

Defined Contribution Investment Committee
Montgomery County Public Schools Employees
Tax Sheltered Savings Plan and
Deferred Compensation Plan (“Plans”)

MINUTES OF THE QUARTERLY MEETING

August 4, 2022
(via videoconference)

OPEN SESSION

Committee Members Present: Susan Chen, Vice Chair
Craig Pernick, Chair
Robert Reilly
Oriole Saah
Dan Savino

Others Present: Cathy Jewell
Phoebe Kuan
Mangala Murthy
Oleg Peltsman
Cristina Vidal
Jordan Cipriani, RVK Inc.
Samia Khan, RVK Inc.

Call to Order/Approval of Minutes

Craig Pernick called the open session of the Defined Contribution Investment Committee (“Committee”) meeting to order at 1:04 p.m. The Committee reviewed a draft of the open minutes for the June 3, 2022, meeting. A motion was made for the approval of the minutes, and it was seconded. The Committee unanimously approved the open meeting minutes.

Investment Performance Analysis Q2 2022

Jordan Cipriani reviewed the performance of the capital markets in Q2 2022. Quarter-to-date, global indices posted losses due to tightening of monetary policy around the world and revision downward of economic growth estimates. Defensive stocks showed positive returns year-to-date as investors rotated to sectors that generally outperform during market downturns and recession.

The plan performance review showed that investments (Tier 1, Tier 2, and Tier 3) performed largely in line with their indices. Most participants continue to use the Vanguard Target Date Funds as their primary investment fund.

Legislative & Regulatory Overview

Samia Khan reviewed retirement legislation and provided updates on Department of Labor (“DOL”) regulatory activity and DC plan litigation. The Setting Every Community Up for

Retirement (“SECURE”) Act of 2019 was the first major retirement-related legislation enacted since the 2006 Pension Protection Act. SECURE 2.0, a bipartisan bill, builds upon the SECURE Act by adding a number of retirement reform provisions. The most notable provisions include increasing the catch-up contribution limit and designating such contributions as Roth, as well as the gradual increase of the age for required minimum distribution (RMD) from 72 to 75. Final passage of SECURE 2.0 is likely in late 2022. She provided an overview and update on the Pooled Employer Plans, which is a reasonable choice for small businesses rather than of MCPS.

In addition, Ms. Khan provided regulatory updates on DOL ESG & Proxy Voting Proposed Regulations, Cryptocurrencies in DC Plans, DOL PE Supplemental Statement, and IRS RMD Proposed Regulations, stating that no action needs to be taken now. In addition, she presented an update on the litigation environment and recent litigation cases. High litigation risks increased fiduciary insurance costs. She commented that MCPS does well with fiduciary governance.

Closed Session

A motion was made to move to a closed session, and it was seconded. The Committee unanimously approved the motion. The meeting went into closed session at 1:38 p.m.

Next Meeting

The next quarterly meeting will be held on November 3, 2022.

Upon a motion duly made and seconded, the meeting was adjourned at 2:31 p.m.

Respectfully submitted,
Oleg Peltsman