Retirement Plan Annual Report

Administrative Board Meeting
September 18, 2020

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The Annual Report is prepared to provide a general overview of plan activities

- Initial year for the report
- Will be shared annually with F&A and the Board

Some background on the two retirement plan options for employees

401k Plan:

- $162 million balance (as of 12/31/19)
- 97% participation rate (VG benchmark = 72-79%)
- Roth Option
- Participant match:
  - Pre-2011 - $2 for $1 match up to 5%
  - Post 2011 - $1 for $1 match up to 10%
- Auto escalation added in 2013 (can opt-out)
  - Deferral increases every June 1st by 1% (up to 10%)

457b Plan:

- $15.8 million balance (as of 12/31/19)
- 14% participation rate
- No participant match

Designated teams provide oversight of the Plans in accordance with LES Policies

- **Investment Committee is designated by position**
  - Chief Executive Officer
  - VP Financial Services and Chief Financial Officer
  - VP Corporate Operations
  - VP Communications & Corporate Records and General Counsel
  - Manager, Human Resources
- **Third Party Administrator & Recordkeeping Services**
  - Vanguard
  - Retained in 2013, fee benchmarking in 2018
- **Investment Consultant**
  - PEI
  - Retained in 2016
- **External Legal Counsel**
  - Cline Williams

Annual report describes topics reviewed at Investment Committee quarterly meetings

- Investment option performance
- Market trends and fund management changes
- Review of Vanguard's quarterly State of the Plans reports
- Administrative Fee
- Participant communications & education
- Policy compliance and Plan amendments
- Issues on the horizon (legal, student loan challenges)
- External audit of Plan
- CARES Act withdrawals *(Coronavirus Aid, Relief and Economic Security)*
- SECURE Act *(Setting Every Community Up for Retirement Enhancement)*
  - Amendments at September Board meeting

Investment options provide participants opportunity to diversify while maintaining low expense ratios

Tier 1: Target Date / Hybrid

- **Target Date Funds:** Vanguard (VG) Target Retirement Funds
- **Hybrid Fund:** Vanguard Wellington

Tier 2: Passively Managed

- **Domestic Equity:** VG Total Stock Market Index Institutional *(Large Cap Blend)*
- **International Equity:** VG Total International Stock Index *(Large Cap Blend)*
- **Bond Fund:** VG Total Bond Market Index Institutional *(Investment Grade Intermediate)*

Tier 3: Actively Managed Funds

Domestic Equity:

- VG Equity Income *(Large Cap Value)*
- Fidelity Contrafund *(Large Cap Growth)*
- Hartford MidCap *(Mid Cap Growth)*
- DFA U.S. Small Cap Institutional *(Small Cap Blend)*

International Equity:

- Dodge & Cox International Stock *(Large Cap Value)*

Bond Fund:

- VG Federal Money Market Investor
- Wells Fargo Stable Value Fund Guaranteed Investment Account (401K only)
- Wells Fargo Core Bond
- VG Inflation-Protected Securities

Other Funds:

- DFA Emerging Markets Core Equity Institutional