

AGENDA ITEM DETAILS

Subject: Review, Discussion and Consideration of Recommended updates to TexaSaverSM 401(k)/457 Investment Policy – (Action)

RECOMMENDED ACTION:

Move that the Board of the Employees Retirement System of Texas approve the TexaSaverSM 401(k)/457 Program Investment Policy attached as Exhibit A of this agenda item.

Background:

The Employees Retirement System of Texas (ERS) administers the TexaSaverSM 401(k) and 457 Program (TexaSaver program or program) tax-deferred supplemental retirement options on behalf of the State of Texas. The 457 plan is established in accordance with Section 457(b) of the Internal Revenue Code. The 401(k) plan is established in accordance with Section 401(k) of the IRC. The TexaSaver program is designed to help state and eligible higher education employees save and invest through payroll contributions directed to selected investment options.

During its May 22, 2019 meeting, the ERS Board of Trustees awarded the program's administrative services to Great-West Life and Annuity Insurance Company (Empower Retirement). The investment advisory services were awarded to Advised Assets Group, LLC (AAG).

TexaSaver 401(k)/457 Program Investment Policy (Investment Policy)

The Program's Investment Policy is designed to define the investment philosophy and strategy of the Program and investment options available to participants, outline the performance-monitoring evaluation measures, and establish the fund selection process to be employed. The Investment Policy serves as guide for the effective supervision, monitoring and management of the investment options available under the Program. The Investment Policy is designed to allow for sufficient flexibility in the management oversight process while also setting forth parameters to promote the exercise of appropriate prudence and care with respect to the investment options available under the Program.

The Investment Policy was previously presented to the Board for approval on August 23, 2017 and Reviews are completed periodically. Proposed changes to the Investment policy are presented to the Board for consideration and review.

The proposed updates to the Investment Policy were formulated in collaboration with AAG Investment Advisory Committee and TexaSaver's Product Review Committee (PRC). These proposed updates were presented to the Board for consideration in redline format. The Board had an open period to provide comments and additional edits to Investment Policy; this period began on August 20, 2020 and extended through October 20, 2020.

During the December 8, 2020 meeting, the finalized Investment Policy will be presented to the Board for final consideration and approval.

ATTACHMENTS:

1. Exhibit A – TexaSaver 401(k)/457 Program Investment Policy (Investment Policy)
2. Slides – Recommended updates to TexaSaver 401(k)/457 Investment Policy