

**UNIVERSITY STUDENT UNION  
CALIFORNIA STATE UNIVERSITY NORTHRIDGE  
RETIREMENT PLAN COMMITTEE  
SEPTEMBER 22, 2023  
MINUTES**

<https://csun.zoom.us/j/86599670194?pwd=V2dzTHJvclZtSFARVU1wT1B6YWxqQT09>

**I. Call to Order**

Committee Chair, J. Zesati called the meeting to order at 10:37 A.M.

**II. Roll Call**

<b>Present</b>	<b>Absent</b>	<b>Guests</b>
Dr. Freddie Sanchez, Interim Asst VP, Student Affairs, Equity & Inclusion (voting)		Dennis DeYoung, Certified Financial Planner
Debra Hammond, Executive Director (voting)		Sallie DeYoung, Financial Planner
Joseph Illuminate, Associate Director, Accounting & Finance (voting)		Gregory Guajardo, Student Administrative Assistant II, Accounting & Finance
Marilyn Orantes, Student Board Representative (voting)		
Kristen Pichler, Associate Director, Human Resources & Professional Development (voting)		
Jasmin Zesati, Committee Chair (voting)		

- *K. Pichler arrived at 10:50 AM*

**III. Approval of Agenda**

M/S/P (M. Orantes/ J. Illuminate) Motion to approve the Agenda for September 22, 2023.

***Motion approved by General Consensus.***

**IV. Approval of Minutes**

M/S/P (D. Hammond / M. Orantes) Motion to approve the Minutes for June 08, 2023.

***Motion approved by General Consensus.***

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**V. Chair's Report**

**A. None**

**VI. Discussion Items**

**A. Second Quarter 2023 Retirement Plan Review**

Financial Planners, D. DeYoung and S. DeYoung, led the discussion.

As of June 30, 2023, the cash balance in the 403(b) Plan is \$4,425,573 (including outstanding loans) and the cash balance in the Money Purchase Pension Plan (MPPP) is \$3,141,722. The total cash balance in the two plans is \$7,567,295.

The overall investment performance for the second quarter was a positive **4.88%**. The average performance for the last twelve months was a positive **12.86%**.

With the exception of three funds, the FI360 scores in both the 403(b) and the MPPP are in the green and light green zones with scores ranging from 0 to 50. The best FI360 score is 0 and the worst FI360 score is 100. Funds in the green zone meet the majority of the FI360 Fiduciary Score Criteria.

The Vanguard Extended Market Index Admiral (78) is in the red zone and the Metropolitan West Total Return Bd I (52) fund is in the yellow zone. Funds in the yellow zone and red zone do not meet all the FI360 Fiduciary Score Criteria.

Funds in the yellow and red zones are placed on a Watchlist. If funds placed on the Watchlist continue in the yellow and/or red zones for an extended period of time, the funds could be considered for replacement with a similar fund in the green zone.

D. DeYoung clarified that the Vanguard Extended Market Index fund, with a balance of \$21,421, represents just 0.36% of the total combined balance of \$7,567,295 across both plans.

Despite being in the red zone, the Vanguard Extended Market Index fund has had an average return of 9.33% over the last the ten years. As a result, both D. Deyoung and S. Deyoung recommend retaining this fund in the investment line up.

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**B. Voluntary Employer Beneficiary Association (VEBA) Update**

Executive Secretary, J. Illuminate led the discussion and informed the committee of the recent activity in the USU VEBA Trust account.

- For 2023-24, the USU is investing \$33,333.33 per month to fund the VEBA for a total investment of \$400,000 per year.
- The balance of the VEBA, as of August 31, 2023, was \$2,755,477. This total includes \$220,199 of inception-to-date investment gains and \$31,389 of inception-to-date disbursements to plan participants.
- Investment gains for 22-23 totaled \$201,654.
- Investment gains for July 2023 through August 2023 totaled \$9,289.

**VII. Action Items**

**A. Retirement Plan Committee Goals (2023-24)**

M/S/P (J. Illuminate/ M. Orantes) Motion to accept the 2023-24 Retirement Plan Committee goals as presented.

Committee Chair, J. Zesati presented the goals below:

No.	GOALS
1	Create multiple scenarios to determine how much money would be required to fully fund the Retirement Health Benefit Plan (RHBP)* in five years, 10 years, and fifteen years. <b>[June 2024 – carried over from 22-23]*</b>
2	Develop a process for notifying employees annually who will be eligible for participation in the RHBP within the next 10 years. Provide a training opportunity to educate interested employees about the benefits of the Retirement Health Benefits Plan (RHBP). <b>[March 2024 – carried over from 2022-23]</b>
3	Provide a training opportunity to educate interested employees about the benefits of the Money Purchase Pension Plan (MPPP) and 403(b) plans and familiarize them with The Standard’s website. <b>[March 2024 – carried over from 2022-23]</b>
4	Determine the feasibility of increasing the maximum \$25,000 Sick Time Payout for the RHBP. <b>[June 2024]**</b>

*\*These scenarios created are for illustrative purposes only. No actual funding decisions will be made until it is known how much funding will be available once the financial plan for the New Heart of Campus is completed in Spring 2024.*

***Motion passes 4-0-0***

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**B. Investment Lineup Addition**

M/S/P (J. Illuminate/ D. Hammond) Motion to approve the addition of the Putnam Large Cap Value Fund (PEQSX) to the investment lineup of the 403(b) Retirement Plan and Money Purchase Pension Plan (MPPP).

Financial Planners, D. DeYoung and S. DeYoung, led the discussion.

Given that the Large Cap space is the second largest investment area for participants (behind the stable asset fund), Financial Advisors Dennis & Sallie Deyoung consider it prudent to add another large cap investment option.

Since over a quarter of our participants' total assets are held in large-cap equity mutual funds, there is room to add another large-cap fund for participants in the large-cap space.

The Putnam Large Cap Value Fund is not going to replace any of the existing Large Cap funds, just operate in addition to the three that are currently available.

All of the market cap categories (large, mid, and small) all currently have 3 investment options. However, combined, mid and small-cap only account for about \$700,000 of investments while large-cap alone accounts for over \$1.9 million.

Since the Large Cap space has such a large participant investment, another investment option would seem to make sense. Due to their more moderate volatility, large-caps always tend to be a heavyweight, especially in retirement investing.

Why chose the Putnam Large Cap Fund? This fund has consistently ranked in the top quartile of all funds in its category and it has a Morningstar rating of 5 stars. The FI360 score for this fund is zero which is the highest FI360 score a fund can receive.

Additionally, this fund had better downside capture than the S&P 500 during the 2022 stock market downturn. The Putnam Large Cap Fund's loss was only 2.75% compared to an 18.1% loss for the S & P Index overall.

***Motion passes 4-0-0***

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**C. Money Purchase Pension Plan (MPPP) Name Change**

M/S/P (M. Orantes/ K. Pichler) Motion to change the name of the Money Purchase Pension Plan to the *401(a) Employer-Paid Supplemental Retirement Savings Plan*.

Executive Secretary, J. Illuminate led the discussion.

The Money Purchase Pension Plan (MPPP) is plan whereby the USU contributes 5% of an eligible plan participant's annual salary. The plan participant is not required to contribute to the MPPP in order to receive the 5% contribution.

The term "pension" in the retirement plan industry is commonly understood to be a plan whereby an employee will receive a defined monthly retirement payment based on income and years of service upon retirement. For example, Social Security is a considered a pension pan and he CalPERS retirement plan, in which CSUN state employees participate, is also considered a pension plan.

The MPPP is not a pension plan, it is a supplemental savings plan. Employees do not receive a fixed monthly upon retirement. They receive the savings they have accumulated in their account upon retirement.

Changing the name to the *401(a) Employer-Paid Supplemental Retirement Savings Plan* will clearly indicate to plan participants that this retirement plan is not a pension account, but an employer-paid savings account.

Changing the name also provides the USU legal protection from any participant who could conceivably sue the USU stating that they were expecting to receive a fixed pension payment upon retirement because the term "pension" was included as part of the plan name.

K. Pichler stated that the current name has been a challenge in explaining the plan's actual nature to new hires. This issue has led to misunderstandings among new employees regarding the plan's operation.

D. DeYoung expressed support for the name change emphasizing that it aligns perfectly with the plan's actual operation and greatly mitigates any potential misinterpretation.

***Motion passes 4-0-0***

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**VIII. Announcements**

- Several committee members extended their gratitude to S. DeYoung for her exceptional explanations and thorough research. They appreciated her ability to effectively communicate complex topics, providing clarity to the entire committee.
- Jasmin and Marilyn expressed gratitude to the committee for welcoming them and having the ability to gain a deeper understanding of retirement plans.

**IX. Adjournment**

The meeting was adjourned by Committee Chair, J. Zesati at 11:29 A.M.

Respectfully submitted by,



Joseph Illuminate,  
Associate Director, Accounting & Finance