



# **DEFERRED COMPENSATION 457(b) ADVISORY COMMITTEE Minutes**

September 26, 2025  
9:30 a.m. – 11:30 a.m.

700 H Street, Sacramento, CA 95814  
4<sup>th</sup> Floor, Large Conference Room

## **DEFERRED COMPENSATION ADVISORY COMMITTEE**

Member	Role	Present	Absent
Sylvester Fadal	Plan Administrator	X	
Chad Rinde	Ex-Officio Member	X	
Dave Irish	Retiree Member		X
Chris Giboney	Member	X	
Dalen Fredrickson	Member	X	
Hang Nguyen	Member	X	
Chris Baker	Member		X
Kim Nava	Member	X	
Ethan Dye	Member	X	
Joeph Angelo	Member	X	
Vacant	Member		X

Quorum = 6      We have a quorum: **Yes**

## **DEFERRED COMPENSATION WORKING COMMITTEE**

Member	Role	Present	Absent
Alice Krueger	Personnel Services - Member	X	
So Lo	Personnel Services - Member	X	
Tracy Daniels	Personnel Services - Member	X	
Bernard Santo Domingo	Finance - Member		X
David Matuskey	Finance - Member	X	
Ashley Wisniewski	County Counsel - Member	X	

## **GUESTS**

Name	Organization	In-Person	Remote
Brent Petty	NWCM		X
James Robbins	Personnel Services	X	
Noah Zahnd	Fidelity	X	
Suzanne Rogers	Fidelity	X	
Joanne Steel	Fidelity	X	
Roger Davis	Fidelity	X	
Neil Delaney	Fidelity		X
Jeff White	Fidelity		X

Item #	Presenter	Item	Attachment Consent
1.	Personnel Services	Call to Order and Roll Call	
Alice Krueger called the meeting to order at 9:30 AM. Roll call was conducted, and a quorum was confirmed.			
2.	Personnel Services	Approval of Meeting Minutes – June 6, 2025	Attachment Consent
Chad Rinde asked for some minor editing of the meeting minutes. No other public comments on the June 6, 2025, meeting minutes. Chad Rinde motioned to approve with the edits, seconded by Ethan Dye. There were eight votes to approve, and the motion passed.			
3.	Personnel Services	Public Comments on Off Agenda Items	
There were no public comments on off-agenda items.			
4.	Plan Administrator Sylvester Fadal	Comments from Plan Administrator	
There were no comments from Sylvester Fadal. There were no public comments on this agenda item.			
5.	Personnel Services	Contracts	
<p>Alice Krueger provided an update on contracts. There is a contract amendment with Fidelity for QDRO services in negotiation and review process and once completed, these services will shift to Fidelity.</p> <p>Dalen Fredrickson asked about QDRO processes in relation to child support orders. He commented that processing QDROs is important and supports the Department of Child Support Services and protects families. Alice Krueger let him know that the plan responds and processes these court orders when they are received and holds are placed on accounts during the process. There were no other public comments on this agenda item.</p>			
6.	Personnel Services	Audits	
<p>The Department of Finance finished the internal audit and sent findings for review to Personnel Services. A response will be prepared.</p> <p>Moss Adams did not complete the limited scope review prior to the contract expiring, and there have been some issues with the re-contracting. We hope to complete an RFP in 2026 for ongoing auditing services for full-scope annual audits of the plans.</p> <p>There were no public comments on this agenda item.</p>			
7.	Personnel Services	Communications to Participants	

Messaging that was successful in 2024 was repeated in 2025 for General Salary Increases and PEPRA messaging for those in SCERS tiers that need more deferred compensation saving for retirement security. The results from the PEPRA messaging showed a 4% take-action rate with increased deferrals. Additionally, a number of these participants updated their beneficiary information. General Salary Increase messaging was done in batches this year as bargaining agreements were ratified and approved by the Board at different times.

Annual messages also include adding a beneficiary or reviewing and updating your beneficiary for participant's accounts, Black History Month, Women's History Month, Financial Wellness Month, America Saves Week, and National Retirement Security Month.

Joe Angelo asked if metrics are available by Department, by bargaining unit, by ethnicity, by income level, and people of color. He stated that unions have stated that those at the lower end of the pay scale are struggling with participating due to other financial commitments. Suzanne Rogers from Fidelity recommended targeted workshops for specific demographics. Alice Krueger talked about demographics available in the HRIS system and Fidelity file feeds and we will see more data on this in the Fidelity presentation later in this meeting. Department is being added to the file feeds, there has been some issues with the file between the Department of Technology and Fidelity that is being worked on. However, retirement tier, income level, bargaining unit, age, years of service, etc., have all been part of the data. Joe Angelo suggested listening sessions and/or information sessions with the bargaining units to dig into the barriers. Kim Nava liked the idea of listening sessions and offered support from the Public Information Office for facilitation. Chad Rinde stated he would also like to join these. This idea will be looked at for implementation in 2026.

Chad Rinde asked about messaging during the current market environment about sticking it out and staying the course instead of trying to time the markets. Fidelity does have messaging and courses on this topic and market volatility. Chis Giboney asked about statistics on pre-tax versus post-tax Roth participation year over year. Suzanne Rogers mentioned some general statistics that from 2022 to June of 2025 participation in the pre-tax Roth contributions have increased from 18% to 24%. She stated that 41 is the median age with County 457(b) Roth accounts. Ethan Dye mentioned historical data from 2008 and 2009 that people stopped putting into the 457(b) or reduced contributions and this may be seen again in the current economic uncertainty.

Messaging to those making more than \$145,000 in 2025 that are or will be age 50+, as the catch-up contributions will be post-tax ROTH for these individuals will be done later this year. This does include the age 60-63 catch-up but does NOT include the special 3-year catch-up program. Fidelity asked if the Sheriff's Office is not putting into Social Security, but response was that Sheriff's Office employees do put into Social Security unless they are a Part-Time, Seasonal, or Temporary employee.

There were no other public comments on this agenda item.

8.	Personnel Services	Ongoing Advisory Committee Training	
<p>Last meeting we had a review of our Vanguard funds including Target Date Funds, which are our Qualified Default Investment Alternative (QDIA) on our plan. After today's meeting we will review legal updates and lessons from the courtroom for deferred compensation plans. We will repeat Brown Act and Fiduciary training at regular intervals. Please let Alice Krueger know if there are other topics you would like to see in the future.</p> <p>There were no public comments on this agenda item.</p>			
10.	Personnel Services	Plan Document Revisions	
<p>Several plan amendments were approved by the Board of Supervisors this week to be effective as of October 5, 2025, including adding multiple bargaining units to employer matching in the 401(a) plan if employees are participating in the 457(b) plan. For most line-level employees this is a new 3% match and for management it is an increase to a 5% match. Attorneys already had a 5% match beginning in pay period 1 of 2025.</p> <p>Additionally, if employees take an unforeseen emergency withdrawal, they no longer are required to pause contributions. The plan document removed the pause requirement making it a choice of participants to continue or pause contributions.</p> <p>The changes also added the term Investment Committee which extends ex-officio officer status to the Director of Personnel Services and allows joint decision making for the ex-officio officers. Thus, the Plan Administrator, Director of Finance, and Director of Personnel Services will have joint decision-making authority over the deferred compensation plans with the Plan Administrator maintaining veto authority. This will allow for balanced input on investment decisions and administration of the plan.</p> <p>As more bargaining agreements are made, the Plan Administrator or their designee may amend Appendix C of the Plan Document to reflect newly participating bargaining units in auto enrollment or auto escalation.</p> <p>With the addition of more bargaining units in the 401(a)-plan, the size and scope of this plan is increasing. To add to the fiduciary oversight, the 401(a)-plan oversight is added to both the Investment Committee for decision making and the advisory committee for fiduciary oversight. The investment fund line-up is the same between the 457(b) and the 401(a) plans, thus review of both will be done in the same advisory committee meetings and plan administration items for the 401(a) will be added as needed to the agenda starting in our next advisory committee meeting.</p> <p>And one more item was added to the 401(a)-plan document to comply with Treasury Regulations. Specifically, the 457(b) plan has a provision for auto enrollment that if a participant does not opt out</p>			

<p>during the notice period and is auto enrolled in the 457(b) plan, they can choose to “unwind” their contributions and account if within the first 90 days of enrollment. If the participant “unwinds” their 457(b) account, there are no employee contributions to match, and thus any 401(a) employer matching contributions are forfeited. Forfeitures can be used for plan expenses.</p> <p>There were no public comments on this agenda item.</p>			
11.	Personnel Services	Deferred Compensation Annual Report Presentation	Attachment
<p>Each year an annual report is sent to the Board of Supervisors regarding specific information on the 457(b) and 401(a) plans. We will review the report now before it goes to the Board. Input for this report was requested as it can potentially be amended before the report is submitted. Alice Krueger reviewed the annual report slides with the committee.</p> <p>There were no public comments on this agenda item and no edits were provided.</p>			
12.	Fidelity	County of Sacramento Deferred Compensation Plans Presentation – Q2 2025	Attachment
<p>Suzanne Rogers from Fidelity gave a review of plan statistics on both the 457(b) plan and the 401(a) plan. Chris Giboney asked how many bargaining units have the auto enrollment and the match and Alice Krueger responded it is about two-thirds of the bargaining units. There are a few units that were not in bargaining this round and there are a few that are still in bargaining. Roger Davis commented that putting into 457(b) does not reduce the match, that participants can contribute more than the matching amount. Noah Zahnd reported that he had started working onsite at the County last week. There was discussion on messaging about picking funds beyond the QDIA for the new 401(a) account and they do not have to be the same as the funds selected in the 457(b) as well as the age 59-1/2 rule that applies to withdrawals for the 401(a) but not the 457(b).</p> <p>On slide 4 there was a question about Fidelity’s recordkeeper fees and Suzanne responded that they are about 2 basis points, \$9 per participant per quarter. It is to be noted that these fees from Fidelity were reduced to \$7.25 per participant per quarter in the new contract in 2025. On slide 14 there was discussion on focusing financial education on the Gen Z participants that are in conservative investments when their time horizon is on their side for markets to recover and for compound interest. Suzanne Rogers let the committee know that targeted messaging is being done by generation and by the age-appropriate level of the investing strategy. Several people in the meeting talked about receiving messages on this topic from Fidelity. The department data in this presentation is inaccurate and is due to file issues in adding department. This issue is being worked on by DTech and Fidelity.</p> <p>There were no other public comments on this agenda item.</p>			
13.	Fidelity	Fidelity Workplace Managed Account Update	Attachment

Joan Steel presented a managed account update along with virtual Fidelity participants Neil Delaney and Jeff White, who joined the meeting after 10:30 AM. On slide 7 “Alpha Levers” were discussed meaning the tools that can be used to customize investing, specifically Active Asset Allocation and Fund Selection. On slide 9, different situations of different demographic participants at the same age was reviewed. For our participants the defined benefit (pension) plan is shouldering more of the income needs in retirement and a discussion was had about how much the deferred compensation is supporting and if this is taken into account. If the participants are including this in the information they provide about their retirement resources, then yes. On slide 19, the County’s enrollment in managed accounts is just slightly above average at 8.9%. In the Investment Management *performance* section under Participant performance summary, the statistics for the 3, 5, and 10-year returns are net of fees. It was asked if participants in managed accounts think that they are getting value from their fees, as the delta between managed accounts performance versus target date funds was only seen at the 10-year return period and for less number of participants. There are surveys done for participants. Jeff White and Suzanne Rogers offered a demo of the Managed Account system in the future so that the committee can see what is seen by the participant. Sylvester Fadal and James Robbins both stated they would like that.

There were no other public comments on this agenda item.

14.	NWCM	457(b) Plan Highlights & Key Observations	Attachment
<p>Brent Petty reviewed the Plan Highlights and Key Observations for the 457(b) plan. He said that we will be doing a deeper dive into funds on the watch list at the December meeting. He mentioned that the Target Date Funds are popular for deferred compensation plans especially for those that want to save, but do not want the day-to-day oversight of the funds. Brent Petty recommended watching the Quarter 2 video which is an 8-minute market summary. He mentioned that the Feds may have a few more rate cuts this year when reviewing inflation data. In the Asset Class Returns on slide 8, he mentioned Emerging Markets were doing well and then it shifted to Equity. A diversified portfolio is important as it is hard to time the market with the drastic changes in performance over time of different types of funds in different market conditions. He said if you have a balanced portfolio over the last 15 years, you had consistent growth. He pointed out Developed Market International (DM Equity) is performing well so far this year. He also said that International Equity has been outperforming US Large Cap year to date in 2025. In Markets at a Glance on slide 9 he showed annualized performance and stated that a few bad years are offset by the good years.</p> <p>On slide 12 with the County’s summary of Assets in the 457(b) plan, the plan grew by 8.54% from the prior quarter. The net increases/decreases include contributions, market changes, and roll-ins from qualified retirement plans.</p> <p>On slide 13 Equity Performance, watch-list funds were reviewed. Fidelity Overseas is doing better and came off the watch list. Parnassus Core Equity Institutional, JP Morgan Equity Income, and JP Morgan</p>			

Small Cap Equity are still struggling and we will have more discussions at the December meeting if still struggling.

On Slide 14 Fixed Income Performance, the Baird Core Plus Bond that was instituted in the fund lineup as a replacement has been performing well. On Slide 16 Galliard Stable Value Performance, it was discussed that this is a conservative short-term bond fund similar to a money market fund in strategy. It doesn't lose when percentage rates are rising, although it did underperform the money market funds since the spike of interest rates and crediting rates. The market to book valuation is just over expenses and is insured by wrap providers for losses. The good news is it went from 90% funded to 97% funded, which is pretty good for this type of fund.

Joe Angelo asked about the impact to the market from tariffs over the next 6-12 months or 2 years. Brent Petty stated that there are tailwinds and headwinds. The S&P 500 recovery since the second quarter downturn in 2025 was the fastest ever in market history. The administration is saying it is a one-time hit and not long-term. Others are saying it is a perpetual inflationary item, basically a tax. Inflation has come down since the Spring, but not in the numbers, as the final rates for tariffs have not been set with all countries. Companies were digesting the tariffs and looking to suppliers to reduce costs. Companies largely absorbed the tariffs in the early summer. But now they are starting to pass them on to consumers. Fall and Winter will be telling for outcomes in the coming months. The Feds don't want to exacerbate a slowing economy. Changing of the Fed Chairman would spook markets and would be a geopolitical risk and scare markets. Also there are concerns about AI becoming mainstream. Is this a bubble? Or will there be efficiencies in the GDP that buoy returns?

There were no public comments on this agenda item.

15.	NWCM	JPMorgan Small Cap Equity – Fiduciary Review	Attachment
Brent Petty reviewed the JPMorgan Small Cap Equity Fund. This may become an action item if the poor performance continues. The fund is out of state with benchmarks. The alternatives may have similar performance in this type of fund and alternatives may not be motivating for a change. A review of similar funds to be performed and discussed at the December meeting.			
There were no public comments on this agenda item.			
12.	Finance	Q2 2025 Performance Update Watch List	Attachment
Dave Matuskey from the Department of Finance gave a brief update on the watch list performance.			
There were no public comments on this agenda item.			
13.	Finance	Defined Contribution Plans Portfolio Analysis for Year Ended June 30, 2025	Attachment
Dave Matuskey presented the Portfolio Analysis for the period ending the second quarter of 2025 and noted agreement with NWCM's presentation. There were no public comments about this agenda item.			
14.	Personnel Services	Adjournment	

The meeting adjourned at 12:16 PM.

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