

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
RETIREMENT PLAN COMMITTEE
MAY 13, 2022
MINUTES**

<https://csun.zoom.us/j/83579052444?pwd=Ym9wMUJUNkc5cnJ0VnNabVRtaVBvZz09>

I. Call to Order

Chair, G. Olmedo called the meeting to order at 3:02 P.M.

II. Roll Call

Present	Absent	Guests
Debra Hammond, Executive Director (voting)	Bryant Garcia, Student Board Representative (voting)	Dennis DeYoung, Certified Financial Planner
Joe Illuminate, Associate Director, Accounting & Finance (voting)		Lakshmitha Ravindranath, Student Administrative Assistant II, Accounting & Finance
Gisselle Olmedo, Committee, Chair (voting)		
Kristen Pichler, Associate Director, Human Resources & Professional Development (voting)		
Dr. Freddie Sanchez, Interim Asst VP, Student Affairs, Equity & Inclusion (Voting)		

**Dennis DeYoung left the meeting at 3:37 p.m.*

III. Approval of Agenda

M/S/P (K. Pichler/D. Hammond) Motion to approve the Agenda for May 13, 2022.

Motion approved by General Consensus.

IV. Approval of Minutes

M/S/P (J. Illuminate/K. Pichler) Motion to approve the Minutes for December 01, 2021.

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Motion approved by General Consensus.

V. Chair's Report

Chair, G. Olmedo thanked the committee for being patient while she was learning all the principles and concepts of the USU retirement plans throughout the semester.

VI. Action Items

A. Money Purchase Pension Plan (MPPP) Restatement

M/S/P (F. Sanchez /K. Pichler) Motion to recommend approval of the Money Purchase Pension Plan Restatement effective July 01, 2022.

Executive Secretary, J. Illuminate led the discussion.

The purpose of the Restatement is to “comply with the requirements of the 2017 IRS Cumulative List (IRS Notice 2017-37), the American Taxpayer Relief Act of 2012, the Tax Cuts and Jobs Act of 2017, and other applicable guidance.

Restatement also provides an opportunity for the USU to update the plan as needed. The following USU updates have been included in the Restatement:

- Reimbursements to employees for the internet as part of a telecommuting agreement, for education, and parking are now excluded from total compensation. These reimbursements are excluded for purposes of computing the employee's 5% annual contribution from the UU.
- All employees' service before the Effective Date of the plan is now included for vesting purposes. Previously, service before the Effective Date was excluded for vesting purposes.
- The Automatic Rollover provisions now apply to all Involuntary Cash-Out Distributions less than \$1,000. Previously, employees with less than a \$1,000 balance would be issued a check.
- A participant is allowed to take one In-Service Distribution each Plan Year if the participant has attained the Normal Retirement Age of

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60. Previously In-Service distributions were not allowed.

An in-service withdrawal occurs when a participant takes a distribution from the Money Purchase Pension Plan while still employed with the USU. Most distributions from retirement accounts typically occur after a participant terminates employment.

Motion passes 5-0-0

VII. Discussion Items

A. First Quarter 2022 Retirement Plan Review

Financial Planner, D. DeYoung, led the discussion.

As of March 31, 2022, the total cash balance in the 403(b) plan is \$ \$4,061,968. The total cash balance in the Money Purchase Pension Plan (MPPP) is \$3,417,011. The total cash balance is \$8,185,133. There is \$164,034 in outstanding participant 403(b) loans.

Asset allocations in both plans are approximately 70% stocks and 30% fixed income. The market hit an all-time time high last year and peaked in January 2022. Since January, both stocks and bonds funds are down due to rising interest rates.

The overall investment performance for the first quarter was a negative 6.32%. The average performance for the last twelve months was 4.30%.

Most funds in both plans have FI360 scores in the green and light green zones 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.

Funds with FI360 scores from 51-74 are in the yellow zone and those with scores from 75-100 are in the red zone. The USU closely monitors all funds in the yellow and red zones. Scores in the yellow and red zones indicate that the funds do not meet the FI360 Fiduciary Score Criteria. Any fund that remains in the yellow zone or red zone for an extended period is put on the Watchlist. Funds on the Watchlist have the potential of being replaced with a similar fund that meets the FI360 Fiduciary Score Criteria and has a score in the green zone.

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The Northern Small Cap Value (75) and the Invesco Global R6 (70) funds are in the yellow zone and the Vanguard Extended Market Index Admiral fund is in the red zone (82).

B. Retirement Plan Committee Expenses

Financial Advisor, D. DeYoung led the discussion by stating that the Committee reviews plan expenses every six months using the Fee Benchmark Report.

D. DeYoung negotiated the asset-based fee down to 45 basis points from 60 basis points. For the first time, the USU's retirement plan fees are **lower** than the Average Plan when the expenses of Plan Participants are considered. The same applies when the expenses of the USU and Plan Participants combined are considered.

When only Plan Participant expenses are considered, the Average Plan fee is 1.02%. The USU's fee is only 0.76%. The USU's fee is 26 basis points **less** than the fees of the Average Plan.

When both USU and Plan Participant expenses are considered, the Average Plan fee is 1.02% and the USU's fee is only 0.94%. The USU's fee is 8 basis points **less** than the fees of the Average Plan.

The USU pays the expenses for the services of Financial Planner, Dennis DeYoung, and the Ryding Company. These fees are not deducted from Participants' retirement accounts.

C. Voluntary Employee Beneficiary Association Update (VEBA)

Executive Secretary, J. Illuminate led the discussion and informed the committee that the total balance in the VEBA account as of March 31, 2022, was \$2,311,720.

The balance is comprised of \$2,000,000 in USU deposits, \$343,109 in investment gains, and \$31,389 in disbursements paid to Retirement Health Benefit Plan participants for eligible healthcare-related expenses [$\$2,000,000 + \$343,109 - \$31,389 = \$2,311,720$].

The Board approved a VEBA cash contribution of \$400,000 for the 2021-22 fiscal years which is transferred to the VEBA account at \$33,333.33 per month.

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The VEBA has experienced three consecutive months of investment losses due to inflation and rising interest rates.

D. Retirement Plan Committee Appreciation

Chair, G. Olmedo presented Certificates of Appreciation to all Committee members thanking them for their service during the 2021-22 fiscal year.

VIII. Announcements

None

IX. Adjournment

The meeting was adjourned by Chair, Gisselle Olmedo at 3:48 P.M.

Respectfully submitted by,



Joseph Illuminate,
Associate Director, Accounting & Finance