to the state job. She is trying to determine if there is any way Oyeyeme can qualify for an emergency withdrawal. Steven Harris asks if Oyeyeme supplied the medical bill. Patricia Martin confirms she did. Michael Kusmierczyk states the bill is about $7,930 based on the foreign exchange rate.

Motion to go into closed session – At 11:44 a.m., Steven Harris made a motion to go into closed session. The motion was seconded by Leslie Notor and was carried unanimously.

Discussions were held to determine if she is entitled to the funds. There was some debate regarding this matter.

Motion to move from closed session to executive session – At 11:47 a.m., Leslie Notor made a motion to go into executive session. The motion was seconded by Manuel Paulino and was carried unanimously.

Legal questions are asked to the DAG representative to help provide answers to assist with the Board's determination. Discussion also continued among the Board members.

Motion to move from executive session to open session – At 11:55 a.m., Steven Harris made a motion to go into open session. The motion was seconded by Leslie Notor and was carried unanimously.

Leslie Notor states the Board determined her mother qualifies as a dependent under IRs rules.

Leslie Notor made a motion at 11:57 a.m. to overturn the administrative denial and approve Ms, Ogundare's unforeseen emergency withdrawal request in the amount of $7,930. It was seconded by Steven Harris. Motion was carried unanimously.

Unforeseeable Emergency Appeal – Kristen Lopez

Member was not present for her appeal.

Leslie Notor made a motion at 11:58 a.m. to uphold the administrative decision to deny the unforeseen emergency withdrawal. It was seconded by Manuel Paulino. Motion was carried unanimously.

<u>Adjournment</u> – With there being no further matters to discuss, Leslie Notor made a motion to adjourn and it was seconded by Manuel Paulino. Motion was carried unanimously. The meeting adjourned at 11:58 a.m.

Respectfully Submitted,

Michael Kusmierczyk
Plan Manager & Board Secretary

The next scheduled meeting for the Board will be August 12, 2025