

AGENDA ITEM DETAILS

Subject: Review of TexaSaver 401(k)/457 Program Compliance and Operational Updates

Background:

TexaSaverSM 401(k) and 457 Program

The ERS Board of Trustees serves as the trustee and Plan Administrator for the TexaSaver 401(k) and 457 Program (collectively known as the TexaSaver program). The TexaSaver program operates solely in the interest of participants and their beneficiaries. The TexaSaver program provides diversified investment choices allowing participants to meet their varying needs and risk tolerance levels. Participants can defer compensation and use the defined contribution TexaSaver program to supplement the defined benefit retirement annuity. The plan has more than \$4.7 billion in assets under management and 116,597 contributing participants. Assets in the plan grew \$2.5 million during the plan year.

Plan Management

As part of the TexaSaver program oversight, ERS:

- Ensures compliance with contract requirements, timeliness of performed services, and protection of financial interests;
- Works with the TexaSaver third party administrator to offer planning tools, financial and retirement planning education and advice, as well as a full suite of investment choices;
- Evaluates the performance of the TexaSaver program's core mutual fund options and collective investment trust offerings in partnership with the Product Review Committee, and
- Evaluates the effectiveness and efficiency of programs through data analytics, research and regular evaluation of best practices.

Both the 401(k) and 457 Program have their own eligibility rules and processing requirements.

Contracting and Vendor Performance Management

ERS provides access to competitive and comprehensive benefits by managing the administrator contract in a manner compliant with applicable regulations while offering the best value to members and participants. ERS manages this commitment through the development and administration of effective vendor Contracts. Exhibit A provides an overview of the contract monitoring process in use by the Group Benefits division plan managers.

Plan-Specific Updates

Exhibits A through C include plan-specific information, compliance information, key statistics and a compliance summary specific to TexaSaver 401(k) and 457 plans. This information provides the ERS Board of Trustees with a comprehensive and accurate performance report for each plan and its corresponding contracted vendor.

The programs contract with two vendors, Empower Retirement and Advised Assets Group (AAG). While AAG had minor issues, Empower Retirement experienced a critical issue connected to the automatic enrollment process over a limited period. As a result, minor and moderate issues occurred in connection with the critical issue. Corrective action occurred and the issue has not resurfaced.

This is an information item only. No action is required.

ATTACHMENTS:

1. Exhibit A – Group Benefits Division Plan Manager Contract Monitoring Overview
2. Exhibit B – Texa\$aver 401(k) and 457 Plans Updates and Compliance
3. Exhibit C – Texa\$aver 401(k) and 457 Plans Deferred Compensation Enrollment
4. Slides – Texa\$aver Compliance and Operational Update