**Maine Retirement Savings Board**

**Date: September 20, 2022**

**Cross State Office Building**

**111 Sewall Street, Augusta, ME 04333**

**Minutes – Adopted 10/18/2023**

Chair Beck called the meeting to order at 1:00 PM. This meeting was conducted both in-person at the Cross State Office Building, 111 Sewall Street, August, Maine and virtually through Teams.

**Welcome and Ascertainment of Quorum**

Chair Beck opened the meeting and welcomed those attending in person and remotely.

**Board Members present:**

* Henry Beck, Chair
* Matthew Colpitts
* Deborah Adams Neuman (Remote due to hour + drive to attend)
* Daniel Piltch
* Tina Wilcoxson
* Rebecca M. Wyke, Vice Chair (Remote because of schedule conflict)
* Gigi Guyton-Thompson
* Jessica Linzer
* Kevin Carley (Remote due to being on an island)

A quorum was present.

**Staff present:**

● Elizabeth Bordowitz, Executive Director

* Laura Hudson, Treasurer’s Office

**Others Present:**

* Robert Murch, Combined Management
* Kent Mason, Davis & Harmon LLP (Remote)
* Courtney Eccles, Vestwell (Remote)
* Michael Terdeman, Vestwell (Remote)
* Angela Antonelli, Georgetown Center for Retirement Initiatives (Remote)
* Hannah Prosper Retirement (Remote)
* Ellen Breslow, AKF Consulting (Remote)
* Andrew Blevins, Pew Charitable Trusts (Remote)
* Grace Sullivan, Davis & Harman LLP (Remote)
* Courtney Zinter, Davis & Harman LLP (Remote)
* T J Silva, ADP (Remote)
* Mary Alice Scott, Maine Association of Nonprofits (Remote)
* Kiran Siddique, AKF Consulting (Remote)
* Jay Philbrook (remote)
* Lisa Massena, Massena Associates (Remote)
* Hunter Railey (Colorado SecureSavings (Remote)
* Jake Daniele, Maine Dept of Economic and Community Development (Remote)
* Alf Anderson, AARP Maine (Remote)
* Kristin Baldwin, NAPEO (Remote)
* Hillary Barone, Five County Credit Union (Remote)
* Nate Cloutier, HospitalityMaine (Remote)

**Approval of Minutes of the August 16, 2023 Board Meeting.**

Chair Beck asked if there is a motion to approve the minutes of the August 16, 2023 Board meeting.

***Mr. Colpitts moved approval of the August 16, 2023 Board Meeting minutes as presented. The motion was seconded by Mr. Piltch. The minutes were approved with a vote of 8 in favor and 1 abstention (Linzer, who was not present at the August 16, 2023 meeting).***

**Executive Director’s Report**

Beth highlighted several items from her Report. In Delaware several committees have reviewed the partnership proposal. They will be recommending to the full Delaware EARNs board that Delaware join the Partnership for a Dignified Retirement with Colorado and Maine. She added that after a RFP process, New Jersey has chosen Vestwell as their Program Manager. New York received RFP responses the same week as New Jersey so they may be making an announcement soon.

Beth noted the presentations that she has scheduled and invited Board members to encourage people and organizations they know to reach out to set up presentations.

Beth will be handing out information about MERIT at the AARP table at the Common Ground Fair this weekend and at the FAME table at the Agricultural Trade Show.

Beth provided an update on the MERIT Pilot. 17 companies will participate in the Pilot. The introductory call is October 11th. A variety of different businesses are participating. Beth has reviewed some of the communications and the website text. Our securities counsel is reviewing the Program Description. At this time we are heading for a launch at the end of October,

Because it is too early to start the Public Hearing, Chair Beck suggested that the Board discuss Agenda Item 8,

**2024 Board Meeting Schedule**

Beth first asked the Board members about their availability for the meeting scheduled for December 20, 2023. She noted that can be a hard time of year. An informal poll was taken and a quorum of the members indicated that they would be available for a meeting on December 20, 2023.

Beth proposed that starting in 2024 the Board meet every other month, rather than monthly. There was general agreement that in 2024 Board meetings will be held every other month starting in February.

Beth added that she forgot to mention in the Executive Director’s report that our colleagues from Colorado and representatives from Vestwell will be attending the October Board meeting. The Vestwell representatives will do a demonstration of the program. They will likely use the Colorado site, as our site for the demonstration, but the MERITsaves.com site is being built. There was discussion about the name the program should use for the program portal.

Chair Beck noted that it is time for the Public Hearing on the Rule.

**Public Hearing for Chapter 101 – Maine Retirement Savings Program**

Chair Beck opened the Public Hearing on the Board’s Proposed Rule, Chapter 101 – The Maine Retirement Savings Program at 1:15 PM.

**Robert Murch of Combined Management of Lewiston** was present at the Public Hearing,

Mr. Murch stated that he has been in the PEO business for over 3 decades. His company handles payroll, worker’s comp all unemployment issues and benefits administration. They offer a MEP 401k. The company is a member of NAPEO, which has 25 members that do business in Maine. They work with more than 210 businesses and more than 4100 work site employees. Mr. Murch addressed the multi-Party employment section which includes PEOs. The question is which entity do the new requirements apply to? He recommends that the relationship be at the client level. NAPEO will request language to clarify that the client employer and not the PEO will be the covered employer required to register with the Program. NAPEO’s requested changes are consistent with Cal, Illinois, Oregon and new legislation in New Jersey.

**Kent Mason, of Davis & Harmon, (attending remotely) offered comments on behalf of the American Benefits Council**. The American Benefits Council is a national employee benefits trade association. Their members are 220 of the world’s largest companies. Their mission in the retirement area is to expand retirement coverage and enhance retirement security. The best way to do that is with an employer sponsored retirement plans. State Auto IRAs can be a partnership and a stepping stone. The primary goal of the comments is to emphasize that MERIT not burden employers who already have a qualified retirement plan. They also want to be clear that employers that cover some, but not all employees in a qualified retirement plan are exempt. There are situations where a 5500 will cover multiple employer plans, but only one employer will be identified on the 5500. The other companies will need to enter a certificate of exemption. They prefer the language in California, which encourages, rather than requires the filing of the exemption.

Chair Beck asked if anyone else present would like to comment. There being no further people present (in person or virtually) who wished to comment, Chair Beck noted that written comments will be accepted through October 2, 2023 and closed the Public Hearing.

**Approval of MERIT Pricing**

Beth reminded the members that this item was tabled last month. The members requested that Beth provide additional information, specifically, information on the costs of the defined contribution programs administered by MainePers and how quickly MERIT will become self-sustaining if the program receives a $6.00 flat fee in place of the proposed $4.00 flat fee. MainePers charges a $50 annual flat account administration fee and a 3 basis point management fee on the net asset value of the accounts, as well as a 4% fee from participating employers. The MainePers programs have $61 million in assets under management, compared to the $0 that we will be starting with, which affects the fee terms and structure.

In summary MainePers charges approximately twice what the Board is proposing as a flat fee, but significantly less on the fee on the account value. The effect of that is that accounts with low values pay a proportionately higher fee. Whereas higher value accounts may pay a proportionately lower fee.

Pew Charitable Trusts provided a Study which includes the several alternative scenarios for sustainability, including when the program would become self-sustaining if the Board charged a $6.00 administration fee in place of the $4.00 fee. Keeping all of the other factors the same, the study projects sustainability 1 year earlier. Pew also offered alternatives, assuming lower employee attrition and lower spending by the Board. Neither of those scenarios changed the timing of achieving self-sustainability. Beth emphasized that these are projections going out for some time. There can be a lot of intervening events that are not accounted for that will affect reality. She noted that we have the benefit of the experience of other states, but those programs at most have been operating five years and that was through the pandemic. She noted that the Board is likely to come in under budget in several lines this year, but there may be expenses that were not fully accounted for in later years, such as the costs of enforcement.

The members had a robust discussion of a $4.00 fee versus a $6.00 fee. There was discussion about how the proposed fee compares to fees charged by other States. Mr. Colpitts commented that charging $6.00 would have little overall effect on achieving breakeven, but for the small accounts as the program begins, could have a larger impact on individual accounts. Ms. Neuman supported that comment and the principle of keeping fees on the lower end.

***Mr. Piltch moved to approve the administration pricing for MERIT to include a total 20 basis point asset based fee of which 15 basis points will be paid to Vestwell for administrative services and 5 basis points will be paid to the board for program administration and a $26.00 flat fee of which $22.00 will be paid to Vestwell for administrative services and $4.00 will be paid to the Board for program administration. The motion was seconded by Mr. Colpitts and adopted unanimously.***

There was discussion about a mistake in the Pricing memo that Beth prepared for the Board, where two sentences were jumbled together in the notes explaining the fees in Chart A.

**Authorization to Complete the RFP for Media and Digital Marketing Services to include incurring costs in 2024.**

Beth noted that the Board had discussed the RFP at the August Board meeting and determined that the Board does not need to separately approve RFPs if it is for something in the budget, unless it is for a consultant that reports to the Board, such as the Investment Advisors or the Auditors. Beth brought this before the Board again because much of the proposed expenditure from this RFP will take place in 2024. The RFP is out currently. It requests submission of proposals for work in 2024 with a budget at $55,00 and at $85,000, so that the Board can see what type of plan each amount will buy for the Board. Beth is seeking ratification of the posting of the RFP for Marketing and Digital Services.

***Mr. Piltch made a motion to authorize the completion of the RFP for Media and Digital Marketing Services with a budget of up to $85,000 . The motion was seconded by Ms. Linzer and approved unanimously***

Chair Beck asked for a Motion to Adjourn

***Daniel Piltch made a motion to adjourn the meeting. The motion was seconded by Mr. Colpitts and approved unanimously.***

The meeting adjourned at 2:15.