



**MEETING MINUTES**  
**Carroll County Defined Contribution Plans – 401(k) and 457(b)**  
**May 21, 2018**  
**11am**  
**Human Resources (Room 124C)**

**In attendance:**

**Bolton (401k and 457B Consultant)**

Mike Beczkowski, Senior Consultant

**Pension Committee Members**

Charles Beckhardt, Technology Services

Rob Burk, Comptroller

Tim Burke, County Attorney

Werner Mueller, Retirement Plans Manager

Nancy Newcomer, Judicial Assistant

**Unable to attend:**

Kimberly Frock, Director, Human Resources

Deborah Effingham, Bureau Chief, Management & Budget

- Assets have been trending upward in both the 401k and 457b Plans. The 401k Plan has seen assets climb from \$ 72.8M as of 3/31/2017 to \$ 76.1M as of 3/31/2018. The 457b has seen a similar pattern with \$ 2.4M as of 3/31/2017 and over \$ 2.6M as of 3/31/2018. Not surprisingly, average and median account balances over the same time period have climbed as well.
- GDP has climbed from 1.8% to 2.3% over the past year. CPI has been steady at around 2.3%. U-6 unemployment ticked down from 8.1% in Q4 2017 to 8.0% in Q1 2018. U-6 provides a clearer employment picture as it accounts for those that are unemployed, underemployed, and those seeking work. Consumer Sentiment rose to the highest level in 17 years. The yield curve is beginning to flatten. If it becomes inverted, then that would typically signal a recession. Crude oil has now climbed to over \$ 70/barrel. This may have a mitigating effect on the Trump administration tax cuts.
- Over the past year or so, it has been clear that growth funds have outperformed value funds and, given the increase in volatility, actively managed funds have finally begun to outperform passively managed funds.

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- 10 year index returns are all positive. In a year from now, when the March, 2009 market lows are no longer reflected, those returns should be even higher (assuming the markets remain stable to up between now and then). Mike mentioned that perhaps Bolton will begin furnishing 15 year returns in order to capture the down cycle (2007 – 2009) and up cycle (2009 - ?).
- Since this meeting was 6+ weeks after quarter-end, Mike shared year-to-date investment returns. It's clear that Growth has outperformed Value. For example, TRP Growth Stock returned +5.2% year-to-date while Fundamental Investors & Washington Mutual – both Value – returned -0.2% and -0.3%, respectively. The year-to-date returns also show the outperformance of actively managed funds. For example, in the fixed income area, Dodge & Cox Income and Capital World Bond were each +0.3% while Vanguard Total Bond Market was -2.3%. This is attributed to active fund managers being able to be defensive within a rising interest rate environment.
- In the last 12 months, as of 3/31/2018, ALL actively-managed funds in the Plans have outperformed their benchmark and in the last 3 years, ALL of these funds were in the 1<sup>st</sup> or 2<sup>nd</sup> quartile vs. their Morningstar category. In general, the funds have been outstanding. There are no funds on "Watchlist" at this time.
- Mike acknowledged that the 17 fund options in the Plans are adequate in terms of breadth, diversity, and asset class coverage.
- When asked if there are potential pitfalls that could disrupt this ongoing bull market, Mike indicated that rising inflation could be problematic along with tariffs/trade wars and regulation of technology, as we've seen most recently with Facebook.

The next quarterly meeting will be Mon., August 20 @ 10am. Appointment e-mails to follow.....

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