

**SAN MATEO COUNTY
DEFERRED COMPENSATION ADVISORY COMMITTEE**

**SPECIAL MEETING: BIENNIAL RETREAT
Thursday, November 7, 9:00am-11:00am
Deputy Sheriffs Association Offices
2421 Broadway, 3rd Floor, Redwood City, CA**

Committee Members	Appointed As...
Lisa Okada, Chair	Human Resources Designee
Tiffany Htwe (alternate: Timothy San Juan)	Tax Collector-Treasurer Designee
Bridget Love	Non-Management Appointee
Laurel Finnegan	Non-Management Appointee
Robert Raw	Non-Management Appointee
Steve Perry	Non-Management Appointee
Lilibeth Dames	Management Appointee
Michael Wentworth	Management Appointee
Victoria Mejia	Management Appointee

Staff	MassMutual	NFP / SST Benefits
Kim Pearson	Una Morabito	Paul Hackleman
Marife Viola	Bob Gleason	Vince Learned
Jay Castellano	Patrick Washington	

CALL TO ORDER

1. Roll Call
2. Public Comments

ACTION ITEMS

3. Review / Approve Recommended Changes to Investment Policy Statement (IPS) (NFP)
4. Annual Investment Review and Recommendations (NFP)



DISCUSSION ITEMS

5. Trainings
 - Collective Investment Trusts (NFP)
 - Fiduciary Briefcase (NFP)
 - Review Results of Participant Surveys (County and MassMutual)

6. Future Workplan Priorities (County)
 - Review Priorities Approved in the 2019-20 Budget
 - Brainstorm, Discuss Any Additional Priorities
 - Finalize 2019-20 Priorities

ADJOURNMENT



Sample Investment Policy Statement

Part I. THE PLAN

The City sponsors a defined contribution plan (the "Plan") for the benefit of its employees and their designated beneficiaries. The City will appoint a Committee to serve as the Plan fiduciary. The Plan is intended to provide participating employees long-term accumulation of savings through contributions to individual participant accounts and the earnings thereon.

The Plan has established a Deferred Compensation Plan ("Plan") for the benefit of employees in accordance with Section 457(b) of the Internal Revenue Code ("Internal Revenue Code") of 1986, as amended. In addition, the Plan is intended to comply with the concepts contained ERISA Section 404(c) as a best practice.

The Plan's participants and beneficiaries are expected to have different investment objectives, time horizons and risk tolerances. To meet these varying investment needs, participants and beneficiaries will be able to direct their account balances among a range of investment options to construct diversified portfolios that reasonably span the risk/return spectrum. Participants and beneficiaries alone bear the risk of investment results from the options and their asset allocation.

Part II. THE PURPOSE OF THE INVESTMENT POLICY STATEMENT

This Investment Policy Statement is intended to assist the Plan's fiduciaries by establishing guidelines for making investment-related decisions in a prudent manner. It outlines the underlying philosophies and processes for the selection, monitoring and evaluation of the investment options offered by the Plan.

Specifically, this Investment Policy Statement:

- Defines the Plan's investment objectives.
- Defines the roles of those responsible for the Plan's investments.
- Describes the criteria and procedures for selecting the investment options.
- Establishes investment procedures, measurement standards and monitoring procedures.
- Describes corrective actions the committee can take should investment options and investment managers fail to satisfy established objectives.
- Describes the types of educational materials to be provided to Plan participants and beneficiaries.
- Describes ways to comply with fiduciary obligations and applicable laws and regulations.

This Investment Policy Statement will be reviewed periodically, and, if appropriate, may be amended to reflect changes in the capital markets, plan objectives, or other factors relevant to the Plan.

Part III. INVESTMENT OBJECTIVES

The Committee will select the Plan's investment options based on criteria deemed relevant, from time to time, by the Committee. These criteria may include, but are not limited to, the following:

- Maximization of return within reasonable and prudent levels of risk.
- Provision of returns comparable to returns for similar investment options.
- Provision of exposure to a wide range of investment opportunities in various asset classes and vehicles.
- Control administrative and management costs.
- Provision of appropriate diversification within investment vehicles.
- Investment manager's adherence to stated investment objectives and style.

Part IV. ROLES AND RESPONSIBILITIES

Subject to the terms of the Plan document, the Committee is responsible for selecting the trustee(s); hiring the recordkeeper; hiring the investment consultant; selecting the investment options(s), and selecting an investment(s) for default(s) when a participant or beneficiary fails to provide investment direction. The Committee is also responsible for:

- Establishing and maintaining the Investment Policy Statement.
- Periodically evaluating the Plan's investment performance and recommending investment option changes.
- Periodically monitoring the service providers and investment consultant.
- Periodically monitoring Plan costs.
- Providing for Plan participant investment education and communication.

In executing its responsibilities, the Committee will make decisions solely in the interest of Plan participants and beneficiaries, for the exclusive purpose of providing Plan benefits and defraying reasonable administrative costs. All investments selected by the Committee are intended to meet concepts of ERISA section 404(c) as a best practice.

Part V. MONITORING OF SERVICE PROVIDERS

Service providers should be monitored on a regular basis or more frequently if applicable. Administrative and/or recordkeeping service providers may be benchmarked against, but not limited to, industry averages and/or other provider quotes. Monitoring for these service providers should include, but not be limited to, the provider's:

- Investment offerings and services
- Recordkeeping technology and services
- Compliance services and support
- Technology
- Participant access and communications
- Total Plan costs

The monitoring of the plan provider(s) is to ensure that total plan costs and services are competitive and reasonable.

Investment consultant service providers (plan and participant level) should be monitored regularly and should include, but not be limited to, the provider's:

- Investment Due Diligence processes
- Fiduciary guidance and services
- RPF/Benchmarking scope and services
- Technology
- Participant level access, communications and advice (if applicable)
- Cost

Part VI. SELECTION OF INVESTMENT OPTIONS

The selection of investment options offered under the Plan is among the Committee's most important responsibilities. Set forth below are the considerations and guidelines employed in fulfilling this fiduciary responsibility.

The Plan intends to provide an appropriate range of investment options that may span the risk/return spectrum. Further, the Plan's investment options are intended to allow Plan participants to construct portfolios consistent with their unique individual circumstances, goals, time horizons and tolerance for risk. Major asset classes to be considered may include, but are not limited to:

Conservative Investments

Cash and liquid investments including, but not limited to, money market, stable value, and guaranteed interest accounts.

Income Investments

Income oriented investments including, but not limited to, low, medium, and high quality bond funds, with short, intermediate, and/or long term duration. Management styles may be indexed and actively managed international, global, and domestic styles.

Equity Investments

Funds that invest in equity securities, both domestic and foreign, including, but not limited to, small, medium, and large market capitalization, with value, blend, and growth investment objectives, which may be actively managed or indexed.

Asset Allocation Investments

Funds or accounts that invest in a combination of conservative, income, and equity investments, "fund of funds" accounts combining several of the above investments into one or a series of investments, and "manager of managers" accounts combining several different investment styles and fund managers into one account or a series of accounts.

Other Investments

Other appropriate investments in other styles or asset classes offered through vehicles such as commingled trusts, insurance Company separate accounts through a group annuity contract, and mutual funds. Notwithstanding the foregoing, the Committee may consider, but is not required, to include in the investment menu any specific investment

asset class, option, or style.

Default Investments

The Investment Committee will evaluate and choose an investment or set of investments to serve as the default investment(s) for the Plan. The default investment(s) will be the designated investment for dollars contributed to the Plan by participants and/or the employer for which the Plan has not received investment direction.

The default investment will be selected to comply with the concepts of ERISA section 404(c)(5) and the regulations promulgated thereunder as a qualified default investment alternative ("QDIA") as a best practice.

After determining the desired asset classes, the Committee will evaluate and choose the desired investment option(s) for the Plan's investment menu. If an investment manager (responsible for the management of the underlying investment vehicle, such as a mutual fund, commingled account or separate account) is chosen as the investment option, the following minimum criteria should be considered:

1. The investment manager should be a bank, insurance Company, investment management, mutual fund Company or an investment advisor under the Registered Investment Advisors Act of 1940;
2. The investment manager should operate in good standing with regulators and clients, with no material pending or concluded legal actions against it; and
3. All relevant quantitative and qualitative information on the fund manager and fund should be made

available by the manager and/or vendor.

In addition to the minimum criteria above, all investments under consideration should meet the following standards for selection:

1. Investment performance should be competitive with an appropriate style-specific benchmark and the median return for an appropriate, style-specific peer group (where appropriate and available, long-term performance of an investment manager may be inferred through the performance of another investment with similar style attributes managed by such investment manager);
2. Specific risk and risk-adjusted return measures should be reviewed by the Committee and be within a reasonable range relative to appropriate, style-specific benchmark and peer group;
3. The investment manager should demonstrate adherence to the stated investment objective, without excess style drift over trailing performance periods;
4. Fees and fee structures should be competitive compared with similar investments reasonably available to the Plan;
5. The investment manager should exhibit attractive qualitative characteristics, including, but not limited to, acceptable manager tenure; and
6. The investment manager should be able to provide performance, holdings, and other relevant information in a timely fashion with specified frequency.

Furthermore, investment managers (to be used interchangeably with the term "fund" throughout the Investment Policy Statement) will be evaluated and selected utilizing an investment manager "score card," detailed in Part VII (Investment Monitoring and Reporting). Finally, any fiduciary warranty or guarantee offered by the service provider will be considered in the investment selection process, but will not supersede the provisions of this Investment Policy Statement.

Part VII. INVESTMENT MONITORING AND REPORTING

The ongoing monitoring of investments is a regular and disciplined process. Monitoring confirms that the criteria remain satisfied and that an investment option continues to be appropriate. The process of monitoring investment performance relative to specified guidelines will be consistently applied. Frequent change of investments is neither expected nor desired.

The Committee will bear in mind any and all political, social, economic or other changes that may potentially require more frequent review and consideration of investments. The following are some, but not all, general factors that may be considered in ongoing monitoring:

- Current regulatory environment,
- Current state of capital markets,
- Performance of investment alternatives,

- Utilization of accounts by Plan demographic,
- The prudent applicability of this Investment Policy Statement as written, in light of prevailing facts and circumstances.

Monitoring will utilize the same investment selection criteria used in the original selection analysis. Unusual, notable, or extraordinary events will be communicated by the investment manager and/or vendor on a timely basis to the Committee. Examples of such events include portfolio manager or team departure, violation of investment guidelines, material litigation against the investment management firm, or material changes in firm ownership structure and announcements thereof.

If overall satisfaction with the investment option is acceptable, no further action is required. If areas of dissatisfaction exist, the investment manager must take steps to remedy the deficiency. If over a reasonable period the manager is unable to resolve the issue, removal of the investment option may result.

For supported asset classes, an investment manager “score card” will be maintained and documented (see addendum) to substantiate acceptable levels of manager performance and appropriate style characteristics. Based upon objective criteria, derived from Modern Portfolio Theory concepts, each fund will receive a score reflecting its overall performance.

If a fund fails to meet the criteria standards, as determined by its score, it will be placed on a “watch list.” (In the event a fund receives a score which is below that of “watch list” status, or experiences extraordinary circumstances which may render it inappropriate to maintain, it may be considered for removal at the earliest administratively reasonable date.) If this fund continues to remain on “watch list” for the following three quarters, or four of the following seven quarters, the fund should be considered for possible removal.

If the fund meets criteria standards for four consecutive quarters, it may be removed from the watch list.

Asset Allocation funds and/or accounts (risk-based or age-based) will be scored and monitored using the previously described guidelines. Unlike other funds which are monitored and scored individually, these funds should be evaluated as a group. Due to the unique importance of these professionally managed and diversified vehicles for participants in the plan, funds or accounts failing to achieve criteria standards will be carefully reviewed before removal from the plan (in the absence of a reasonable alternative). In addition, funds with short time history should be evaluated qualitatively.

Target-Date (age-based) funds or accounts will have strategies that allow the funds or accounts to grow more conservative over time until a certain retirement date or life expectancy date. This roll down process is commonly referred to as a “glide path”. The glide path associated with a set of target-date funds should be reviewed to make sure it is appropriate, and continues to be appropriate, for the Plan and Plan’s participants.

Investments where no score is applied due to specialty focus, short time history or other unique circumstances should be reviewed using a qualitative framework.

The foregoing investment monitoring criteria shall not, under any circumstances, be taken as definitive, conclusive, or controlling for removal, termination, or continuation of an investment option. All determinations should be made by the Committee, in its sole discretion, taking into consideration all relevant facts and circumstances.

The City retains full responsibility for the offering and monitoring of any self-directed brokerage account(s) offered as an investment option, which will be reviewed periodically as determined by the City based on criteria determined by the City. Special considerations should be contemplated and discussed before allowing a self-directed brokerage account as an investment option.

Part VIII. MANAGER REMOVAL

An investment manager (i.e., fund) may be removed when the Committee has lost confidence in the manager’s ability to:

- Achieve performance, style, allocation, and/or risk objectives.
- Maintain acceptable qualitative standards (e.g., stable organization, compliance guidelines).

If the investment manager has failed to adhere to and/or remedy one or both of the above conditions, the fund should be considered for removal from the plan.

Any decision by the Committee to remove such a fund will be made on an individual basis, and will be made based on

all the known facts and circumstances, including, but not limited to:

- The objective analysis (described above)
- Administrative impact on the plan
- Timing
- Employee communication issues
- The availability of other (potential replacement) managers
- Underwriting and plan provider limitations
- Financial considerations (hard and soft dollar fees)
- Professional or client turnover
- A material change in the investment process
- Other relevant factors

Considerable judgment should be exercised in the manager removal decision-making process. A manager should be removed using one of the following approaches:

- Remove and replace (map assets) with an alternative manager.
- Freeze the assets managed by the removed manager and direct new assets to an alternative manager.
- Phase out the manager over a specific time period.
- Remove the manager and do not provide a replacement manager.

Replacement of a removed manager follows the criteria outlined in Part VI (Selection of Investment Options).

Part IX. PARTICIPANT EDUCATION AND COMMUNICATION

The Plan should communicate to employees that they can direct their own investments and investment changes. Investment communications materials, educational materials, and enrollment support should be available to help Plan participants make educated and informed choices, including:

1. Periodic enrollment and investment education, through one or more of the following: on-site meetings, phone conference, web conference, Internet, phone (voice-response and live representatives), and written materials;
2. A disclosure that is intended to comply with the concepts of ERISA Section 404(c) as a best practice;
3. Summary plan description made available to all participants;
4. General information regarding investment risk, inflation, potential taxation impact, investment earnings, and asset classes;
5. Other investment tools (e.g., investment risk profile questionnaire) to assist participants and beneficiaries in making educated and informed investment decisions; and
6. All additional information required for disclosure by the Internal Revenue Code of 1986, and all other Federal and state statutes and all regulations promulgated hereunder, and all regulatory guidance provided thereto.

Notwithstanding the foregoing, all investment education provided by the Plan and/or Committee, and all communications connected thereto, is not intended, nor shall it be construed, as investment advice to Plan participants.

Part X. COORDINATION WITH THE PLAN DOCUMENT

Notwithstanding the foregoing, if any term or condition of this Investment Policy Statement conflicts with any section of the Internal Revenue Code or regulations promulgated hereunder, or any term or condition in the Plan document, the terms and conditions of the Internal Revenue Code and the Plan document shall control.

Part XI. ERISA 404(c)

The Plan is exempt from ERISA provisions because it operates as a governmental deferred compensation plan. However, the City and the Committee intend for the Plan to comply with the concepts of ERISA Section 404(c) and the regulations there under as a best practice. Each participant/beneficiary is provided the opportunity to exercise control and to give instructions over his/her account with a frequency that is appropriate for each investment option and, finally, to choose from a broad range of investment options. Plan fiduciaries are thus relieved from liability for investment performance directly resulting from investment decisions made by Plan participants.

The intention to comply with the concepts of ERISA Section 404(c), and the regulations promulgated hereunder, will be

communicated to employees in writing.

Part XII. INVESTMENT INFORMATION AND ADMINISTRATIVE SUPPORT

The Committee should require the investment manager and/or service provider (administrator, record-keeper) to offer the following administrative information and support:

1. Daily valuation of all investments;
2. Daily access to account information via toll-free number and Internet access;
3. The ability to make investment transfers for both existing and future individual account balances on a daily basis (non-business days and holidays excluded). Certain trading practices may be limited to comply with market timing, excess trading, liquidity driven and/or related policies and procedures of the service provider and/or specific investment options;
4. Participant account investment reports produced no less frequently than annually, with similar information available via the Internet at least quarterly; and
5. Quarterly investment performance updates available for participant review via the Internet.

Part XIII. REVIEW PROCEDURES

This Investment Policy Statement will be periodically reviewed and amended, if appropriate, at any time and without notice, by action of the Committee.

It is not expected that this Investment Policy Statement will change frequently. In particular, short-term changes in the financial markets should not require amendments to this Investment Policy Statement.

NOTE: This document provides SAMPLE wording and should be reviewed by legal counsel prior to signing and executing.

Name of Plan Fiduciary	Signature
Date	

Name of Plan Fiduciary	Signature
Date	

Name of Plan Fiduciary	Signature
Date	

ADDENDUM TO PART VII: INVESTMENT MONITORING AND REPORTING

The **Scorecard System Methodology** incorporates both quantitative and qualitative factors in evaluating fund managers and their investment strategies. The **Scorecard System** is built around pass/fail criteria, on a scale of 0 to 10 (with 10 being the best) and has the ability to measure active, passive and asset allocation investing strategies. Active and asset allocation strategies are evaluated over a five-year time period, and passive strategies are evaluated over a three-year time period.

Eighty percent of the fund's score is quantitative (made up of eight unique factors), incorporating modern portfolio theory statistics, quadratic optimization analysis, and peer group rankings (among a few of the quantitative factors). The other 20 percent of the score is qualitative, taking into account things such as manager tenure, the fund's expense ratio relative to the average fund expense ratio in that asset class category, and the fund's strength of statistics (statistical significance). Other criteria that may be considered in the qualitative score includes the viability of the firm managing the assets, management or personnel issues at the firm, and/or whether there has been a change in direction of the fund's stated investment strategy. The following pages detail the specific factors for each type of investing strategies.

Combined, these factors are a way of measuring the relative performance, characteristics, behavior and overall appropriateness of a fund for inclusion into a plan as an investment option. General fund guidelines are shown in the "Scorecard Point System" table below. The Scorecard Point System is meant to be used in conjunction with our sample Investment Policy Statement, in order to help identify what strategies need to be discussed as a "watch-list" or removal candidate; what strategies continue to meet some minimum standards and continue to be appropriate; and/or identify new top-ranked strategies for inclusion into a plan.

<i>Scorecard Point System</i>	
Good:	9-10 Points
Acceptable:	7-8 Points
Watch:	5-6 Points
Poor:	0-4 Points

Scorecard System Methodology™

Target Date Fund Strategies

Target Date Fund strategies are investment strategies that invest in a broad array of asset classes that may include U.S. equity, international equity, emerging markets, real estate, fixed income, high yield bonds and cash (to name a few asset classes). These strategies are managed to a retirement date or life expectancy date, typically growing more conservative as that date is approached). For this type of investment strategy, the **Scorecard System** is focused on how well these managers can add value from asset allocation. Asset allocation is measured using our **Asset allocation strategies methodology** and manager selection is measured using either our **Active and/or Passive strategies methodologies**, depending on the underlying fund options utilized within the Target Date Fund strategy.

Risk-based strategies follow the same evaluation criteria and are evaluated on both their asset allocation and security selection.

Weightings	Target Date Fund Strategies	Maximum Points
Asset Allocation Score (Average) 50%	<p>The individual funds in this Score average require five years of time history to be included. See Asset Allocation strategies methodology for a detailed breakdown of the Scoring criteria. Funds without the required time history are not included in the Score average.</p>	5
	<p>The Funds included in this average are from the Conservative, Moderate Conservative, Moderate, Moderate Aggressive and Aggressive categories, where Funds (also referred to as “vintages”) are individually Scored according to their standard deviation or risk bucket.</p>	
Selection Score (Average) 50%	<p>Active strategies: The individual active funds in this Score average require five years of time history to be Scored. See Active strategies methodology for a detailed breakdown of the Scoring criteria. Funds without the required time history are not included in the Score average.</p>	5
	<p>Passive strategies: The individual passive funds in this Score average require three years of time history to be Scored. See Passive strategies methodology for a detailed breakdown of the Scoring criteria. Funds without the required time history are not included in the Score average.</p>	
Total		10

Scorecard System Methodology™

Asset Allocation Strategies

Asset allocation strategies are investment strategies that invest in a broad array of asset classes that may include U.S. equity, international equity, emerging markets, real estate, fixed income, high yield bonds and cash (to name a few asset classes). These strategies are typically structured in either a risk-based format (the strategies are managed to a level of risk, e.g., conservative or aggressive) or, in an age-based format (these strategies are managed to a retirement date or life expectancy date, typically growing more conservative as that date is approached). For this type of investment strategy, the **Scorecard System** is focused on how well these managers can add value from both asset allocation and manager selection.

Multisector Bond (MSB) asset class follows the same evaluation criteria with some slightly different tolerance levels where noted. These managers are also evaluated on both their asset allocation and security selection.

Weightings	Asset Allocation Strategies	Maximum Points
Style Factors 30%	Risk Level: The fund's standard deviation is measured against the category it is being analyzed in. The fund passes if it falls within the range for that category.	1
	Style Diversity: Fund passes if it reflects appropriate style diversity (returns-based) among the four major asset classes (Cash, Fixed Income, U.S. & International Equity) for the given category. <i>MSB</i> funds pass if reflect some level of diversity among fixed income asset classes (Cash, U.S. Fixed Income, Non-U.S. Fixed Income and High Yield/Emerging Markets).	1
	R-Squared: Measures the percentage of a fund's returns that are explained by the benchmark. Fund passes with an R-squared greater than 90 percent. This statistic measures whether the benchmark used in the analysis is appropriate.	1
Risk/Return Factors 30%	Risk/Return: Fund passes if its risk is less than the benchmark or its return is greater than the benchmark. Favorable risk/return characteristics are desired.	1
	Up/Down Capture Analysis: Measures the behavior of a fund in up and down markets. Fund passes with an up capture greater than its down capture. This analysis measures the relative value by the manager in up and down markets.	1
	Information Ratio: Measures a fund's relative risk and return. Fund passes if ratio is greater than 0. This statistic measures the value added above the benchmark, adjusted for risk.	1
Peer Group Rankings 20%	Returns Peer Group Ranking: Fund passes if its median rank is above the 50 th percentile.	1
	Sharpe Ratio Peer Group Ranking: Fund passes if its median rank is above the 50 th percentile. This ranking ranks risk-adjusted excess return.	1
Qualitative Factors 20%	Two points may be awarded based on qualitative characteristics of the fund. Primary considerations are given to manager tenure, fund expenses and strength of statistics, however, other significant factors may be considered. It is important to take into account nonquantitative factors, which may impact future performance.	2
Total		10

Scorecard System Methodology™

Active Strategies

Active strategies are investment strategies where the fund manager is trying to add value and outperform the market averages (for that style of investing). Typically, these investment strategies have higher associated fees due to the active involvement in the portfolio management process by the fund manager(s). For this type of investment strategy, the **Scorecard System** is trying to identify those managers who can add value on a consistent basis within their own style of investing.

Weightings	Active Strategies	Maximum Points
Style Factors 30%	Style Analysis: Returns-based analysis to determine the style characteristics of a fund over a period of time. Fund passes if it reflects the appropriate style characteristics. Style analysis helps ensure proper diversification in the Plan.	1
	Style Drift: Returns-based analysis to determine the behavior of the fund/manager over multiple (rolling) time periods. Fund passes if the fund exhibits a consistent style pattern. Style consistency is desired so that funds can be effectively monitored within their designated asset class.	1
	R-Squared: Measures the percentage of a fund's returns that are explained by the benchmark. Fund passes with an R-squared greater than 80 percent. This statistic measures whether the benchmark used in the analysis is appropriate.	1
Risk/Return Factors 30%	Risk/Return: Fund passes if its risk is less than the benchmark or its return is greater than the benchmark. Favorable risk/return characteristics are desired.	1
	Up/Down Capture Analysis: Measures the behavior of a fund in up and down markets. Fund passes with an up capture greater than its down capture. This analysis measures the relative value by the manager in up and down markets.	1
	Information Ratio: Measures a fund's relative risk and return. Fund passes if ratio is greater than 0. This statistic measures the value added above the benchmark, adjusted for risk.	1
Peer Group Rankings 20%	Returns Peer Group Ranking: Fund passes if its median rank is above the 50 th percentile.	1
	Information Ratio Peer Group Ranking: Fund passes if its median rank is above the 50 th percentile. This ranking ranks risk-adjusted excess return.	1
Qualitative Factors 20%	Two points may be awarded based on qualitative characteristics of the fund. Primary considerations are given to manager tenure, fund expenses and strength of statistics, however, other significant factors may be considered. It is important to take into account nonquantitative factors, which may impact future performance.	2
Total		10

Scorecard System Methodology™

Passive Strategies

Passive strategies are investment strategies where the fund manager is trying to track or replicate some area of the market. These types of strategies may be broad-based in nature (e.g., the fund manager is trying to track/replicate the entire U.S. equity market like the S&P 500) or may be more specific to a particular area of the market (e.g., the fund manager may be trying to track/replicate the technology sector). These investment strategies typically have lower fees than active investment strategies due to their passive nature of investing and are commonly referred to as index funds. For this type of investment strategy, the **Scorecard System** is focused on how well these managers track and/or replicate a particular area of the market with an emphasis on how they compare against their peers.

Weightings	Passive Strategies	Maximum Points
Style & Tracking Factors 40%	Style Analysis: Returns-based analysis to determine the style characteristics of a fund over a period of time. Fund passes if it reflects the appropriate style characteristics. Style analysis helps ensure proper diversification in the Plan.	1
	Style Drift: Returns-based analysis to determine the behavior of the fund/manager over multiple (rolling) time periods. Fund passes if the fund exhibits a consistent style pattern. Style consistency is desired so that funds can be effectively monitored within their designated asset class.	1
	R-Squared: Measures the percentage of a fund's returns that are explained by the benchmark. Fund passes with an R-squared greater than 95 percent. This statistic measures whether the benchmark used in the analysis is appropriate.	1
	Tracking Error: Measures the percentage of a fund's excess return volatility relative to the benchmark. Fund passes with a tracking error less than 4. This statistic measures how well the fund tracks the benchmark.	1
Peer Group Rankings 40%	Tracking Error Peer Group Ranking: Fund passes if its median rank is above the 75 th percentile.	1
	Expense Ratio Peer Group Ranking: Fund passes if its median rank is above the 75 th percentile.	1
	Returns Peer Group Ranking: Fund passes if its median rank is above the 75 th percentile.	1
	Sharpe Ratio Peer Group Ranking: Fund passes if its median rank is above the 75 th percentile.	1
Qualitative Factors 20%	Two points may be awarded based on qualitative characteristics of the fund. Primary considerations are given to fund expenses and strength of statistics, however, other significant factors may be considered. It is important to take into account nonquantitative factors, which may impact future performance.	2
Total		10

Manager Research Methodology

Beyond the Scorecard

The **Scorecard System™** uses an institutional approach which is comprehensive, independent, and utilizes a process and methodology that strives to create successful outcomes for plan sponsors and participants. The **Scorecard** helps direct the additional research the Investment team conducts with fund managers throughout the year. Three of the primary factors that go into the fund manager research are people, process and philosophy.

PEOPLE	PROCESS	PHILOSOPHY
<p>Key Factors:</p> <ul style="list-style-type: none">• Fund manager and team experience• Deep institutional expertise• Organizational structure• Ability to drive the process and performance	<p>Key Factors:</p> <ul style="list-style-type: none">• Clearly defined• Consistent application• Sound and established• Clearly communicated• Successfully executed process	<p>Key Factors:</p> <ul style="list-style-type: none">• Research and ideas must be coherent and persuasive• Strong rationale• Logical and compelling• Focus on identifying skillful managers

Scorecard Disclosures

Investment objectives and strategies vary among fund, and may not be similar for funds included in the same asset class.

All definitions are typical category representations. The specific share classes or accounts identified above may not be available or chosen by the plan. Share class and account availability is unique to the client's specific circumstances. There may be multiple share classes or accounts available to the client from which to choose. All recommendations are subject to vendor/provider approval before implementation into the plan. The performance data quoted may not reflect the deduction of additional fees, if applicable. If reflected, additional fees would reduce the performance quoted.

Performance data is subject to change without prior notice.

Performance of indexes reflects the unmanaged result for the market segment the selected stocks represent. Indexes are unmanaged and not available for direct investment.

The information used in the analysis has been taken from sources deemed to be reliable, including, third-party providers such as *Markov Processes International*, *Morningstar*, firms who manage the investments, and/or the retirement plan providers who offer the funds.

Every reasonable effort has been made to ensure completeness and accuracy; however, the final accuracy of the numbers and information is the responsibility of the investment manager(s) of each fund and/or the retirement plan providers offering these funds. Discrepancies between the figures reported in this analysis, and those reported by the actual investment managers and/or retirement plan providers, may be caused by a variety of factors, including: Inaccurate reporting by the manager/provider; Changes in reporting by the manager/provider from the time this report was prepared to a subsequent retro-active audit and corrected reporting; Differences in fees and share-classes impacting net investment return; and, Scriveners error by your advisor in preparing this report.

The enclosed Investment Due Diligence report, including the **Scorecard** System, is intended for plan sponsor and/or institutional use only. The materials are not intended for participant use.

The purpose of this report is to assist fiduciaries in selecting and monitoring investment options. A fund's score is meant to be used by the plan sponsor and/or fiduciaries as a tool for selecting the most appropriate fund.

Fund scores will change as the performance of the funds change and as certain factors measured in the qualitative category change (e.g., manager tenure). Fund scores are not expected to change dramatically from each measured period, however, there is no guarantee this will be the case. Scores will change depending on the changes in the underlying pre-specified Scorecard factors.

Neither past performance nor statistics calculated using past performance are guarantees of a fund's future performance. Likewise, a fund's score using the Scorecard System does not guarantee the future performance or style consistency of a fund.

This report was prepared with the belief that this information is relevant to the plan sponsor as the plan sponsor makes investment selections.

Fund selection is at the discretion of the investment fiduciaries, which are either the plan sponsor or the committee appointed to perform that function.

Cash Equivalents (e.g., money market fund) and some specialty funds are not scored by the **Scorecard** System.

The enclosed Investment Due Diligence report and Scorecard is not an offer to sell mutual funds. An offer to sell may be made only after the client has received and read the appropriate prospectus.

For the most current month-end performance, please contact your advisor.

The Strategy Review notes section is for informational purposes only. The views expressed here are those of your advisor and do not constitute an offer to sell an investment. An offer to sell may be made only after the client has received and read the appropriate prospectus.

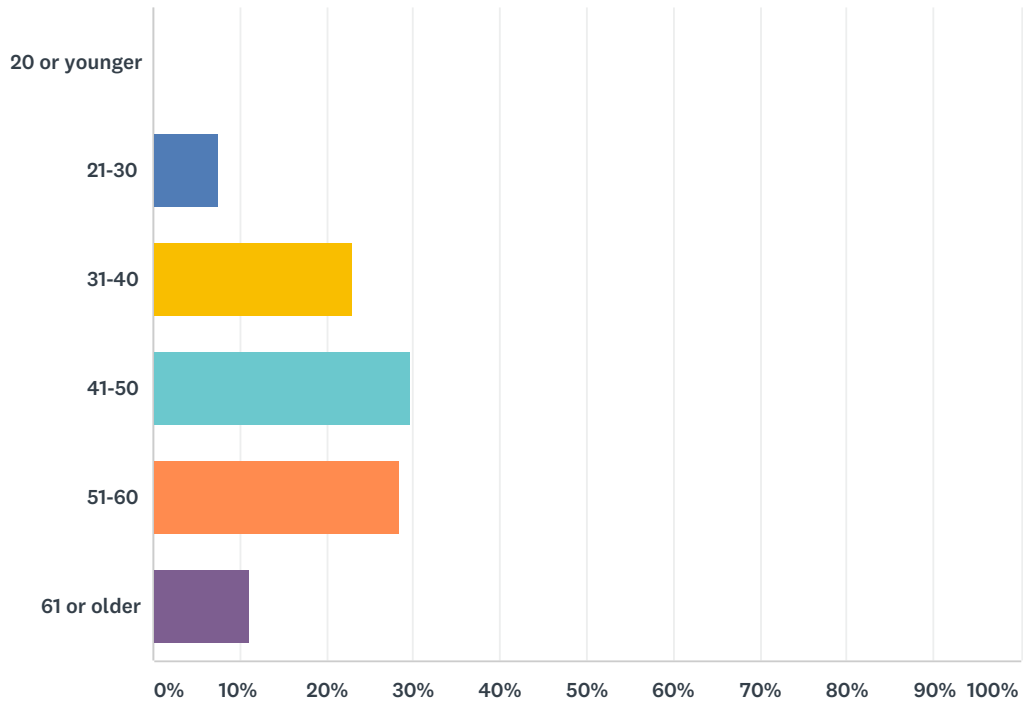
Carefully consider the investment objectives, risk factors and charges and expenses of the investment company before investing. This and other information can be found in the fund's prospectus, which may be obtained by contacting your Investment Advisor/Consultant or Vendor/Provider. Read the prospectus carefully before investing.

For a copy of the most recent prospectus, please contact your Investment Advisor/Consultant or Vendor/Provider.

Securities may be offered through Kestra Investment Services, LLC (Kestra IS), Member FINRA/SIPC. Investment Advisory Services may be offered through NFP Retirement, Inc. Kestra IS is not affiliated with NFP Retirement, Inc., a subsidiary of NFP. NFPR-2014-178 ACR#305985 02/19

Q1 Which category below includes your age?

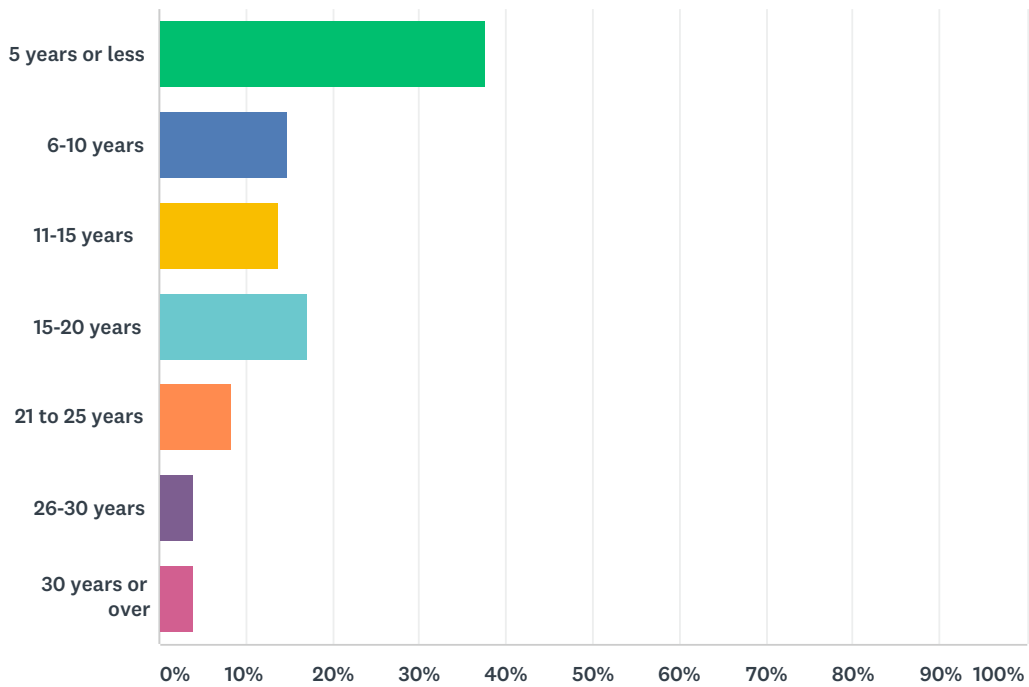
Answered: 818 Skipped: 0



ANSWER CHOICES	RESPONSES	
20 or younger	0.00%	0
21-30	7.58%	62
31-40	23.11%	189
41-50	29.71%	243
51-60	28.48%	233
61 or older	11.12%	91
TOTAL		818

Q2 Which category below includes your years of service with the San Mateo County?

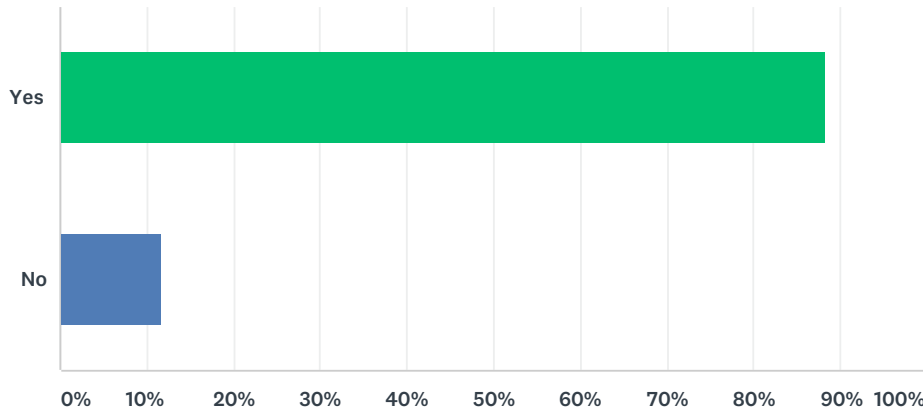
Answered: 818 Skipped: 0



ANSWER CHOICES	RESPONSES	
5 years or less	37.65%	308
6-10 years	14.91%	122
11-15 years	13.81%	113
15-20 years	17.11%	140
21 to 25 years	8.44%	69
26-30 years	4.03%	33
30 years or over	4.03%	33
TOTAL		818

Q3 Are you currently contributing to the County's deferred compensation plan through MassMutual?

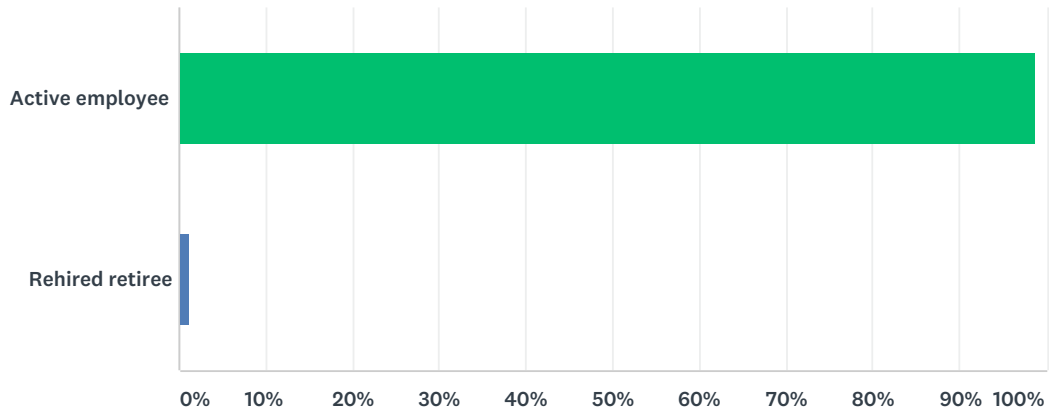
Answered: 818 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	88.39%	723
No	11.61%	95
TOTAL		818

Q4 Are you currently an active employee or a rehired retiree?

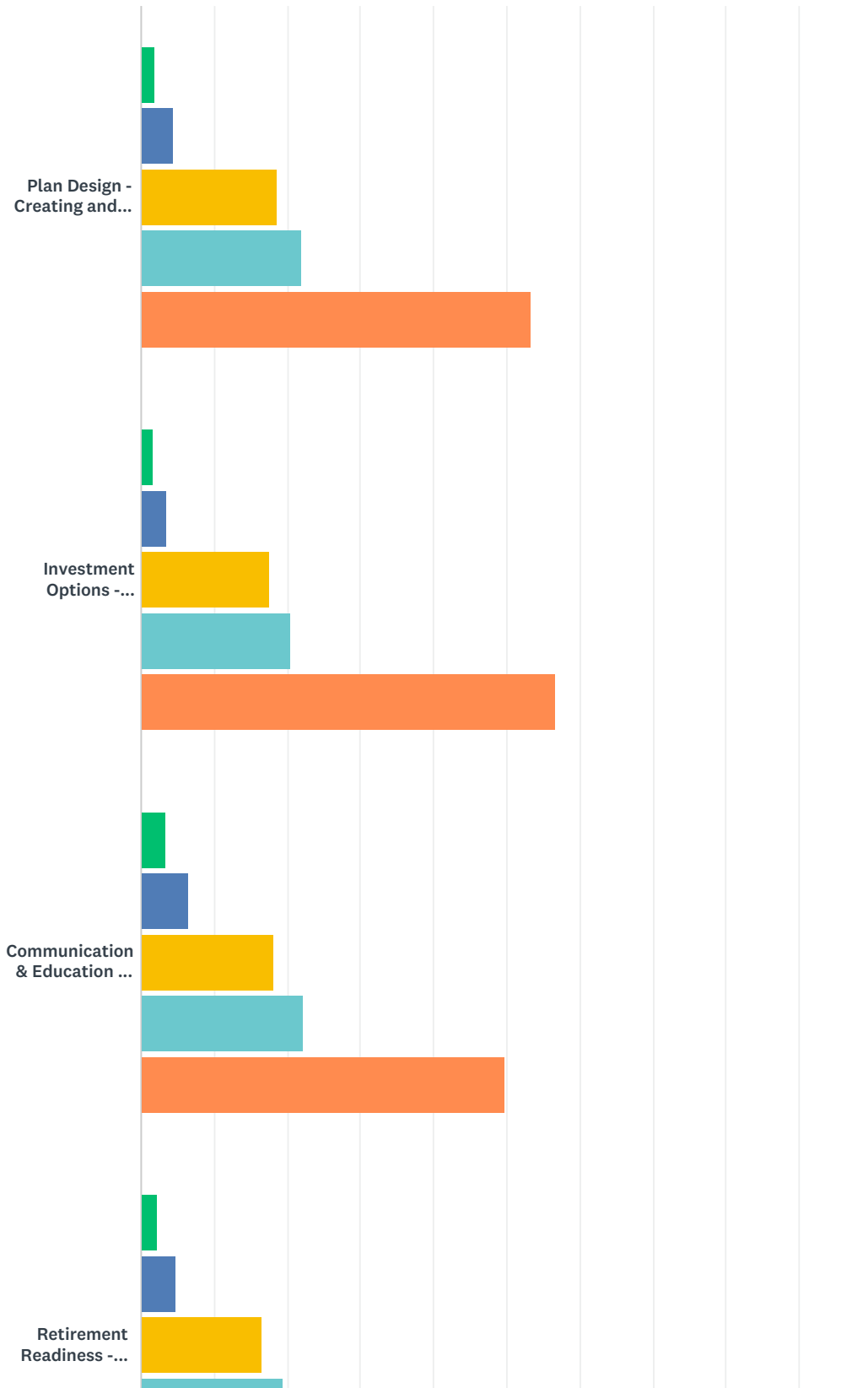
Answered: 818 Skipped: 0



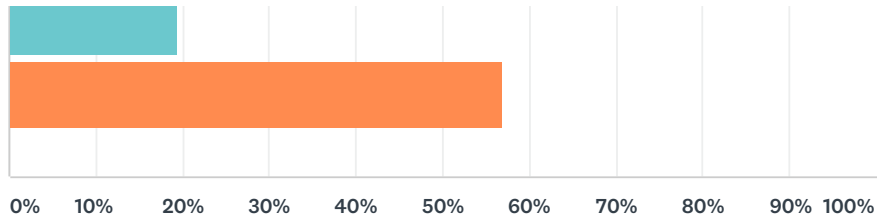
ANSWER CHOICES	RESPONSES	
Active employee	98.66%	807
Rehired retiree	1.34%	11
TOTAL		818

Q5 Please rate each category listed below based on the level of importance to you:

Answered: 815 Skipped: 3



Deferred Compensation Participant Survey



■ Not at all important
 ■ Slightly important
 ■ Important
 ■ Fairly important
 ■ Very important

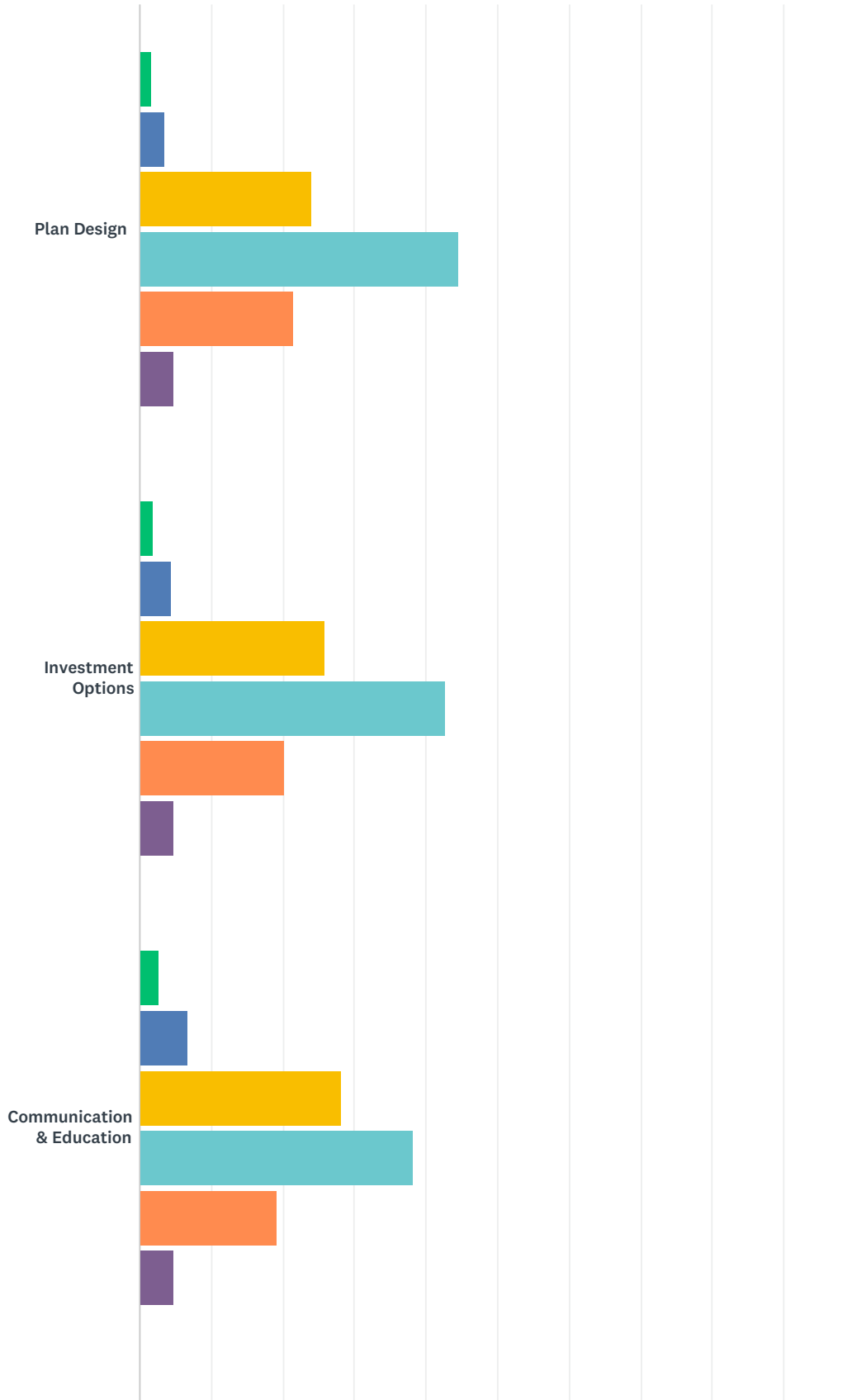
	NOT AT ALL IMPORTANT	SLIGHTLY IMPORTANT	IMPORTANT	FAIRLY IMPORTANT	VERY IMPORTANT	TOTAL	WEIGHTED AVERAGE
Plan Design - Creating and offering plan features that generate and build options for employees who are saving for retirement. Examples include:• Auto-enrollment• Auto-escalation• Pre and/or post-tax savings options (traditional vs Roth)• Flexible distribution options	1.84% 15	4.29% 35	18.53% 151	21.96% 179	53.37% 435	815	4.21
Investment Options - Offering varied investment options that provide participants the greatest opportunities to meet their own retirement goals. Examples include:• Stable Value Option• Target-date funds• Mutual fund• Broker option• Managed accounts	1.73% 14	3.46% 28	17.68% 143	20.52% 166	56.61% 458	809	4.27
Communication & Education - Learning opportunities for participants and non-participants to understand the importance of savings. Communicating the plan options and investment opportunities available to them through the County's Deferred Compensation benefit plan. Examples Include:• Brown bag, classes conducted by MassMutual• On-site drop-in appointments with MassMutual• Mailers by MassMutual• Articles in the Benefits Newsletter	3.35% 27	6.44% 52	18.22% 147	22.18% 179	49.81% 402	807	4.09

Deferred Compensation Participant Survey

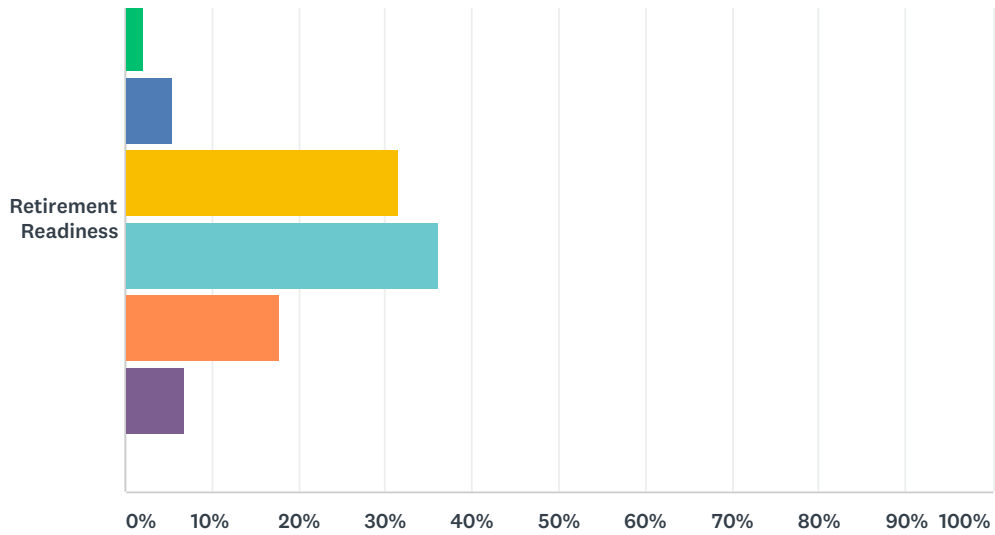
Retirement Readiness - Preparing financially and tracking for a financially successful retirement.Examples include:• Enrolling in Financial Soundings• Creating a personal budget • Accumulation of adequate assets• Savings/investment plan• Understanding of and resources for insurance needs	2.35% 19	4.71% 38	16.60% 134	19.45% 157	56.88% 459	807	4.24
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Q6 How are we doing?

Answered: 810 Skipped: 8



Deferred Compensation Participant Survey

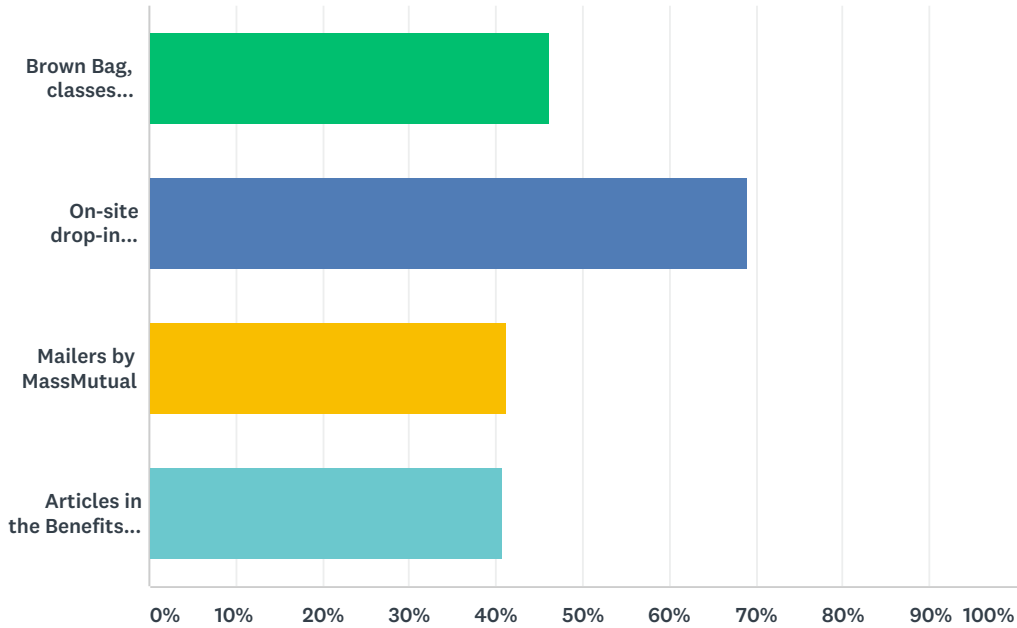


■ Very Unsatisfied
 ■ Unsatisfied
 ■ Neutral
 ■ Satisfied
■ Very Satisfied
 ■ N/A

	VERY UNSATISFIED	UNSATISFIED	NEUTRAL	SATISFIED	VERY SATISFIED	N/A	TOTAL	WEIGHTED AVERAGE
Plan Design	1.62% 13	3.49% 28	24.16% 194	44.46% 357	21.54% 173	4.73% 38	803	3.85
Investment Options	1.91% 15	4.33% 34	25.95% 204	42.62% 335	20.36% 160	4.83% 38	786	3.79
Communication & Education	2.66% 21	6.60% 52	28.30% 223	38.32% 302	19.29% 152	4.82% 38	788	3.68
Retirement Readiness	2.02% 16	5.43% 43	31.69% 251	36.24% 287	17.80% 141	6.82% 54	792	3.67

Q7 Which of the following communication formats do you prefer to learn about the County's deferred compensation plan and the opportunities available to you? (Select all that apply)

Answered: 788 Skipped: 30



ANSWER CHOICES	RESPONSES	
Brown Bag, classes conducted by MassMutual	46.19%	364
On-site drop-in appointments with MassMutual	69.04%	544
Mailers by MassMutual	41.24%	325
Articles in the Benefits Newsletter	40.86%	322
Total Respondents: 788		

Q8 Any comments for us regarding Deferred Compensation?

Answered: 168 Skipped: 650

#	RESPONSES	DATE
1	N/A. For now!!!	10/31/2019 4:07 PM
2	Would like to see investment options based investments related to local economy, and socially responsible investment options.	10/31/2019 3:32 PM
3	I truly feel like there needs to be more talked about with deferred compensation on my team. Many of my fellow co-workers don't understand the process or even how to invest in different high yielding investments. Truly feel there is a lack of support and also not many financial analysts within the county who will help diversify your portfolio or help in that process.	10/31/2019 10:56 AM
4	My comment is not just for the product but the representative. Me and my co-worker have been trying to reach our representative by phone call and e-mail but never receive a call back neither an e-mail. I have to go to a Mass Mutual office to talk to somebody. However, they were not able to discuss much about my deferred comp because they said our County already have a representative to go to. Unfortunately he's not reaching out to us. How can we trust our retirement benefits to somebody who is not reliable. Please give us another representative who will be there for us when ever we have any question.	10/31/2019 9:57 AM
5	No	10/31/2019 9:42 AM
6	none	10/31/2019 1:36 AM
7	NO COMMENT	10/30/2019 2:42 PM
8	As an extra help employee who already retired from a long term job with another company. I would prefer not having to put 7.5% of my pay in another deferred compensation account. This should be optional rather than mandatory for people with situations like mine. Alternatively, I should have the option to put money in a Roth plan rather than a traditional one. Either way, I don't need nor want to delay paying taxes on the income from my current job.	10/30/2019 1:43 PM
9	None at this time.	10/30/2019 11:31 AM
10	Would like to be able to adjust my contribution amount without having to go through my payroll department. Not sure that's even possible.	10/30/2019 9:25 AM
11	Please provide information how to get funds back after retirement? What is the process to get money out?	10/30/2019 8:35 AM
12	I don't make enough income to contribute what I need for retirement. My income is needed for living expenses.	10/30/2019 8:11 AM
13	none	10/30/2019 8:01 AM
14	I work nights which makes it hard to take classes to get more information. Online training would be helpful	10/29/2019 9:20 PM
15	Nobody give financial advice in regards to the different types of services available. Nobody takes the graveyard shifts into consideration when it comes time to either have a informational class or have the representative come to the job site (Maguire jail) Most of the important county classes are during the day when we are sleeping. Either have classes in the mid afternoon around 3pm where both day and night shifts can attend. I don't know what I'm really investing in and there is nobody to lend advice to what type of fund it is or what there is to choose from. That's why I stopped putting money in my Mass mutual acct and have another investment acct elsewhere.	10/29/2019 6:34 PM
16	I know I'm contributing. I'm not sure how well my investments are doing. I need more education about deferred compensation and my options	10/29/2019 6:25 PM
17	Now that Vanguard funds are available, I like the plan better.	10/29/2019 4:38 PM
18	Patrick Washington from Mass Mutual did a great job explaining the different options that I have -	10/29/2019 2:03 PM
19	Need Monthly updates on Deferred Compensation Plans. Expertise input to options or recommendations to maximize our returns on investment.	10/29/2019 2:00 PM

Deferred Compensation Participant Survey

20	no comment at this time.	10/29/2019 1:43 PM
21	The 457 contribution limit changes from year to year. I wish there was an automated way to invest in the maximum without having to calculate it oneself, especially if a few pay periods had already passed.	10/29/2019 1:39 PM
22	Actually, to have a class not a brown bag that's not enough time for staff to get inform.	10/29/2019 1:31 PM
23	1) Please hire another representative. Patrick Washington seems to be very busy, unavailable and also hard to reach. 2) Need a dedicated phone line for county employees to call and talk to someone and obtain answers to specific questions. Just referring to one person: Patrick is not a solution as he is not easily accessible.	10/29/2019 1:24 PM
24	MM does a great job.	10/29/2019 1:16 PM
25	NONE	10/29/2019 11:51 AM
26	We need more "idiots" type of manuals to understand mutual funds and retirement.	10/29/2019 11:47 AM
27	Particularly for extra help and limited term staff, I would like to see the County make a better effort to educate people during onboarding about what deferred comp is and why and how they would use it.	10/29/2019 11:42 AM
28	1. To encourage everyone to take advantage of increasing annual contribution ceilings, keep max deferral amounts current on enrollment pages; have to look this up online every year bc it is NOT publicized on the Workday enrollment page; include the Age 50 CATCH UP directions; 2. The calculator or directions should default to or specify the amount to enter for NEXT year's maximum withholding amount; 3. the MassMu website doesn't have a good interface for ipads; hard to navigate and open subpages to do research--it requires you to leave the research page to begin updating investments; a lot of screenshots to remember the research when reallocating; 4. The tools are not super helpful for self-planning--can we pay for active management? 5. There is not a lot of variety of investment options--would prefer more.	10/29/2019 11:37 AM
29	I don't know or understand anything about the Deferred Compensation options and I've worked here 13 years. = (10/29/2019 11:28 AM
30	Doing a good job keeping enrollees informed.	10/29/2019 11:26 AM
31	Allowing Employees to take multiple loans from Deferred Comp like CalPers does.	10/29/2019 11:25 AM
32	Check Out "The Budget Mom"	10/29/2019 11:19 AM
33	MassMutual's funds consistently under-perform compared with the market. It makes me crazy that we don't have any other options. Employees should be able to choose different institutions through the County.	10/29/2019 11:18 AM
34	in two occasions I was trying to get information about how I could do it better, but in those 5 minutes I just got information already available in our Samcera services. All my earning are basically my contributions.	10/29/2019 11:14 AM
35	Worried about current economy and if I should move my investments I would be good to have more information about this area	10/29/2019 11:08 AM
36	I like email over paper	10/29/2019 11:05 AM
37	I would like the option of paying for an investment specialist - even though I do not participate in the Mass Mutual program	10/29/2019 11:03 AM
38	Patrick Washington has been very available and helpful	10/29/2019 10:59 AM
39	I would like the option to actively invest in individual securities myself, and withdraw at anytime with out penalty.	10/29/2019 10:58 AM
40	N/A	10/29/2019 10:58 AM
41	Offer county matching. Also the retirement readiness reports are often inaccurate because they assume a certain percent of wage growth based on promotions. If an individual has maxed out on pay in their current job classification, this is misleading because there will be no wage growth.	10/29/2019 10:58 AM
42	Please stress the importance of savings and offer more classes with flexible schedules.	10/29/2019 10:56 AM
43	Thank you	10/29/2019 10:56 AM
44	Have them go to different offices, not just County Center.	10/29/2019 10:55 AM

Deferred Compensation Participant Survey

45	Would like more information as to the pros and cons between pre-tax and post-tax options	10/29/2019 10:54 AM
46	We truly appreciate all your efforts.	10/29/2019 10:53 AM
47	Actual analysis and recommendations that are specific to self	10/29/2019 10:52 AM
48	Thank you for offering DC.	10/29/2019 10:51 AM
49	Please provide more than 1 representative for the entire County. This county is too large to only have 1 representative. We need someone that is responsive and that has availability. Thank you.	10/29/2019 10:50 AM
50	Would like more investing options.	10/29/2019 10:50 AM
51	The whole enrollment process was difficult for me. I think that the way its explained should be dumbed down a bit. The precipice is that folks that are enrolling already have some knowledge on a retirement plan and how to enroll and select plans. I have never had a retirement this extensive so it was hard for me to understand what was being offered and how that would look for me financially and in the future. Hence, I had a hard time choosing. I think the trainings should go back to basics and take the time to explain as if the person listening has no idea what a retirement or investment is. -Thanx	10/29/2019 10:49 AM
52	I really appreciate the selection of low-cost index funds available as investment options. I also like the option of pre- or post-tax contributions. Personally I prefer to receive education via online modes, rather than in person or on paper.	10/29/2019 10:46 AM
53	My calls and email to the representative (for help) continue to go unreturned.	10/29/2019 10:46 AM
54	It is very difficult to meet with the rep to go over my investments.	10/29/2019 10:44 AM
55	I love that we can make the changes ourselves in Workday.	10/29/2019 10:44 AM
56	Not enough knowledge about this plan	10/29/2019 10:44 AM
57	I love Mass Mutual. Thank You for your services.	10/29/2019 10:44 AM
58	No comments.	10/29/2019 10:42 AM
59	I hope that the investment options would be explained more so we know what option would be best for me	10/29/2019 10:42 AM
60	I don't have time so spend in person. Online trainings and info is best	10/29/2019 10:42 AM
61	Handled two rollovers for me and customer service was excellent.	10/29/2019 10:41 AM
62	I would like more general information to feel comfortable with this	10/28/2019 4:19 PM
63	communication has a lot of room for improvements	10/25/2019 8:00 AM
64	Brown bag, classes & on-site drop-in appointments available at Harbor Complex, Belmont.	10/24/2019 4:37 PM
65	N/A	10/24/2019 3:52 PM
66	Retirement classes, mass mutual and other ways of understanding financial issues are always in RWC. Have wanted to go a # of times, but REC is too out of the way. Do it centrally, like San Mateo.	10/24/2019 8:59 AM
67	There is a huge number of employees who do not contribute to the plan or put in a small amount, and do not invest. Education is needed in our office	10/24/2019 7:52 AM
68	thanks	10/23/2019 2:34 PM
69	Explore ICMA-RC who has been delivering great returns for their plan members.	10/23/2019 12:58 PM
70	Maybe how it actually works once people retire would be good	10/23/2019 7:56 AM
71	N/A	10/22/2019 4:52 PM
72	1) The Financial Soundings data is a bit "buggy" and although I will try to add information at the site to increase accuracy, I have not found it helpful. 2) The most important thing for most long term investors is to control costs and having the internal and overall expenses of all investment options readily apparent would be extremely helpful. 3) The Roth vs. traditional accounts are not easy to discern in the mailings or online without extra steps, I am hoping this is more easy to navigate in the future when I am taking funds out.	10/22/2019 4:26 PM
73	I am very happy with the deferred compensation plan! Thank you!	10/22/2019 3:16 PM

Deferred Compensation Participant Survey

74	Please communicate this great program throughout the year so that those employees who do not know about the program or do not have a habit of saving could become educated about it.	10/22/2019 11:37 AM
75	I am new to the SMC deferred compensation plan and/or SamCera. I am clueless about the plan because I've been told nothing about the plan. The onboarding experience has been non-existent and my questions have been rebuffed. I am very frustrated that I have had nothing explained to me--not even an email or a pamphlet. This is either a SamCera or HR issue, I don't know which but the whole process, such as it is, has been frustrating and has left me disappointed.	10/22/2019 9:58 AM
76	It is really beneficial when a representative sits down and has a one on one. In addition I received a mailer not long ago and this was helpful as well to see what my projected numbers look like in terms of recommended age of retirement, etc. Thank you very much.	10/21/2019 1:11 PM
77	I would like to speak with a MassMutual adviser. I can be contacted through county email. tbell@smcgov.org thank you.	10/21/2019 11:56 AM
78	A matching track for those who are unsure of their long-term employment status and pension applicability would be nice.	10/21/2019 11:43 AM
79	I would suggest the communication and learning opportunities offer some more advanced information and learning. Currently, it seems like they are targeted for those that are about to retire or those starting out in investing. I'd love something for those like me who have another 20 years prior to retiring but have developed and maintained a portfolio and would like some more in-depth understanding and attention on managing it effectively.	10/21/2019 11:05 AM
80	Very poor communication from them. Poor investment choices with little to no gain and never notified us to make changes to portfolio or if we wanted to invest differently. I sent them an Email and they never responded. I think our representative is very old school and not a fan of Email or technology. I had to make changes when I noticed the only gain was my contributions. I ended up making the changes myself on the app and went with riskier investments. For five years I trusted their financial approach. Too naïve of me to think that they would let me know that my investment were too flat with no gains when everyone in any other type of investment was gaining better gains. Very dissatisfied with their people and they don't respond to Emails	10/21/2019 10:15 AM
81	Why is it so important to save for deferred comp when I am already a regular employee who makes retirement deductions to my pension plan?	10/21/2019 10:00 AM
82	I really like receiving the quarterly mailers with updates on my account. I'm not a computer person, and need paper statements	10/21/2019 9:56 AM
83	Your opportunities for brown bags are very limited -	10/21/2019 8:45 AM
84	Thank you	10/21/2019 7:58 AM
85	Have always received good information and service. Plan selections are solid with good investments.	10/21/2019 7:58 AM
86	All services provided has been exceptional - really appreciate the extra efforts!!	10/21/2019 7:30 AM
87	Would prefer Mass Mutual Reps would drop by work groups, or set up site visits to meet with employees at least twice a year. Brown bag lunches are difficult for field work employees.	10/21/2019 6:58 AM
88	Would it be possible to have short videos on a variety of topics that we could watch as relevant/convenient to us? If there are already videos like that - perhaps reminding us where to find them? :)	10/21/2019 6:54 AM
89	The County should match (or partially match) employee contributions.	10/21/2019 6:52 AM
90	NONE FOR NOW	10/21/2019 6:44 AM
91	Thank you.	10/21/2019 6:24 AM
92	please host the classes at the new jail too, thank you!	10/20/2019 10:50 AM
93	LMS or some type of online trainings/informational would be useful. Work nights and brown bag or drop-in not practical.	10/19/2019 10:30 PM
94	I would like to see a low cost International Index Fund to complete my 3 fund portfolio. I like the vanguard total stock market index fund and vanguard total bond index fund. Add the vanguard total international index fund and provide a rollover incentive (\$\$\$) to motivate new employees to rollover their accounts from previous employers. Thank you.	10/19/2019 6:10 PM
95	none	10/19/2019 3:33 PM

Deferred Compensation Participant Survey

96	It is hard to speak in person when I have questions. I sent a questions one time via email but never got an answer.	10/19/2019 9:04 AM
97	My one comment is this if you want to change your deferral for one or two pay period the directions are not easy to understand how to do. Can you have a brief brown bag on this or a better email with diagrams	10/18/2019 6:26 PM
98	The website is often down so I have to get my balance by phone and can't see details.	10/18/2019 6:24 PM
99	Patrick is great.	10/18/2019 3:36 PM
100	Thank you!	10/18/2019 3:27 PM
101	Follow-up and return communication is sometimes very slow. May need more than one representative for the county.	10/18/2019 2:53 PM
102	Would like more information about total retirement package with current retirement plan instead of guesstimating when meeting w/ Mass Mutual.	10/18/2019 2:11 PM
103	I wish the classes could be provided in every location. we cant go to RWC every single time. And if on site classes aren't an option then please make material available or videos. I would love a glossary of all the financial terms I do not have idea what they mean, please make "easy financial advice for dummies" (no offense)	10/18/2019 1:45 PM
104	The Retirement Readiness estimate does not seem to be an accurate reflection, and so it is not as helpful as I thought it would be.	10/18/2019 1:41 PM
105	There needs to be more classes offered around subjects particular to Plan 7 participants so everyone knows the important of investing now to fill the future pension limits	10/18/2019 1:41 PM
106	I would like to see more individual appts. Thanks	10/18/2019 1:39 PM
107	I'm married to a financial wealth manager, so I might not be swayed by sales pitches by MassMutual. But these options are perfectly suitable for other employees.	10/18/2019 1:01 PM
108	It would be nice to have more options for one-on-one meetings at the different county locations. Not everyone can make it to the brown bag lunches. Possibly provide a more interactive demo online for people who cannot make it to some of the classes offered.	10/18/2019 12:27 PM
109	The availability and communication of MASS MUTUAL staff has been great. Would like to receive more frequently via mail ,rather than 2x a year, my retirement readiness reports that highlight how much my account has, my projected totals and if I'm on target. (This can be accessed through the website, but the website is not the most user friendly, so prefer the paper reports that are easier to understand). Lastly, happy with how my deferred comp plan has been performing. Have a nice day.	10/18/2019 11:41 AM
110	I don't think I have a good grasp on my choices or whether I have picked the correct ones given my situation.	10/18/2019 11:18 AM
111	I'd like the website to have more granular data. Data such as: daily valuations (% increase or decrease), better synchronization with external sites (banks, etc), essentially have the capability to view my portfolio similarly to how a brokerage account is viewed on a website. I do not prefer the current simplified view.	10/18/2019 11:09 AM
112	Most important feature for me is the SRI (socially responsible investing) fund--parnassus, I believe. having this option is the only reason I invest with you.	10/18/2019 10:50 AM
113	I would like to have access to education videos online	10/18/2019 10:45 AM
114	I'm concerned about your Likert scale and the validity of the survey. You don't allow for an "I don't know," and the scale seems tilted.	10/18/2019 10:34 AM
115	none	10/18/2019 10:27 AM
116	Maybe site visits/site presentations would be more appealing or accessible? Not sure.	10/18/2019 10:12 AM
117	It was difficult for me to give clear feedback regarding Plan Design/Investment Options since I don't know what most of the things listed under those categories are/mean.	10/18/2019 10:01 AM
118	Need more investment options. Need focus on Foreign Mutual Funds and more Small Cap options.	10/18/2019 9:50 AM

Deferred Compensation Participant Survey

119	I would love to see a Vanguard International Index Fund as an investment option and fewer actively managed funds. Right now, I think there are too many options with high expense ratios. When there are too many choices, it's harder for people to make decisions. Thank you!	10/18/2019 9:39 AM
120	I really like Financial Soundings. HOWEVER, the plan should include the wife, and other sources of income to have a complete picture. I know that I can add them separately but I tried online and it did not work.....	10/18/2019 9:37 AM
121	Dump all the mutual funds and only have low cost index funds for participants.	10/18/2019 9:32 AM
122	I have found it hard to meet with a mass mutual representative due to (what appears) their limited staffing.	10/18/2019 9:26 AM
123	It is next to impossible to learn what the investment options are without opening an account and having compensation withheld. I am not going to buy a car first and then test drive it.	10/18/2019 9:23 AM
124	I prefer one-on-one analysis of retirement planning if possible.	10/18/2019 9:21 AM
125	Great program to offer. Lowers my current taxable income while providing future income for my retirement.	10/18/2019 9:10 AM
126	I never get to go to the brown bag classes and would like to go or speak with someone here at my location at the East Palo Alto clinic.	10/18/2019 8:57 AM
127	I am glad I started early	10/18/2019 8:56 AM
128	I would like to have personal appointment with a financial adviser who can walk me through my deferred compensation plan. It would be nice to have the appointment at my workplace. I would also like to see a calendar with available appointments onsite or group sessions so I can browse to sign up to discuss with the financial adviser. Thank you. Thank you.	10/18/2019 8:45 AM
129	The most important factor for me is the amount of the fees. If the fees are lower I will roll over my money from my old employer.	10/18/2019 8:37 AM
130	I really appreciate the Loan towards your investments and the customer service promptness & courteousness.	10/18/2019 8:37 AM
131	Match the contribution by at least 3% like what other counties are doing. Also give an option of a 401K.	10/18/2019 8:34 AM
132	I've been interested in attending one of the lunch time workshops, but I haven't been able to make it yet. Thank you for offering those!	10/18/2019 8:32 AM
133	County needs to invest - hire an additional Mass Mutual representative, especially when time is short. Need to get an appointment 1:1 with Patrick and he is very busy and at times hard to reach !!	10/18/2019 8:29 AM
134	Keep up the good work and thank you	10/18/2019 8:23 AM
135	Mass Mutual's site needs a lot of work. It would be helpful if they used Tableau or other data analytic platforms to inform those investing in the funds they provide, better than they currently are. Data is cheap, yet they have no functionality on their site to download past individual day performance for any of the funds. There is not graphing feature like Morning Star has, that shows the performance of the fund compared to the index it is measured against, nor how it is doing compared against other indexes (for example a small cap fund performance vs. S&P 500 in graph form over a set period of time). Mass Mutual could easily provide these tools and the County should press them to invest in their website and provide tools that all other investment platforms (TD Ameritrade, E-Trade, Robinhood, etc) provide. There is no excuse for them not to provide this important presentation of fiscal data!	10/18/2019 8:21 AM
136	I would like to know more about the companies/funds available for investment and make sure they are environmentally responsible (green) and socially progressive (LGBTQ-friendly, Family friendly, Employee/labor-friendly, pay fair wages, etc.).	10/18/2019 8:14 AM
137	Do your best for future.	10/18/2019 8:14 AM
138	It would be beneficial to me if I could have direct withdrawal from my paycheck.	10/18/2019 8:13 AM
139	na	10/18/2019 8:08 AM

Deferred Compensation Participant Survey

140	Thanks for the programs and initiative but I wish this is optional. I can invest myself since Mass mutual only has limited mutual funds, and fees are not viable. Vanguard on the other hand is 0.03 to 0.3% where mass mutual takes 0.1% to 1% fees. Mass mutual has the program administration fee, what a joke. No tax harvest loss nor low cost ETF. This is equivalent of putting money in saving account bank of .03% interest hoping for a big return. Most options are high ER -> hands are tied. You can do better!	10/18/2019 8:04 AM
141	BECAUSE I DID NOT GET THE DEFERRED COMPENSATION, AND PLAN ON RETIRING IN A FEW MONTHS I CANNOT APPLY ANY FEEDBACK	10/18/2019 8:04 AM
142	Financial Soundings estimates are not accurate and do not reflect my actual retirement projections.	10/18/2019 8:00 AM
143	Have more options to invest in different mutual funds.	10/18/2019 7:59 AM
144	I would love to have "time" during working hours to learn. It's difficult with the caseload and volume of work that takes place each day. I need to learn so bring it on. Thank you for asking.	10/18/2019 7:59 AM
145	Private consultation is preferred for privacy and the opportunity to discuss all retirement options including non county administered assets.	10/18/2019 7:57 AM
146	Although the appointments with Mass Mutual are helpful they always suggest a higher contribution. No news to state that when living or working in the Bay Area it is very difficult to set money aside. Putting more money aside for retirement means sacrificing entertainment or trips to balance out the stress. For many, setting money aside cuts into their basic needs. We spend the majority of our lives at work or getting to and from work already. It feels impossible! The only reason I can afford to contribute a small amount is I'm not married, I don't have kids, and I have family support.	10/18/2019 7:53 AM
147	N/A	10/18/2019 7:53 AM
148	Thank you for the opportunity to save through pre-tax options.	10/18/2019 7:51 AM
149	We should have the option to use our post tax money without restrictions or conditions...its our own money after all.	10/18/2019 7:51 AM
150	Should not be constrained by the County's current self directed brokerage policy with Deferred Compensation. Very limiting and does not allow participants to take advantage of stock market opportunities when stock prices are attractive. Should change the current policy to allow participants to move money from Deferred Compensation whenever they want instead of once every 90 days which is the current policy. Also, only 50% of the core value in Deferred Compensation is allowed to be transferred into a self directed brokerage account. That is very limiting. If the participant wishes to take on risk they should be allowed that option.	10/18/2019 7:50 AM
151	It's difficult trying to make an appointment to discuss about my deferred comp and where I'm at and where I should be. Hire more people.	10/18/2019 7:48 AM
152	Retirement classes, mass mutual and other ways of understanding financial issues are always in RWC. Have wanted to go a # of times, but REC is too out of the way. Do it centrally, like San Mateo.	10/18/2019 7:37 AM
153	Brown Bag classes are fine. Drop-in appts would work if they gave them at our site and let us know. Most are at the hospital and we don't hear about them and when we do they are already full.	10/18/2019 7:28 AM
154	I had the hardest time figuring out if the deferred compensation is the only retirement options or if there is an automatic retirement such as PERS	10/18/2019 7:22 AM
155	On site face to face appointments would be great	10/18/2019 7:20 AM
156	If we could get a quarterly report/news letter about how are investments are doing that would be nice	10/18/2019 7:13 AM
157	I find it very frustrating that I am unable to move my money that was saved while extra help status into any investment options.	10/18/2019 7:11 AM
158	How to increase contribution	10/18/2019 7:09 AM
159	NO comment	10/18/2019 6:22 AM
160	Help us understand investing better	10/18/2019 6:08 AM
161	no comment	10/18/2019 1:31 AM

Deferred Compensation Participant Survey

162	When I started with the County, I joined a Def Comp plan. We were left to our own to decide what we would invest in. From what I could tell, the same applies with Mass Mutual. Most of us don't have the intimate knowledge necessary to maximize our investments. Some help would be appreciated, especially by our new employees.	10/17/2019 10:46 PM
163	I'm ready to retire next year but I don't think I need to use my deferred compensation plan yet. thank you. JM	10/17/2019 10:09 PM
164	Just having a better understanding for a new employee's opinions.	10/17/2019 9:00 PM
165	i am unsatisfied by Mass Mutual's online platform - it does not allow me to see average annual rate of return for the life of my account, and I can only look back a maximum of 2 years to see each 1 year rate of return. It should be able to tell me how my account has performed since my funds entered mass mutual, and it currently does not.	10/17/2019 7:48 PM
166	I need a more comprehensive explanation to what opportunities are available for my future.	10/17/2019 7:18 PM
167	Thanks for making it easier to review plan options and status of savings	10/17/2019 7:10 PM
168	no comments	10/17/2019 7:08 PM



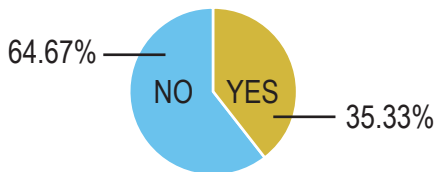
Background & Summary

In April, we distributed a survey to employees requesting feedback on the Deferred Compensation program. 735 employees completed the survey. Results from the multiple choice portion of the survey are provided below.

By and large, the results demonstrated high ratings for the Deferred Compensation program. In key areas such as education, call center support, technology and resources, employees provided positive feedback. While the overall results were positive, we did see open-ended commentary that focused around a few key themes: education offerings and scheduling, financial education, and accessing resources. As a consideration, we propose revamping the financial resources education communication and distributing it to employees and retirees.

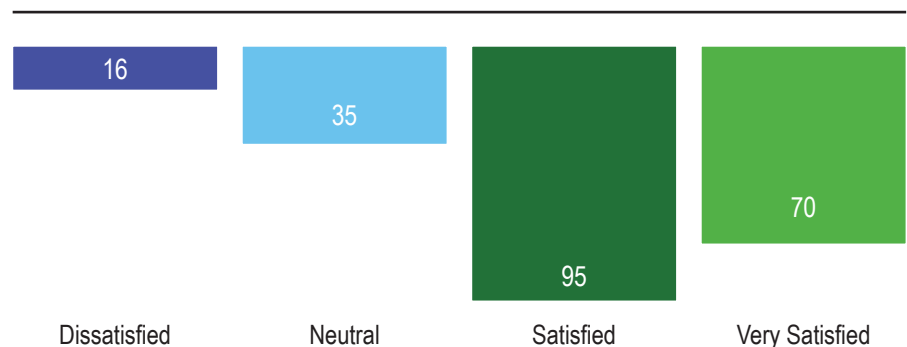
Customer Service

Have you called MassMutual and spoken with a phone representative for assistance?



*Based on 617 respondents

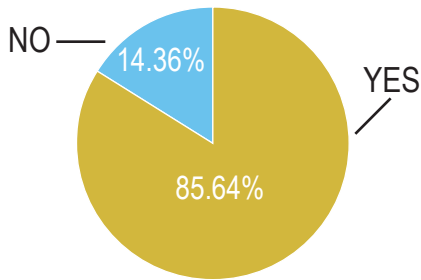
How satisfied are you with the help you received from the MassMutual phone representative?





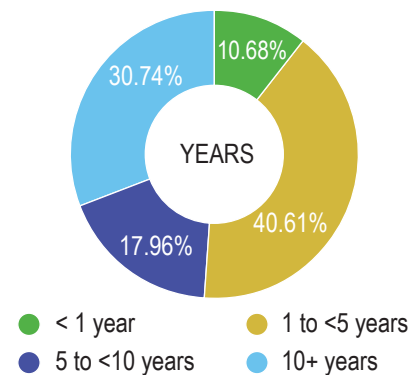
Demographics

Do you currently participate in the County of San Mateo Deferred Compensation Plan?



*Based on 731 respondents

How long have you participated in the County of San Mateo Deferred Compensation Plan?



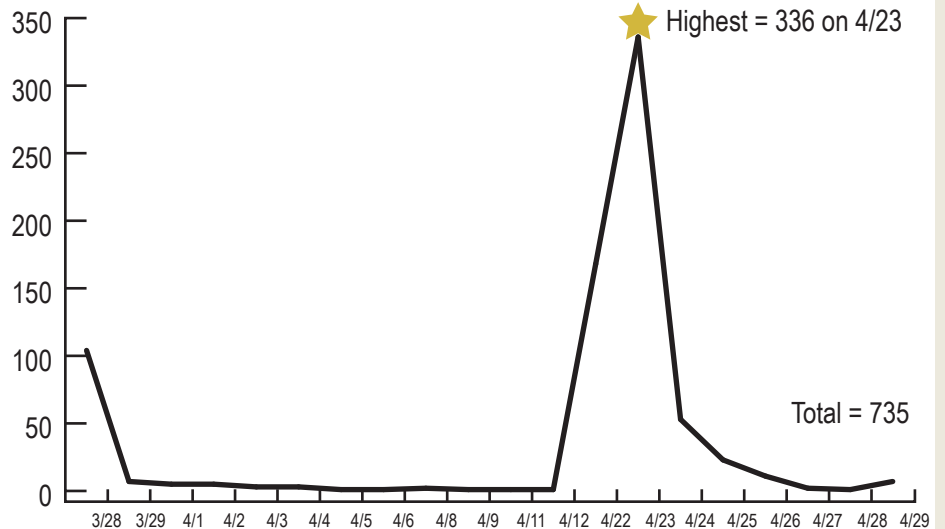
*Based on 618 respondents

Please tell us why you do not participate in the retirement plan. Select all that apply.

Don't understand how the plan works	37	39.78%
Don't understand the investment options	25	26.88%
Can't afford to participate right now	24	25.81%
Don't understand how to enroll in the plan	20	21.51%
Not sure if I am eligible for the plan	17	18.28%
Haven't gotten around to it	16	17.20%
Didn't know we had a plan	14	15.05%
Saving for retirement in some other way	11	11.83%
My SamCERA pension will be enough	6	6.45%
Don't like the investment options	4	4.30%
Retirement is a long time away for me	4	4.30%
Don't like the plan features	2	2.15%
Don't think it is important	0	0.00%
Other	13	13.98%

Total 93 100.00%

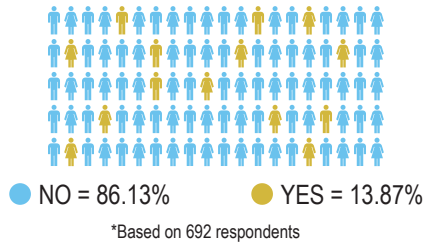
Number of respondents per day through the course of the survey period





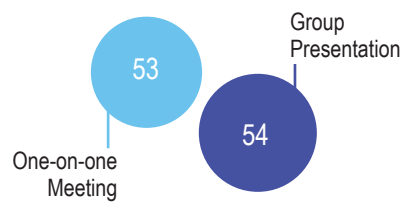
Education & Resources

During the past year, have you attended education meetings facilitated by one of MassMutual's Retirement Education Specialists?



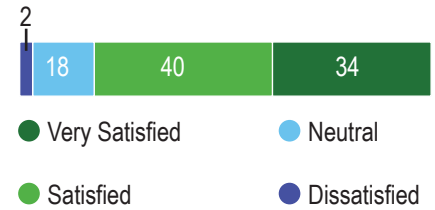
If **YES...**

Please indicate the type of meeting(s) you've attended. (Select all that apply)



If **YES...**

How satisfied were you with the meeting(s) you attended?



If **NO...**

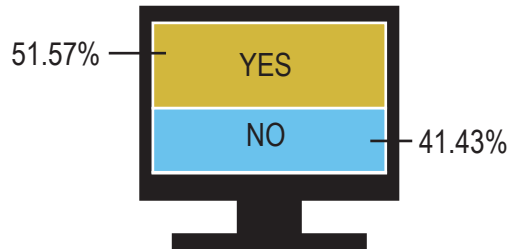
Please indicate the primary reason you did not attend.

Could not attend on date it was held	132	22.22%
Was not interested in the topic presented	114	19.19%
I did not know there were sessions available	94	15.82%
Could not attend at time it was held	86	14.48%
Could not attend at location it was held	48	8.08%
Other	120	20.20%
Total	594	100.00%



Technology

Have you logged into the RetireSmart participant website via viewmyretirement.com/sanmateocounty ?



If **NO**...

Please indicate the primary reason you have not accessed the website.

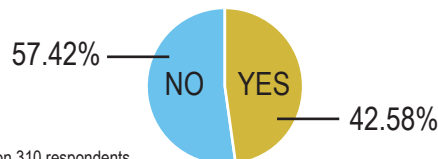
I didn't know we had access to this portal	173	59.04%
I don't check my account frequently	70	23.89%
I don't use the internet often	12	4.10%
I log into my account using another site	9	3.07%
Other	29	9.90%
Total	293	100.00%

How satisfied are you with the resources available?



*Based on 310 respondents

Have you used the RetireSmart Ready ToolSM which is available on the RetireSmart website homepage?



*Based on 310 respondents

Please indicate the primary reason you have not accessed the RetireSmart Ready ToolSM.

I don't access my account frequently	76	42.70%
I didn't know we had access to this tool	66	37.08%
I don't use the internet often	4	2.25%
Other	32	17.98%
Total	178	100.00%



Education & Resources

The Deferred Compensation Plan provides a variety of resources to help you plan for your future. Are you aware the retirement plan offers the following resources? (Select all that apply)

A free Retirement Readiness Analysis from Financial Soundings	254	38.08%
I am not aware of any of these resources	254	38.08%
Managed investment accounts	225	33.73%
The ability to borrow from your account in the form of a home loan	206	30.88%
Access to a financial planner	189	28.34%
Target date fund investments	175	26.24%
Total	667	

Please select the option you would like to learn more about (Select all that apply)

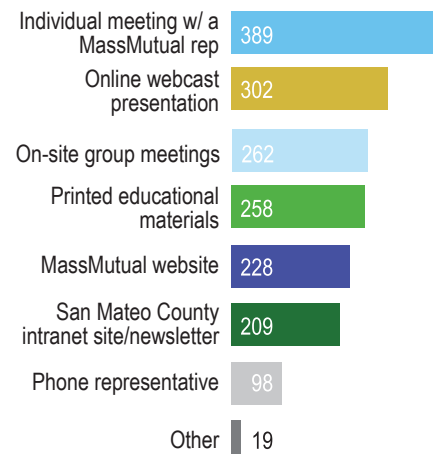
Access to a financial planner	392	58.77%
A free Retirement Readiness Analysis from Financial Soundings	321	48.13%
Managed investment accounts	273	40.93%
Target date fund investments	226	33.88%
The ability to borrow from your account in the form of a home loan	214	32.08%
Total	667	

What retirement education topics are you interested in learning more about? (Select all that apply)



Pre-retirement planning	421
Am I saving enough?	370
Understanding investment choices	325
Online tools and resources	321
How the plan works	305
Basic rules of investing	301
Other	31

How do you prefer to learn about the topics you selected above? (Select all that apply)





San Mateo County Employee Survey – Spring 2019

Summary of Conclusions and Recommendations

Plan Participation

- The County and MassMutual have done an excellent job to drive plan participation to nearly 90%
- The primary reasons given for not participating in the plan were:
 - Don't understand how the plan works
 - Don't understand the investment options
 - Can't afford to participate right now
 - Don't understand how to enroll
- **Conclusion:** Auto-enrollment program and continued education should continue to cause plan participation to increase. Stay the course.

Participant Information Center (PIC)

- Although wait times for PIC need and have been shortened, respondents were not overly critical
- 76% of respondents indicated they were either "satisfied" or "very satisfied" with PIC
- **Conclusion:** Continue to monitor MassMutual's PIC performance. Latest quarterly report for MassMutual illustrates much improved call center performance relative to response times.

Education and Resources

- Of 692 respondents, only 14% indicated that they attended an education meeting
- Of those who did attend, 79% were "satisfied" or "very satisfied" with their experience
- Of those who did not attend, the primary reason was "could not attend on the date it was held"
- Topics that participants would like to hear more about
 - Accessing a financial planner – 59% of respondents
 - A free financial readiness report from Financial Soundings – 48% of respondents
 - Managed Account Investments – 41% of respondents
- **Conclusion:** Encourage department heads/managers to allow Patrick to conduct meetings when employees are already assembled for a departmental meeting or training session. Continue to promote LMS training credits for attendance at deferred compensation education seminars. Focus on promoting how to access a Financial Planner and a Financial Soundings Report. Patrick to conduct meetings where he addresses Managed Accounts. Consider a written communication on these topics.



COUNTY OF SAN MATEO

HUMAN RESOURCES DEPARTMENT Inter-Departmental Correspondence

DATE: August 15, 2019

TO: Deferred Compensation Advisory Committee

FROM: Jay Castellano, Employee Benefits

SUBJECT: 2019-20 BUDGET

RECOMMENDATION:

Approve the 2019-20 administrative budget and workplan priorities for the Deferred Compensation Program.

BACKGROUND:

The Deferred Compensation Trust Fund captures 1) revenues from the provider's (MassMutual) administrative reimbursements to the County and 2) administrative expenses for the Deferred Compensation program, including those of the Deferred Compensation Advisory Committee.

The assets of the Deferred Compensation Trust Fund are maintained and accounted for separate from the County's General Fund, the Employee Benefits Trust Fund and all other County funds as the assets are derived from participant-paid fees and are used for the benefit of plan participants. There are no direct County contributions. While the County contributes to some participants' accounts (for example, limited term employees' 401(a) accounts), this fund's revenues are based on fees charged to those account balances. This fund's assets are considered to be plan assets—managed by the Deferred Compensation Advisory Committee on behalf of the plan participants.

DISCUSSION:

2019-20 Beginning Fund Balance—The 2019-20 recommended beginning fund balance of \$291,117 is based on the 2018-19 year-end fund balance as of June 30, 2019. Since this memo is being considered after the 2018-19 year-end close, this figure is based on actuals (not year-end projections).

2019-20 Revenues—The \$94,740 revenue is MassMutual's estimated administrative reimbursement back to the County. The formula for the estimate is assets multiplied by the administrative reimbursement rate of 2 basis points, or 0.02%. For this purpose, the assets are the March 31, 2019, balance of \$480,570,623 with no assumption of growth. The 0.02% administrative reimbursement rate is codified in the County's contract with MassMutual.

2018-19 Expenditures—Budgeted plan expenses of \$178,600 are based on the approved 2018-19 budget with the following additions for the DCAC's consideration.

- Consultant Services—Increase by \$2,000, from \$60,000 to \$62,000. This line item accounts for costs associated with the NFP and Financial Soundings contracts. This increase reflects 2018-19 actuals and is attributed to higher utilization of Financial Soundings.
- NAGDCA Conference, Other Trainings—Increase by \$10,000, from \$10,000 to \$20,000. This increase would accommodate more committee members attending the NAGDCA conference as well as additional trainings throughout the fiscal year. In 2018, six committee members and staff attended the conference, and actual expenses were almost \$12,000. In 2019, seven attendees are due to attend. In addition, a committee member was not approved for a trustee training in 2018 because the NAGDCA costs already exceeded the budget. This line item increase will provide greater flexibility to ensure committee members can meet their fiduciary responsibility to remain educated and make informed decisions.
- Insurance Premium—Increase by \$5,000, from \$26,000 to \$31,000. This increase reflects actual cost of fiduciary liability insurance as quoted by the County's insurance broker.

2019-20 Ending Fund Balance—By the end of 2019-20, the Deferred Compensation Fund's budgeted fund balance is projected to decrease by \$51,314 from \$258,571 to \$207,257. In past budgets, the DCAC approved an annual operating deficit to reduce excess fund balance leftover from the prior contract (in which the reimbursement rate was higher than needed). That strategy continues in this recommended budget.

As shown in the attached spreadsheet, prospectively, the unrestricted fund balance would be reduced by \$83,860 per year assuming that revenues and expenditures remain steady. (It is a conservative assumption given that auto-enrollment is still fairly new and that auto-escalation recently began for certain bargaining groups in 2019. More than likely, assets and plan revenues will continue to increase over a multi-year period excepting an extreme market downturn.) At that rate of reduction, the unrestricted fund balance of \$178,591 would be fully depleted by the end of 2021-22. The next RFP is also scheduled for 2021-22, and it would be an opportunity to correct the operating deficit based on updated issues and assumptions.

Assuming that the \$83,860 operating deficit is ongoing, the current administrative reimbursement rate of 2.0 basis points would need to increase to 4.0 basis points in order to approximately match ongoing revenues (\$450 million x 4 bps = \$180,000) with ongoing expenditures (\$178,600).

2018-19 Workplan Priorities—Assuming the DCAC's approval of the recommended budget, our staff and other resources would maintain current service levels and additionally focus on the following workplan priorities in 2019-20 (also noted in the 2018-19 Year-End Report):

- Target-Date Fund Glide Paths—Staff will work with Procurement to determine a qualified provider for the customized TDFs and the associated 3(38) investment manager.
- County Conflict of Interest Requirements—In collaboration with the County Counsel's Office, this effort will result in the DCAC's adoption of a Conflict of Interest Code (similar to that of SamCERA and the Treasury Oversight Committee) and the

incorporation of Form 700 (Statement of Economic Interests) into the DCAC's business practices (for the committee and its providers).

- Committee Education—The DCAC has already discussed trainings on the following topics. This tentative list is subject to change when the DCAC reviews its annual training plan in the February meeting.
 - Fiduciary Briefcase
 - Collective Investment Trusts
- Biennial Retreat—At its May 16, 2019, meeting, the DCAC approved staff and consultant development of the DCAC's first biennial retreat. The schedule and content will be discussed in a separate agenda on the August 22, 2019, agenda.
- Reporting and Auditing of Contributions—Develop and incorporate into ongoing operations the reconciliation of County payroll contributions with MassMutual contribution records, along with the associated reporting and auditing. (This is a carryover project from 2018-19.)
- Enhanced Reporting—Include retiree health savings plans in the DCAC's quarterly and annual reporting. (This is a carryover project from 2018-19.)