



City of Madison

City of Madison
Madison, WI 53703
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Meeting Minutes DEFERRED COMPENSATION COMMITTEE

*Consider: Who benefits? Who is burdened?
Who does not have a voice at the table?
How can policymakers mitigate unintended consequences?*

Thursday, May 19, 2022

1:00 PM

Virtual

CALL TO ORDER / ROLL CALL

Also present were Bill Wick and Denise Nettum of the City's Human Resources Department, and Mark Strassburger, Andrew Seaborg, John Litscher, Andrew Thompson, and Thomas Pranica of The Capital Group.

Present: 4 - Harper Donahue; Adriana Peguero; Erin Hillson and Byron Bishop

Absent: 3 - Craig Franklin; David Schmiedicke and Theodore Higgins

APPROVAL OF MINUTES

1. [71620](#) Public Comment (5/19/22 Deferred Compensation Committee Meeting)

DISCLOSURES AND RECUSALS

No disclosures or recusals were made.

NEW BUSINESS

2. [71141](#) Current Service Provider Roles and Responsibilities - Lincoln Plan

The Capital Group resumed its presentation on the different provider roles servicing the Lincoln plan. (Their slide presentation was previously attached to the April 27, 2022, minutes as Attachment B.) Strassburger outlined the key services provided to the plan. Thompson reviewed differences between bundled and unbundled plan structures, addressing the different options for structuring service provider roles offered to a 457(b) plan. Donahue requested, and Thompson provided, a thorough explanation of the various providers' current roles. Thompson concluded with an update on the search for new providers to the Lincoln plan, which remains in progress.

3. [71139](#) Presentation on Current Plan Documents

Following the fiduciary education and plan document presentation at the April 27, 2022, Committee meeting, Donahue asked Deputy City Attorney Lauten to review the existing plan document and investment policy statement with an eye toward ensuring the existing documents are aligned with current best

practices and recent legislative developments. While this review remains in progress, the Committee was asked to provide input on two optional changes, permitted following recent changes in applicable law. Specifically, the Committee was asked to offer input on whether the City's 457(b) plan should permit: (i) in-service distributions to employees age 59.5 and older (currently the plan's minimum age for such distributions is 70.5), and (ii) an in-service penalty-free withdrawal of up to \$5,000 within one year after the birth or legal adoption of a child.

The Capital Group opened the discussion of lowering the in-service distribution age by noting common considerations. On one hand, lowering the age allows participants greater flexibility to access the funds in their retirement plans while they continue to work for the City. On the other hand, a risk exists employees could withdraw funds prematurely and fail to appropriately use said funds for retirement. While appreciative of both sides, Peguero expressed a desire to avoid the Committee taking a paternalistic stance toward participants. Bishop liked the notion of offering participants greater flexibility to access their money. Given the average retirement age of City employees, the Committee also discussed the number of employees potentially impacted. Strassburger asked and Wick estimated an average retirement age in the early 60s, implying few employees would be impacted by the change. Donahue noted a general trend in individuals working a little longer and affirmed a desire to offer participants greater flexibility. Litscher commented most retirement plans serviced by The Capital Group have lowered the age for in-service distributions, when permitted. The Committee's input on this issue will be shared with Deputy City Attorney Lauten for purposes of her review and update.

Seaborg then transitioned the discussion to the issue of permitting in-service distributions in the event of a birth or a legal adoption. Peguero liked the idea of permitting the distribution and saw limited risk given the \$5,000 limit. Nettum comment on frequently seeing employees struggle with unexpected expenses associated with the adoption process. The Committee's input on this issue to be shared with Deputy City Attorney Lauten for purposes of her review and update.

4. [71140](#)

Discussion on Implementing Education Guidelines

Litscher presented the sample educational guidelines circulated by The Capital Group, which would reenforce the Committee's commitment to provide participants outstanding financial education. With the aforementioned document review in process, Litscher introduced the guidelines but noted tabling discussion and potential implementation until more pressing matters were complete.

ADJOURNMENT

A motion was made by Peguero, seconded by Bishop, to Adjourn. The motion passed by voice vote/other.