

King County Employees Deferred Compensation Plan

Board Meeting Minutes

October 8, 2025

Board Members: AngaLee Alexander, Gennevie Cook (absent), Tom Friedman, Clara Gao, Grey Lewis, Jeff Lundt, Lisa Parriott, Sherry Stroud, and Lusha Zhou

Staff: O.C. Collier, Valerie Garza

Guest: Linda Eaves (participant), Rebekah Maldonado Nofziger (participant), Jayson Davidson of Morgan Stanley, and Craig Keim, and Guen Toste of T. Rowe Price

Participant / Employee Comments (Action Item)

There were no participant comments

Adopt August 2025 meeting minutes (Action Item)

Meeting minutes were approved

Adopt August 2025 special meeting minutes (Action Item)

Meeting minutes were approved

Adopt September meeting minutes (Action Item)

Meeting minutes were approved. Vote: Yes – 7, Abstain – 1 (Lisa), Absent – 1 (Gennevie)

Float Accumulation Credit (Discussion Item)

Sherry recounted that the decision on the float accumulation credit is pending until the Third-Party contract is signed and the fee subcommittee has an opportunity to review the fees. In response to a question O.C. answered when the funds are requested from T. Rowe Price to cover the administrative costs that's done on a quarterly basis – it includes the float account deposit. Lisa commented that monies not spent at the end of the year are carried over to the next year.

Managed Payout and Managed Lifetime Income Update (Discussion Item)

Guen Toste and Craig Keim of T. Rowe Price presented to the board on the Managed Payout and Managed Lifetime retirement income solutions. Most of the board attended one or more online demonstration meetings. A consolidated Q&A was sent out via email to the board. Proposed action will occur at the November meeting. Guen clarified in response to questions: there is no age limit with respect to the payment calculations for Managed Payout; the annual payout per unit targets 5% of the trust's average monthly net asset value over 5-years, based on an endowment spending model; the Managed Lifetime Income includes a qualified deferred annuity contract (IRS qualified with inclusion in an institutional plan) and an age restriction of 70 (IRS maximum allowable age) as Qualified Longevity Annuity Contract (QLAC) payments must begin age 85. The program assumes 15 years of payments from the Managed Payout followed by 15 years of payments for QLAC. The King County Plan rules allow source specific investment options. Monthly payments distributed to participants via MPP are subject to the same tax implications as another other installment distribution (i.e., taxed based on source). For example, if a participant has 100% of their "ABC Fund" invested in Roth and elects to move only the "ABC Fund" into

the managed payout option, their MPP distributions would be non-taxable. The recordkeeping system is smart enough to figure out once you reach age RMDs to ensure that you take the full amount of RMDs; if the RMD is greater, the remaining amount for that year would be paid on a pro rata basis out of all remaining investments in the plan. Earlier in one's lifecycle the 5% payment generally meets the RMD, the recordkeeping system knows and will compare with what you need. Plan participants will be able to see the MPP and MLI options starting at age 55, and will be eligible to enroll once they are at least age 59.5 and terminated. With MPP, two managed payout vintages (income sleeves) would be added to the Plan 2025 Income and 2025 Income. There are no additional fees for the managed payout investments. For MLI, the QLAC fees are implicit, meaning they are built into the quoted income payouts. They vary based on age and benefits type; single, J&S 50% and J&S 75%. The income payouts do not otherwise vary by gender or health status.. A QLAC can only be purchased with pre-tax monies. Guen added that many institutions from a fiduciary standpoint consider managed payout as 'low hanging fruit' due to its flexibility. The annuity once purchased cannot be changed except for the survivor benefits; however, within 90-days of purchase, a participant can contact the insurer to cancel their QLAC. . The board discussed the benefits of Managed Payout for employees, that further education on QLAC was needed along with guidance from Morgan Stanley before the board voted. O.C. would also need to report back on the effect of offering these programs on the fiduciary insurance premiums.

NAGDCA Report Out (Discussion Item)

O.C. reported out on that she attended the session [Effective Governance and Fiduciary Excellence in Public Sector DC Plans] focused on the review of fees – it was good refresher for those attending. The fee subcommittee has a lot to consider such as lower account balances – is it fair and equitable to have them pay a fee? There were two sessions on AI [Harnessing AI and Shared Responsibility in Cybersecurity] that raised fraud as a concern. The board will need to take a deeper dive into how the Third-Party Administrator is using AI. Grey shared concerns regarding a session on private equity options where the panelists favored their inclusion. Separately, he suggested annual fiduciary training for the board. AngaLee added there was a lot of good information shared and opportunities to connect with the other board members. As the days went on the information made more sense. Clara brought up discussions with other jurisdictions on employer matches and asked what the hurdles are of getting an employer match.

Report of the Chair/Co-Chair

Elections occur in fourth quarter; we will be voting on the Board Chair and Vice Chair in December along with board member renewals.

Report of the Plan Administrators

O.C. reported on the activities she is currently working on in addition to the daily tasks:

- ❖ The third-party contract is still in negotiations. A new procurement staff member was assigned and O.C. is connecting with them for a more detailed status.
- ❖ The financial advisor RFP was posted on 10/1 and is open for 30 days. O.C. will forward

meeting placeholders to the subcommittee.

- ❖ The budget transmittal for the 2025 increase has been sent over to Council.
- ❖ Community engagement and education events attended within the last month:
 - 9/17 – Wastewater Treatment Division – South Plant Maintenance
 - 9/18 – Department of Public Health – Jail Health Services Seattle
 - 9/23 – 9/25 – Metro Wellness Fair