**Maine Retirement Savings Board**

**Date: December 20, 2023**

**Cross State Office Building**

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

**Minutes**

Chair Beck called the meeting to order at 1:00 PM. This meeting was conducted virtually through Teams because of the emergency closure of the Burton Cross State Office Building, 111 Sewall Street, August, Maine.

**Welcome and Ascertainment of Quorum**

Chair Beck opened the meeting and welcomed those attending and noted that the meeting is being held fully virtually because of the emergency situation requiring closure of the State Office Building in Augusta.

**Board Members present:**

* Henry Beck, Chair
* Deborah Adams Neuman
* Daniel Piltch
* Gigi Guyton-Thompson
* Jessica Linzer

**Board Members absent:**

* Tina Wilcoxson
* Matthew Colpitts
* Rebecca M. Wyke, Vice Chair
* Kevin Carley

A quorum was present.

**Staff present:**

● Elizabeth Bordowitz, Executive Director

* Greg Olson, Treasurer’s Office

**Others Present:**

* Courtney Eccles, Vestwell
* Matthew Golden, Vestwell
* William Duryea, Meketa
* Mika Malone, Meketa
* Kay Cesarani, Meketa
* Dustyn Bailey, Anania Bailey
* Nick Rogacki
* Angela Antonelli, Georgetown Center for Retirement Initiatives (Remote)
* Juliana Crist
* Grace Sullivan, Davis & Harmon LLP
* Kim Olson, Pew Charitable Trusts

**Approval of Minutes of the October 18, 2023 Board Meeting.**

Chair Beck asked if there is a motion to approve the minutes of the October 18, 2023 Board meeting.

***Ms. Simpson moved approval of the October 28, 2023 Board meeting minutes as presented. The motion was seconded by Mr. Piltch. The minutes were approved unanimously.***

**Executive Director’s Report**

Beth reported that the Delaware Earns Board voted to enter the Partnership for a Dignified Retirement (PDR). The PDR members (Colorado and Maine) voted affirmatively on their request to join the PDR on December 8th. Later in the meeting, Beth will seek ratification of her vote to allow Delaware EARNS to enter the PDR. She noted that she has kept the Board up to date regarding the ongoing conversation with Delaware. She added that Colorado has responded to a RFI put out by Vermont seeking information from potential partners. Vermont has suggested that it will provide an indication of the direction it will take by the end of the year.

Beth requested that all Board members consider groups that may be interested in hearing about MERIT and asked Board members to make the introductions to get presentations scheduled.

Beth provided an update on other marketing. The Board has retained Anania Bailey to do the social media ad campaign for 2024. They will be available later in the meeting to talk about their strategy. Dan Demeritt will use the remaining hours on his initial engagement to work on a report to the legislature. AARP has completed filming three testimonials for MERIT. The companies in the testimonials were great.

Beth noted that the Pilot has gone well. Our first accounts are open and funded. Some employers took longer to get registered than others, so a couple are just getting to their first payroll. Others have processed their second payroll. Later Courtney from Vestwell will provide a report on the status of accounts.

Vestwell has received the data set from the Maine Department of Labor and it is looking good.

Kevin Carley and Tina Wilcoxson’s initial Board terms will expire in March. Ms. Wilcoxon would like to be reappointed. Beth has shared that with the Governor’s Director of Appointments. Mr. Carley is not seeking reappointment. Beth asked for recommendations for a person with skill, knowledge and experience in the field of retirement savings, retirement plans and retirement investment.

Beth encouraged members to return their Conflict of Interest forms.

With regard to the 2024 Board meeting schedule, Beth noted that if the Board continues to meet the 3rd Wednesday of the month, both the February and the April meetings will fall during school vacation week. There was discussion about whether the board should modify that schedule. It was determined that Beth would follow up with a poll to establish board member availability on the proposed dates.

Beth responded to questions from the members.

**Program Update - Vestwell**

Courtney Eccles of Vestwell provided the Program Update. Ms. Eccles reviewed the pilot process, noting that Maine had good size, industry and geographic diversity among the pilot companies. Additionally, Paper Trails, a Maine payroll company was able to establish an integration with Vestwell during the pilot. Courtney reviewed the current program numbers: There are 253 people registered with the Program, there are 142 funded accounts and $10,800 in contributions.

With regard to the data received, after the data was matched with 5500 filings there is a universe of about 9400 Maine businesses, some if which will have qualified plans or be exempt for other reasons. Of those 3400 employers fall into the April 30, 2024 deadline and just under 6000 employers fall into the June 30, 2024 deadline. Most employer activity comes just before the deadlines.

[Chair Beck stepped out at 1:30 and assigned Mr. Piltch to be the temporary chair.]

Mr. Piltch asked if the members have and questions. Ms. Simpson asked about the data. Ms. Eccles noted that it is different with every state. Vestwell did a lot of advance work with the Maine Department of Labor, so they received a usable file in the right format the first time the data was sent.

Mr. Piltch thanked Ms. Eccles for her presentation.

**Investment Advisor Update - Meketa**

Mr. Piltch asked the representatives from Meketa to make their presentation. Will Duryea introduced himself and his colleagues Mika Malone and Kay Cesarani. Mr. Duryea started the presentation with an overview of the markets. He relayed that the markets have been reacting to inflation and action by the Federal Reserve. That has created three distinct periods over the course of 2023 with the markets up for the first half of the year, then down and rebounding since November.

Mr. Duryea and Ms. Malone reviewed current topics in the defined contribution markets. They called out the DOL’s rule on ESG investments and the discussion around retirement income streams. Mr. Malone responded to Mr. Piltch’s question regarding the timing of the data in the investment reports. She reminded the members that soon the reports will include data about the participant’s experience during the timeframe and it will be useful if the financial market and investment performance information corresponds to the time period of the participant data. The Meketa team will also provide updates on market trends since the date of the data.

Mr. Duryea discussed the performance of the investments in the Program. With regard to the target date funds, he noted that the vintages furthest away from retirement have the weakest performance relative to peers, while the vintages closest to retirement with more fixed income have performed strongest relative to their peer group. He ascribed the strong performance to holdings in long term treasuries. Mr. Duryea ascribed the weaker performance in the earlier vintages to higher exposures to international equity and small and mid-cap funds relative to their peers. He noted that a lot of the value in the equity markets have been in 7 companies. Underperformance can be attributed to less exposure to those companies.

Ms. Bordowitz advised the members that at its Board meeting the day before, Colorado had started discussions with their Board about adding a stand-alone domestic equity option. Meketa recommended adding a domestic equity stand-alone option when it did its initial review of the funds used by potential partners. This was conveyed to the PDR. The PDR members will develop a process for choosing a new fund and implementing it in the program.

There was discussion about how a MERIT account owner can get up to date information about the performance of the funds. Ms. Eccles noted that there are direct links from the Savers page of the meritsaves.com website to up to date information for each investment option.

**Introduction of Anania Bailey**

Beth introduced the members to Dustyn Bailey and Nick Rogacki of Anania Bailey, the firm that the Board has retained to do the marketing campaign through 2024 after conducting a RFP.

Mr. Bailey identified the challenge ahead as enrolling 10000 businesses in MERIT and increasing program awareness. They have segmented the state into different audiences, so that they can adjust the campaign to make sure they reach different audiences. They have also broken the engagement into 4 different campaigns with different tactics. When the doors open they will focus on a mix of social media, Google Ads, email marketing and in some markets 6 x 9 physical postcard mailers. They will determine what was effective as they move into Campaign B, which is scheduled around the second deadline of June 30th. The visuals will change throughout the campaign so Anania Bailey can assess what is effective.

Campaign C between July 1 and November 5th will have a stronger focus on retargeting. Between the summer and the Presidential campaign they will be holding back to focus on an end of the year push and not jump heavily into a noisy and expensive marketing period.

The final, end of the year push will be campaign D from November 5th until the end of the year to push businesses to register before the penalties are assessed. They will double down on social media, Google ads and use the mailers in the rural areas of the state where the digital content may not be as widely viewed.

Ms. Simpson asked about the kinds of social media advertising that Anania Bailey intends to use. Mr. Bailey responded that the ads will be targeted based on job titles. Mr. Rogacki specified that they will have a focus on LinkedIn where they can target audiences by job title.

In response to a question, Mr. Rogacki detailed the plan for the use of the testimonial ads produced by AARP. He noted that they will be reusable in various ways. In response to a question there was a discussion about the pros and cons of advertising on Instagram, noting that it is not easy to target the audience we are aiming for on Instagram.

There was discussion about the large-scale events happening in the summer such as fairs and festivals and being live at those events to talk about MERIT.

Chair Beck thanked Mr. Bailey and Mr. Rogacki for the presentation and information.

**Adoption of 2024 Budget**

Chair Beck asked Beth to discuss the proposed 2024 budget. Beth introduced to proposed budget for 2024. She pointed out that the budget includes hiring a second employee starting in March 2024. She noted that she will wait to hire until she is sure that the benefits of having another employee will outweigh the additional administrative burden of another employee. With the program deadlines approaching she thinks that there will be more than one person can do. She reviewed some of the other lines in the proposed budget including marketing.

Beth pointed out to the members that she included an alternative proposal which includes projections as to when the program will be become self-sustaining. The difference between the two alternatives is that one maintains a single employee, while the other includes a second employee. For projections she used the same numbers as Pew used in its studies as to when MERIT could reach sustainability. Without a second employee, *if the projections prove to be accurate*, MERIT could reach sustainability without additional state funding. There was discussion about the staffing levels in other similar state Programs – all operating Programs have at least 3 staff people – and whether Beth feels that she will need an additional person. Members mentioned that when the Program launches there will be many more additional calls and emails to field and 9500 employers that will need to be supported.

The members agreed that they cannot be confident that one person will be able to handle the Program through the year.

Chair Beck asked for a motion to adopt the recommended budget (that includes hiring a second employee in March).

***Mr. Piltch made a motion to Adopt the recommended budget for 2024 as presented. The motion was seconded by Ms. Neuman and adopted unanimously.***

Before moving on to the next item, Beth noted that the budget as presented and approved includes health insurance under the State plan using the same breakdown of employer and employee premiums as the State uses for its employees. She advised the members that they are not required to use that breakdown. They can choose to share the premium cost in any manner they choose.

**Termination of the Qualified Small Employer Health Reimbursement Arrangement (QSEHRA)**

Beth stated that the first of several administrative items for the Board to consider is termination of the QSEHRA that the Board adopted last year. The QSHERA should be effective through December 31, 2023 and terminate thereafter. To offer pre-tax payment of health insurance premiums the Board needs to adopt a Section 125 Cafeteria Plan. The Board cannot have both a QSEHRA and a cafeteria plan.

**Chair Beck *made a motion to terminate the Board’s Qualified Small Employer Health Reimbursement Arrangement effective December 31, 2023. The motion was seconded by Mr. Piltch and adopted unanimously.***

**Adoption of 125 Cafeteria Plan including a Health Care Flexible Spending Account**

Beth advised the Board that in order to allow employees to pay the employee portion of the health insurance premiums on a pre-tax basis, the Board must adopt a Section 125 cafeteria plan. Beth is proposing a Section 125 Plan that includes a Health Care Flexible Spending Account (FSA) and that the FSA include the option where up to $640 of funds not used in the calendar year of election can be carried forward to the next year. She noted that the carryforward election is set up as an amendment in the plan documents. She asked for a motion to approve the resolution in the materials with the amendment sent to the board the day before to include the carryforward.

***Ms. Linzer made a motion to adopt the Resolution to Adopt an IRC Section 124 Plan Flexible Benefits Plan, including a Health Flexible Spending Account with the annual maximum carryforward amount. The motion was seconded by Chair Beck and adopted unanimously.***

**Adoption of Data Security Policy**

Ms. Bordowitz advised the Board that Mr. Piltch had reached out to her to make sure that the Board has a robust data security policy and sent her some sample policies. In response, Ms. Bordowitz reviewed the data security elements of the Employee Handbook and the sample policies. She noted that the Board will likely have little actual Personally Identifiable Information (PII) or other sensitive information, since most of the data we will receive is business information, but there may be instances where we get sensitive information. Mr Piltch added that much of this is common sense, but it is good practice to have it written down.

***Chair Beck made a motion to adopt the Data Security Policy as presented. The motion was seconded by Mr. Piltch and adopted unanimously.***

**Modification of Employee Handbook**

Ms. Bordowitz noted that there are some proposed modifications to the Employee Handbook to put in place data security policies that directly affect employees. The sections proposed for amendments are included in the Board materials.

***Chair Beck made a motion to modify the Employee Handbook as presented. The motion was seconded by Mr. Piltch and adopted unanimously.***

**Ratification of Vote to Approve Delaware EARNS as a a member of the Partnership for a Dignified Retirement (PDR)**

Ms. Bordowitz noted that the Board’s governance policies delegate to the Executive Director the authority to take all administrative decisions for the Board. The role of the Executive Director in the PDR was not contemplated when those policies were adopted. Beth felt comfortable taking the vote since the Board has been aware of the discussions leading to Delaware EARNS joining the PDR. At this time, she is seeking Board ratification of that vote

***Chair Beck made a motion to ratify the vote of the Executive Director to include the Delaware EARNS Program as a partner in the Partnership for a Dignified Retirement. The motion was seconded by Ms. Guyton Thompson and adopted unanimously.***

**Modification of Governance Policies**

Ms. Bordowitz proposed a modification to the Board’s governance policies to set the policy for the Executive Director’s ongoing role in the Partnership for a Dignified Retirement (PDR) and which PDR decisions are to be made by the Board.

***Chair Beck made a motion to modify the Board’s Governance Policies as presented. The motion was seconded by Ms. Guyton Thompson and adopted unanimously.***

Ms. Bordowitz recapped that she would put out a poll to determine whether there is a need to change either the February or April board meetings dates.

Chair Beck reminded Board members to submit their Conflict of Interest forms as soon as possible.

Ms. Linzer shared with the Board that when she attended a meeting at the Blaine House last week with a group of AARP volunteers the first item that Governor Mills brought up was MERIT and that it was a very positive exchange.

Chair Beck asked for a Motion to Adjourn

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

The meeting adjourned at 2:57.