

Finance Committee Meeting

October 19, 2022



10/19/22 FINANCE COMMITTEE MEETING DETAILS

Meeting Details

Meeting Agenda

Welcome

Roll Call

Public Comment

Approval of Minutes

Information / Discussion / Action Items

Other Business

Adjournment

What: Finance Committee Meeting

When: Wednesday, October 19, 2022
2:30 p.m. – 4:00 p.m.

Where: Virtual via Zoom:

Link: <https://careersourcecf.zoom.us/j/85427912679?pwd=MW15UGRNcklyOTNrb1RkMy80dzdsZz09>

Dial In: 1 (929) 205-6099 / Meeting ID: 854 2791 2679
Passcode: 848406

10/19/22 FINANCE COMMITTEE MEETING AGENDA

Agenda Item	Topic	Presenter	Action Item
1.	Welcome – Introducing New Committee Member	Eric Ushkowitz	
2.	Roll Call / Establishment of Quorum	Kaz Kasal	
3.	Public Comment		
4.	Approval of Minutes <u>A. 6/8/22 Finance Committee Meeting</u>	Eric Ushkowitz	X
5.	Information / Discussion / Action Items <u>A. Finance Committee Charter – Annual Review</u> <u>B. Financials</u> <u>C. FY 2022-23 Budget Adjustments</u> <u>D. 403(b) Retirement Plan Review</u> <u>E. Amendment to Accounting Policy – Check Signature Authority</u>	Committee Discussion	X X
6.	Other Business		
7.	Adjournment		

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► Welcome

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Adjournment

WELCOME



Meeting Details

Meeting Agenda

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Other Business

Adjournment

ROLL CALL



Meeting Details

Meeting Agenda

Welcome

Roll Call

► **Public Comment**

Approval of
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Other Business

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PUBLIC COMMENT



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Meeting Agenda

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APPROVAL OF MINUTES





DRAFT
Finance Committee Meeting

Wednesday, June 8, 2022
2:30 p.m.

MINUTES

MEMBERS PRESENT: Eric Ushkowitz, Glen Casel, Keira des Anges, Shawn Hindle, Manuel Rascon and Matt Walton

MEMBERS ABSENT: Wendy Brandon

STAFF PRESENT: Leo Alvarez, Mimi Coenen, Sean Masherella, Merline Ulysse and Kaz Kasal

Agenda Item	Topic	Action Item / Follow Up Item
1	Welcome Mr. Ushkowitz, Finance Committee Chair, called the meeting to order at 2:31 pm.	
2	Roll Call / Establishment of Quorum Ms. Kasal, CSCF Executive Coordinator, reported a quorum present.	
3	Public Comment None Offered.	
4	Approval of Minutes Finance Committee reviewed the minutes from the 4/20/22 Finance Committee meeting.	Mr. Walton made a motion to approve the minutes from the 4/20/22 Finance Committee meeting. Mr. Hindle seconded; motion passed unanimously.
5	Information	
	<u>Financials</u> Reviewed financials through 4/30/22, as well as comparison current year vs. previous year (attachment). . <u>Approval of Fiscal Year 2022-2023 Draft Budget</u> Reviewed Fiscal Year 2022-2023 Draft Budget (attachment) <u>Finance Enterprise Resource Planning (ERP) System Upgrade Recommendation</u> Reviewed action memo on benefits of CSCF changing to a new ERP system and staff recommendation that Sage Intacct presents best fit for CSCF.	Mr. Walton made a motion to move to Board the recommendation to approve FY 2022-2023 draft budget. Mr. Casel seconded; motion passed unanimously. Mr. Walton made a motion to move to Executive, then to Board the recommendation for staff to complete contract negotiations and select Sage Intacct as the vendor of choice for CSCF's new Financial ERP



	<u>Fiscal/Programs Monitoring RFP</u> Reviewed action memo on procurement process for year-round fiscal and programmatic monitoring and Review Team (consisting of Mr. Ushkowitz and Mr. Alvarez) recommendation to select Taylor Hall Miller Parker, P.A. (attachment).	system. Ms. des Anges seconded; motion passed unanimously. Ms. des Anges made a motion to move to Executive, then to Board the recommendation to complete contract negotiations and select Taylor Hall Miller Parker, P.A. as the vendor of choice for fiscal and programmatic monitoring services. Mr. Walton seconded; motion passed unanimously.
6	Other Business None offered.	
7	Adjournment Meeting adjourned at 3:02 p.m.	

Respectfully submitted,

Kaz Kasal
 Executive Coordinator

Meeting Details

Meeting Agenda

Welcome

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Public Comment

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Action Items

Other Business

Adjournment

INFORMATION / DISCUSSION / ACTION ITEMS





Finance Committee Charter

Purpose:

The Finance Committee reports to the Board of Directors and is charged with providing review, policy guidance and strategic oversight of the Board's financial matters to include:

1. Develop the Board's annual budget and review regularly; approve amendments as necessary.
2. Oversee the accounts of the Board and review of the Board's periodic financial statements,
3. Financial oversight of the Board's retirement plan and employee benefits plan.
4. Oversight of all Board real estate activities.

Responsibilities:

- Provide ongoing evaluation of the Board's budget and recommend appropriate action to the Board as necessary.
 - *Metric: Evaluate the Board's budget against expenditures to ensure alignment between expenditures and approved budget. Make adjustment recommendations when necessary.*
- Develop a new budget each year for submission to the Board for approval.
 - *Metric: Present a budget that is approved by the Board and Consortium each year in June.*
- Review periodic financial statements of the Board, making recommendations for action to the Board as needed.
 - *Metric: Review periodic financial statements to ensure full compliance. The goal is an unqualified audit opinion each year from an independent auditor.*
- Regularly review the retirement plan and benefits for CareerSource Central Florida employees.
 - *Metric: Review plan assets and make plan adjustments when necessary with the goal of increasing the overall quality of the plan.*
- Recommend appropriate action to the Board regarding the addition, deletion or major structural changes to leased offices.

Skills/Expertise:

- Willingness to serve through Board participation and engagement with the organization.
- Interest in board leadership.
- Prior experience as a board member desired.
- Prior experience with financial oversight or operations desired.

**Structure:**

- The Board Treasurer is the Chair of the Finance Committee. The Committee Chair and is responsible to report on the Committee activities at the full Board meetings.
- The Chair of the Board will appoint other members of the Committee who are recommended by the Treasurer.
- The Committee will consist of at least three members.
- Meetings shall be held not less than four times per year.
- Agenda and minutes are kept and published on the CareerSource Central Florida website and supplied to committee in written form via email one week prior to meetings.

**CareerSource Central Florida
Budget vs. Actual Report (Summary)
As of 09/30/22**

CSCF Budget FY 2022 - 2023			
Funding Sources	Total Revenue		
Carry In Funds From FY 21 - 22	27,390,961		
FY 22 - 23 Award	29,880,026		
Award Total - Available Funds	57,270,987		
LESS planned Carryover For FY 23 - 24	(13,270,987)	Actual	% of
Total Available Funds Budgeted	44,000,000	Expenditures	Expenditures

PROGRAM**Authorized Budget**

Salaries/Benefits	19,543,000	4,142,428	21.2%
Training Investment	18,085,000	5,676,414	31.4%
Professional Services	950,000	436,971	46.0%
Outreach	800,000	96,530	12.1%
Infrastructure/Maintenance & Related Cost	2,725,000	655,232	24.0%
IT Cost/Network Expenses	1,452,000	320,440	22.1%
Staff Development & Capacity Building	445,000	83,306	18.7%
EXPENDITURES	44,000,000	11,411,322	25.9%

10/18/2022 1:54 PM

**CareerSource Central Florida
Current Year Budget and 2 yr Expenditure Comparison
As of 09/30/22**

	CY	PY	\$	%
Funding Sources	Revenue	Revenue	Difference	Difference
Carry In Funds From FY 21 - 22	27,390,961	10,857,752	16,533,209	
FY 22 - 23 Award	29,880,026	39,542,248	(9,662,222)	
Award Total - Available Funds	57,270,987	50,400,000	6,870,987	
LESS planned Carryover For FY 23 - 24	(13,270,987)	(8,400,000)	(4,870,987)	
Total Available Funds Budgeted	44,000,000	42,000,000	2,000,000	4.8%

	Budget	CY Expenditures	PY Expenditures	\$ Difference	% Difference
Salaries/Benefits	16,715,273	4,142,428	3,621,767	520,662	14.4%
Training Investment	18,200,000	5,676,414	5,157,660	518,754	10.1%
Professional Fees	1,315,000	436,971	112,173	324,798	289.6%
Outreach	500,000	96,530	39,141	57,389	146.6%
Infrastructure/Maintenance & Related Cost	3,277,727	655,232	491,678	163,555	33.3%
IT Cost/Network Expenses	1,587,000	320,440	231,057	89,383	38.7%
Staff Development & Capacity Building	405,000	83,306	48,786	34,520	70.8%
TOTAL EXPENDITURES	42,000,000	11,411,321	9,702,261	1,709,060	17.6%

	BUDGET	CY ACTUAL	PY ACTUAL
ITA %	30.0%	49.0%	47.8%
ADMINISTRATIVE COST %	10.0%	9.0%	9.2%

FISCAL YEAR 2022/23 BUDGET ADJUSTMENT – 1ST QUARTER

Agenda Item 5C

	<u>Current</u>	<u>Revised</u>	<u>DIFFERENCE</u>	<u>%</u>
Reserves from Prior Year	\$28,362,798	\$27,390,961	(\$971,837)	
Current Year Funding Allocation	\$26,409,937	\$26,380,026	(\$29,911)	
Current Year Funding Non-DEO	\$3,500,000	\$---	(\$3,500,000)	
Orange County – ARPA	\$ ---	\$5,000,000	\$5,000,000	
NEG – Hurricane Ian	\$ ---	\$1,750,000	\$1,750,000	
CSF – Single Mothers Initiative	\$ ---	\$500,000	\$500,000	
Available Revenue	\$58,272,735	\$61,020,987	\$2,748,252	
Planned Reserves For FY 22 - 23	(\$14,272,735)	(\$16,020,987)	(\$1,748,252)	
Total Budget	\$44,000,000	\$45,000,000	\$1,000,000	2.3%

Additional Funding In Process:	<u>Amount</u>
Orange County CCC - Youth Initiatives: (12/2022 to 12/2023)	\$1,200,000



FISCAL YEAR 2022/23 BUDGET ADJUSTMENT – 1ST QUARTER

		Original Revenue	Adjusted Revenue		
Reserves From Prior Year		27,390,961	27,390,961		
Current Year Funding Allocation		29,880,026	33,630,026		
Award Total - Available Funds		57,270,987	61,020,987		
LESS planned Carryover For FY 22 - 23		(13,270,987)	(16,020,987)		
Total Available Funds Budgeted		44,000,000	45,000,000	\$ 1,000,000	2.3%
		Original Budget	Proposed Revised Budget		
Expenditure Category					
Salaries/Benefits		19,543,000	19,793,000	250,000	
Training Investment		18,085,000	18,835,000	750,000	
Professional Services		950,000	950,000	-	
Outreach		800,000	800,000	-	
Infrastructure/Maintenance & Related Cost		2,725,000	2,725,000	-	
IT Cost/Network Expenses		1,452,000	1,452,000	-	
Staff Development & Capacity Building		445,000	445,000	-	
EXPENDITURES		44,000,000	45,000,000	1,000,000	2.3%



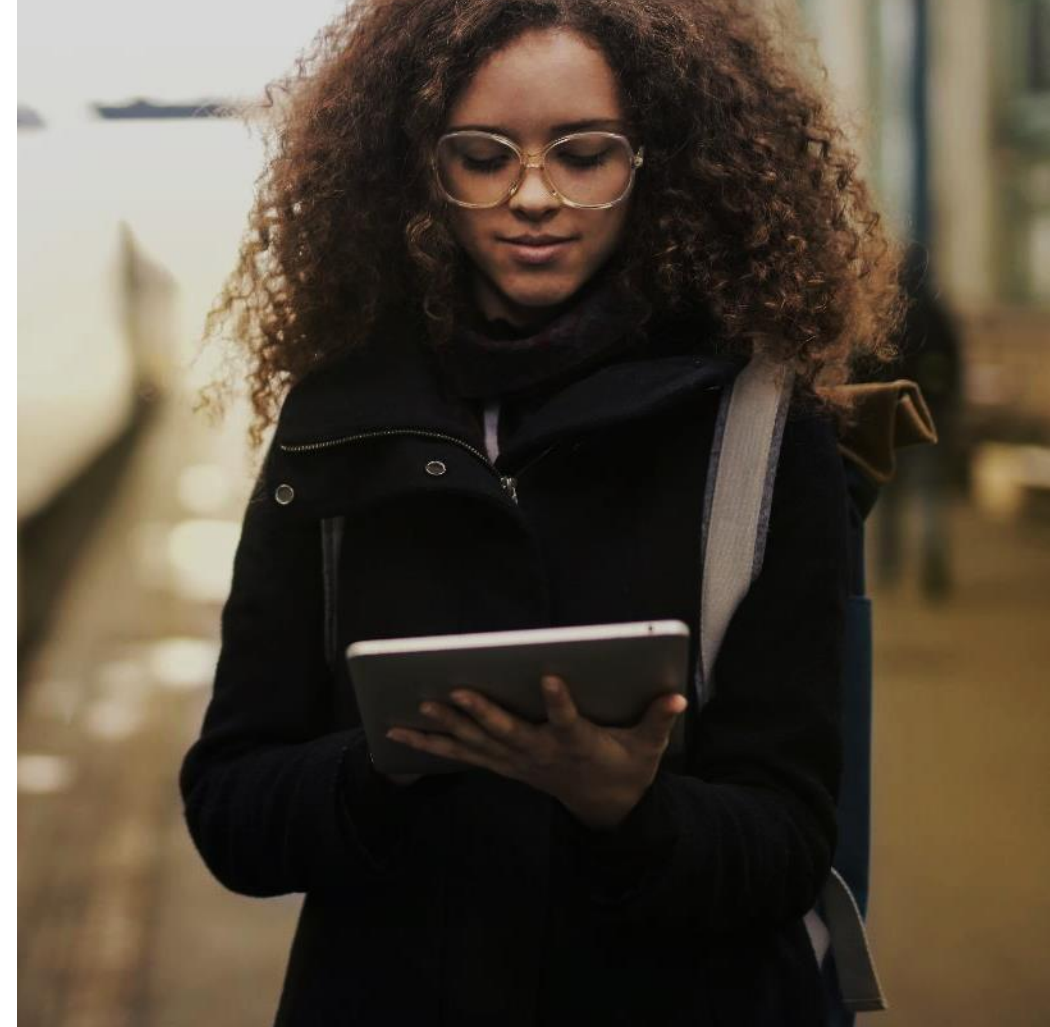
CENTRAL FLORIDA REGIONAL WORKFORCE DEVELOPMENT BOARD, INC.

RETIREMENT PLAN REVIEW

AGENDA

October 19, 2022
10:30AM - 11:30AM EST

- I. Administrative Update
 - Plan Provisions
 - Key Success Metrics
- II. Employee Engagement
- III. Quarterly Monitoring Report (QMR)
 - Investment Monitoring Enhancements
 - 100-Point Scoring System
 - 3Q22 QMR Review
- IV. Markets In Focus
- V. Legislative & Regulatory Update
- VI. Additional Discussion Items



PLAN PROVISIONS

Aspect of Plan Design	Plan Provisions
Plan Name	CareerSource Central Florida 403(b) Plan
Plan Provider and Contract Number	Principal Financial Group – 623601
Plan Year	July 1 – June 30
Eligibility	Employee Deferrals: None Employer Contributions: Age 21 Service: 6 Months of Service Exclude: Employees who normally work less than 20 hours per week; student employees
Entry Date	Monthly (Coinciding with or next following satisfaction of eligibility requirements)
Contribution Types	Elective deferrals (Pre-Tax & Roth), Rollovers, Employer Matching Contributions, Employer Discretionary Profit-sharing Contributions
Automatic Contribution Election	4% - EACA
Automatic Escalation	1% up to 6%
Employee Elective Contributions	1% to 100% of your compensation on a pre-tax or Roth basis and/or \$20,500 (2022; \$1,000 increase)
Catch-Up Contributions	Yes, participants age 50 or older may contribute an additional \$6,500 (2022; no increase)
Change in Contribution Amount	Monthly
Change in Investment Options	Anytime
Match Contribution	100% on the first 8% of pay
Non-Elective	Discretionary
Vesting	Employee elective contributions and rollovers are always 100% vested. Employer Matching Contributions and Employer Discretionary Profit-sharing Contributions: (Less than 1YR-0%, 1YR -25%, 2YR-50%, 3YR 100%)
Withdrawals	Participants may withdraw a portion or all of their account due to: retirement, disability, death, termination of employment. In-service distributions are permitted at age 59½.
Loans	Loans are permitted. Participants can have 1 loan outstanding at a time; minimum loan amount is \$1,000; interest repayments are based on Prime Rate +1%..
Retirement	Age 65 – No early retirement provided
Contact Information	Principal Financial Group 800-258-9041 http://www.principal.com

Data provided by Principal Financial Group and believed to be true and accurate





Eligible 229
Participants Deferring 215
Terminated 50
Participation Rate 93.9%



Average Deferral Rate (Eligible) 6.0%
Average Deferral Rate (Active) 6.6%



Total Plan Assets \$7.61M
YOY Growth -13.47%
QDIA Assets 6.28M (85.6%)
Single TDF Holders 228
Partial TDF Holders 25

Data provided by Principal Financial Group and believed to be true and accurate

METRICS OF SUCCESS

Participation

90

Deferral

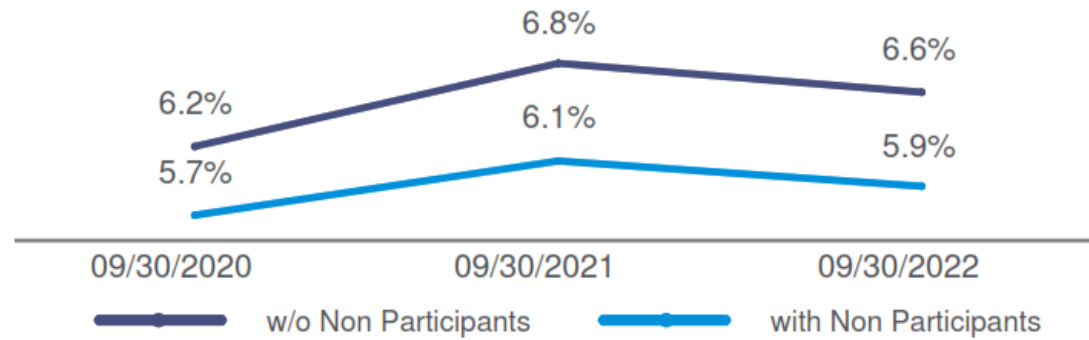
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Diversification

90

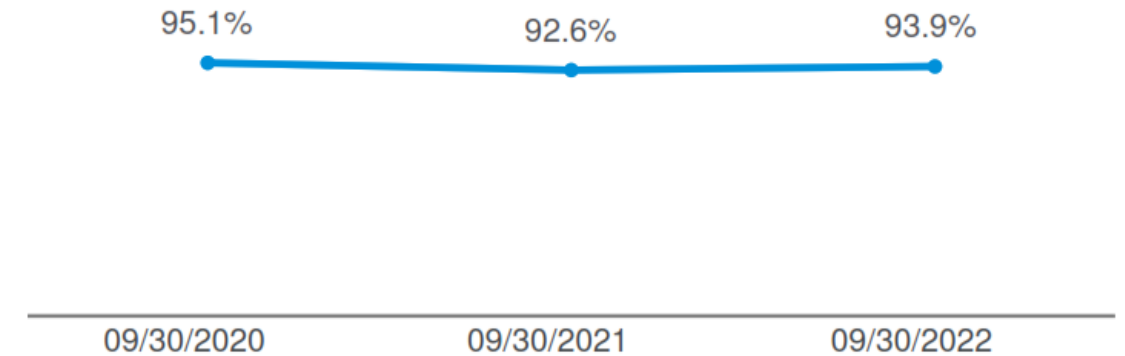
Average Deferral Rates

as of 09/30/2022



Average Participation Rate

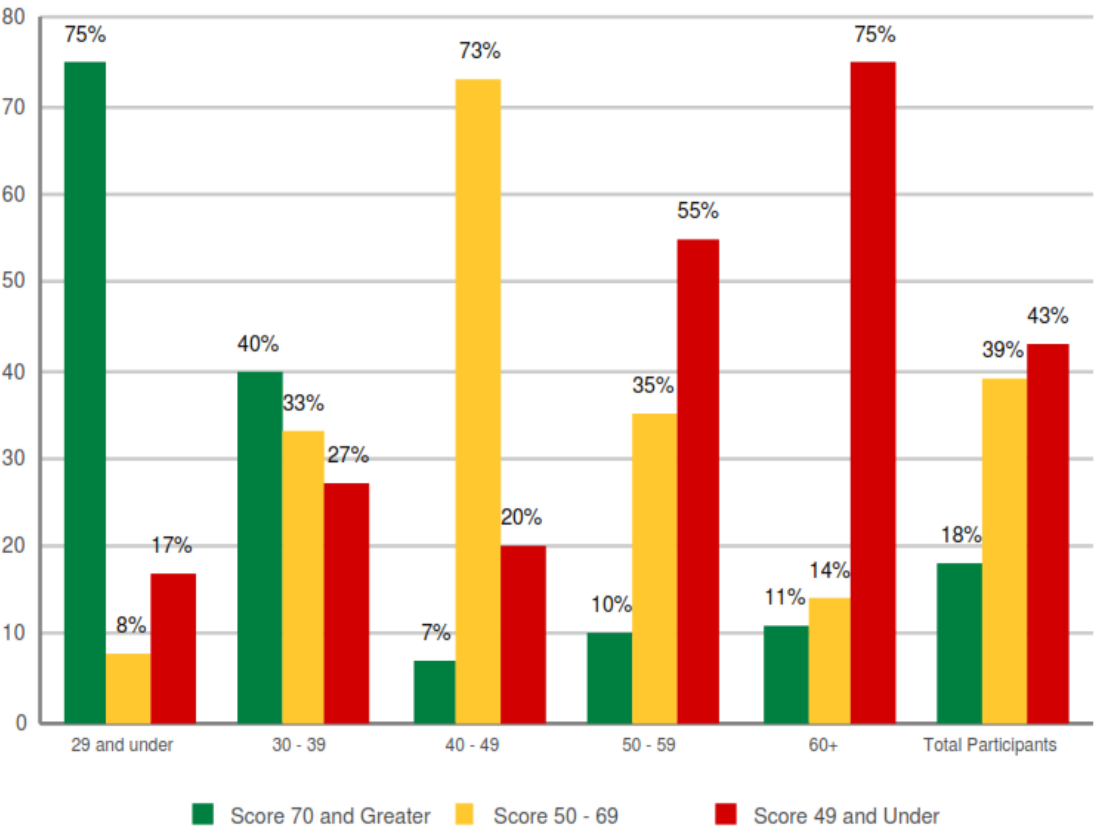
as of 09/30/2022



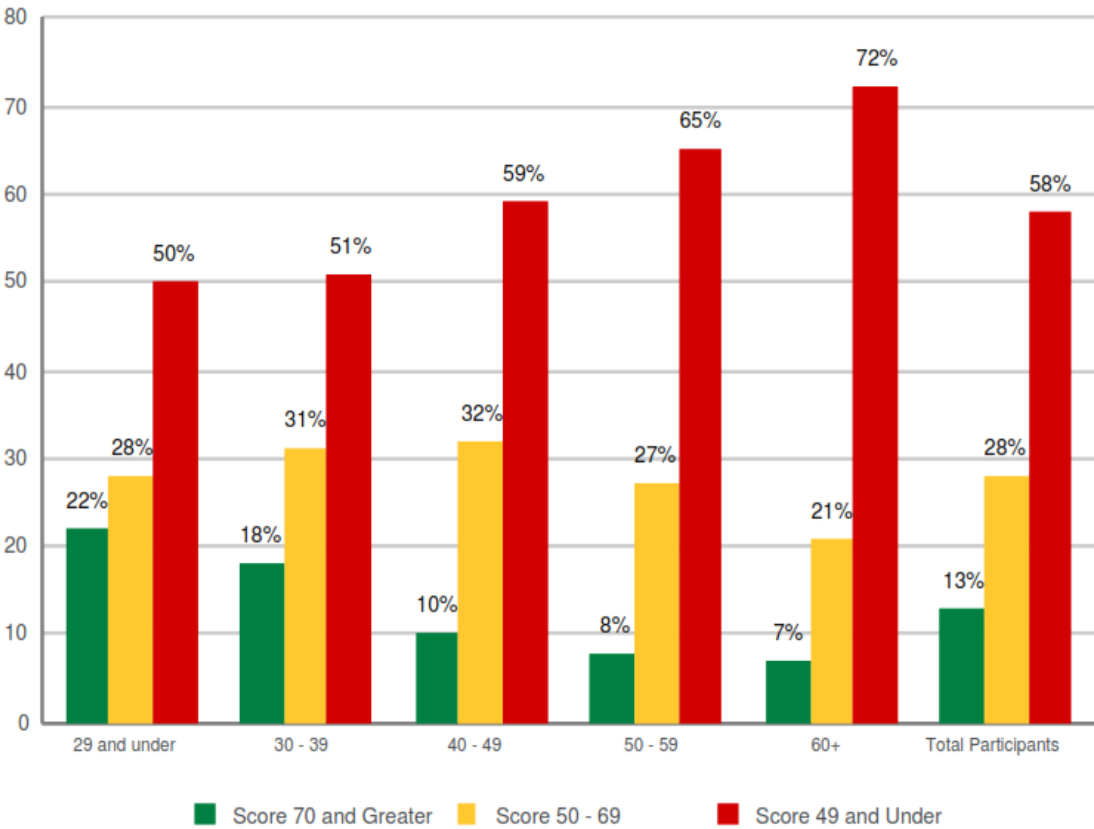
Data provided by Principal Financial Group and believed to be true and accurate

ADMINISTRATIVE UPDATE

Retirement Wellness Score - Plan Level
as of 09/30/2022



All Defined Contribution Plans
as of 09/30/2022



Data provided by Principal Financial Group and believed to be true and accurate

ADMINISTRATIVE UPDATE

Retirement Wellness Scores

As of 09/30/2022

Score
0-49

Score
50-69

Score
70+

Current Retirement Wellness Scores

For comparison, the average percentage of participants with a Retirement Wellness Score of 70 and above for **plans in your industry** is **11.2%**.



Projected scores

If you **auto enroll at 6%** of pay and **auto escalate up to 10%**



Data provided by Principal Financial Group and believed to be true and accurate



ADMINISTRATIVE UPDATE

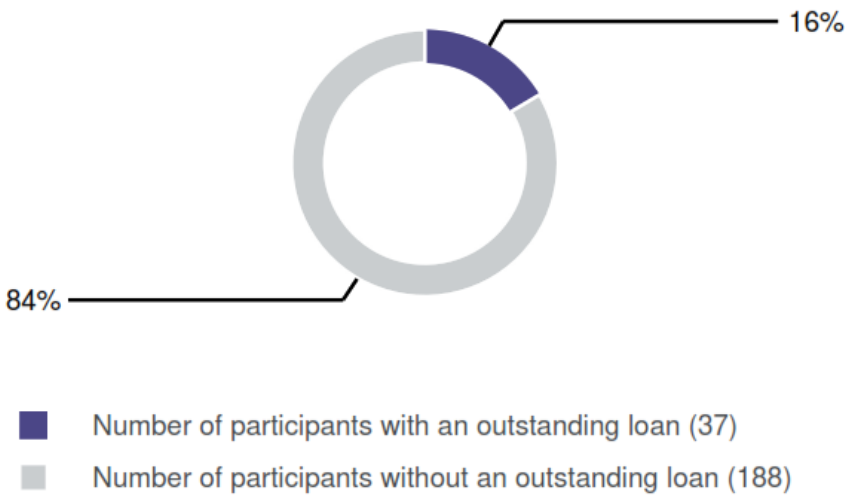
Outstanding Loans Summary

as of 09/30/2022

	12/31/2020	12/31/2021	09/30/2022
Participant Count	37	36	37
Loans Count	37	36	37
Average Loans per Participant	1.0	1.0	1.0

Participants with Loans

as of 09/30/2022



Data provided by Principal Financial Group and believed to be true and accurate

DRIVING RETIREMENT OUTCOMES IDEAS

- Increase initial default automatic enrollment rate.
 - Currently at 4%
- Increase ceiling on automatic increases.
 - Currently capped at 6%
- Increase company match.
 - Currently 100% to 8%
- QDIA Evaluation – American Century TDF's
 - Advisor Managed Accounts
- Consider Collective Investment Trusts (CITs) to lower investment costs (pending legislative approval)
- Conduct a Recordkeeper RFI to gauge reasonableness of fees

EMPLOYEE ENGAGEMENT

Driving Better Outcomes

- Financial Elements - Updated
- Video Content
 - vEnrollment
 - Financial Academy
- In Person/Virtual Meetings
 - 1 on 1 Meetings
 - March 23, 2021 (8 Employees)
 - March 25, 2021 (9 Employees)
 - Group Meetings



12 Point Scoring System

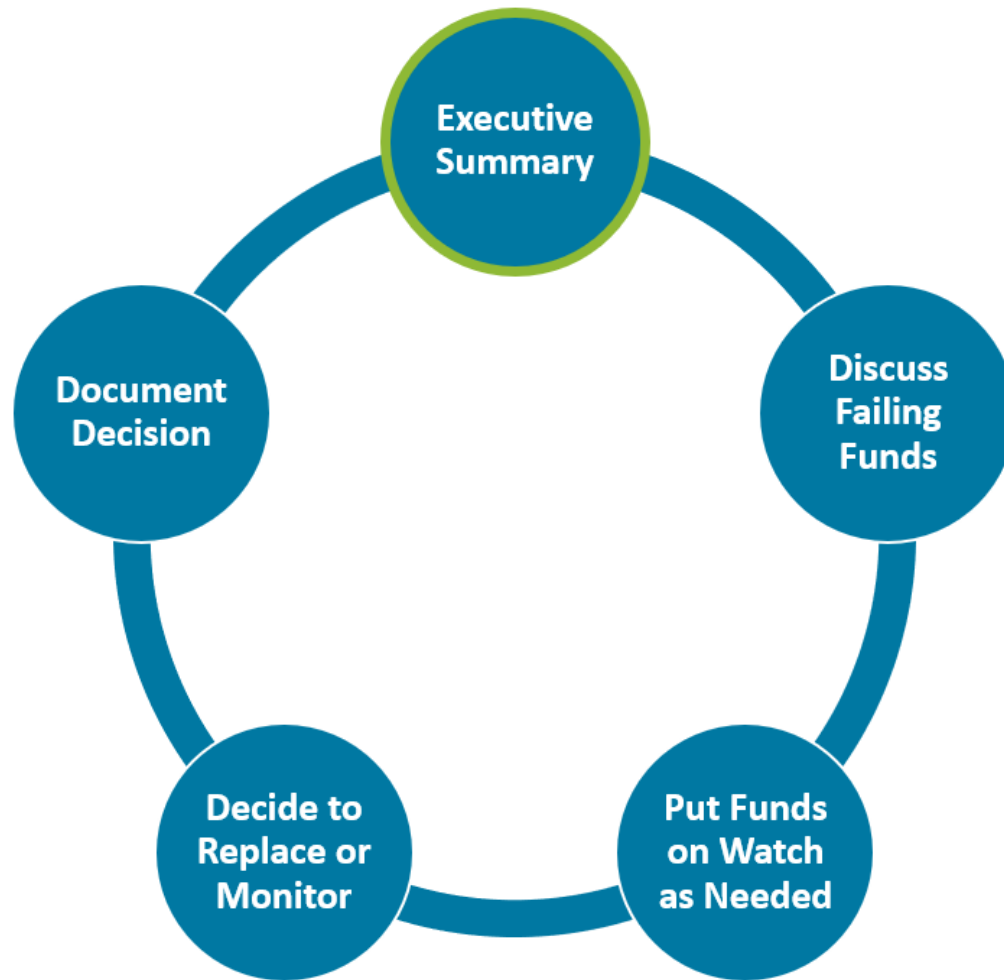
Criteria	Measurement	Criteria	Measurement
Style Consistency	≤ 29	Information Ratio 5-Years	> 0
5-Year Sharpe Ratio*	$>$ Category	Information Ratio 3-Years	> 0
R-Squared	$> 80\%$	Beta 5-Year	Between .75 – 1.15
1-Year Performance	$>$ Peer Group Median	Beta 3-Year	Between .75 – 1.15
3-Year Performance	$>$ Peer Group Median	Longest Tenured Manager	\geq Peer Median Tenure
5-Year Performance	$>$ Peer Group Median	Net Expense Ratio	\leq Peer Median
5-Year Up/Down Capture	Up $>$ Down		

* Sharpe Ratio used to score Target Date Funds where applicable

Scoring Threshold: 6

Investment Criteria Rating: 6

IN COMMITTEE MEETINGS



Legacy: Look for less than “7”



Enhanced: Look for less than “60”



Addition of “Misses” helps clarify what the score is actually signaling

Note: 7 of 12 is equivalent to ~58%

Legacy Scoring System

12-point system

Set # of metrics

Every metric counts the same

Asset classes treated same

Enhanced Scoring System

100-point system

- Naturally intuitive scoring range
- 60 or above will be passing

Expanded # of metrics

- Broader selection of available metrics
- Make additions as industry changes

Ability to weight metrics

- Larger weight on longer-term metrics
- Allow for greater emphasis on certain areas

Ability to differentiate

- Equity, Fixed Income, Index & Asset Allocation

ACTIVE EQUITY SCORING

Legacy

25%

Risk & Return
Peer Group

Total Return

42%

Risk & Return
Benchmark

Capture Ratio

Information Ratio

Beta

33%

Stewardship &
Management

Expense Ratio

Management Tenure

Style Consistency

R²

Enhanced

34%

Risk & Return
Peers

Total Return

Standard Deviation

41%

Risk & Return
Benchmark

Capture Ratio

Information Ratio

Beta

Excess Return

Batting Average

25%

Stewardship &
Management

Expense Ratio

Management Tenure

Style Consistency

R²

Manager Invested

ACTIVE FIXED SCORING

Legacy

25%

Risk & Return
Peer Group

Total Return

42%

Risk & Return
Benchmark

Capture Ratio

Information Ratio

Beta

33%

Stewardship &
Management

Expense Ratio

Management Tenure

Style Consistency

R²

Enhanced

46%

Risk & Return
Peers

Total Return

Standard Deviation

Max Drawdown

29%

Risk & Return
Benchmark

Capture Ratio

Information Ratio

Excess Return

Batting Average

25%

Stewardship &
Management

Expense Ratio

Management Tenure

Style Consistency

R²

Manager Invested

PASSIVE/INDEX SCORING

Legacy

25%

Risk & Return
Peer Group

Total Return

42%

Risk & Return
Benchmark

Capture Ratio

Information Ratio

Beta

33%

Stewardship &
Management

Expense Ratio

Management Tenure

Style Consistency

R^2

Enhanced

15%

Risk & Return
Peers

Total Return

35%

Risk & Return
Benchmark

Beta

Tracking Error

50%

Stewardship &
Management

Expense Ratio

R^2

Style Consistency

ALLOCATION SCORING

Legacy

25%

Risk & Return
Peer Group

Total Return

42%

Risk & Return
Benchmark

Capture Ratio

Information Ratio

Beta

33%

Stewardship &
Management

Expense Ratio

Management Tenure

Style Consistency

R^2

Enhanced

53%

Risk & Return
Peers

Total Return

Standard Deviation

Max Drawdown

32%

Risk & Return
Benchmark

Capture Ratio

Sharpe Ratio

15%

Stewardship &
Management

Expense Ratio

Manager Tenure

MONEY MARKET SCORING

Legacy

25%

Risk & Return
Peer Group

Total Return

42%

Risk & Return
Benchmark

Capture Ratio

Information Ratio

Beta

33%

Stewardship &
Management

Expense Ratio

Management Tenure

Style Consistency

R²

Enhanced

70%

Risk & Return
Peers

Total Return

Standard Deviation

0%

Risk & Return
Benchmark

30%

Stewardship &
Management

Expense Ratio

Manager Tenure

QUARTERLY MONITORING REPORT (QMR)

STANDARDS SCORING LEGEND

Score Range	< 39	40 - 59	60 - 100
Score Status	Fails	Watch	Meets

Standards	Equity		Fixed Income		Allocation		Money Market		Passive	
	Criteria	Score	Criteria	Score	Criteria	Score	Criteria	Score	Criteria	Score
Total Return 1Y	Top 50%	2	Top 50%	2	Top 50%	2	Top 50%	5	Top 50%	1
Total Return 3Y	Top 50%	4	Top 50%	4	Top 50%	4	Top 50%	10	Top 50%	2
Total Return 5Y	Top 50%	8	Top 50%	8	Top 50%	8	Top 50%	15	Top 50%	4
Total Return 10Y	Top 50%	10	Top 50%	10	Top 50%	12	Top 50%	20	Top 50%	8
Excess Return 10Y	Greater than 0	5	Greater than 0	5						
Std Deviation 3Y	Lowest 70%	5	Lowest 50%	5	Lowest 50%	5	Lowest 50%	10		
Std Deviation 5Y	Lowest 70%	5	Lowest 50%	5	Lowest 50%	10	Lowest 50%	10		
Tracking Error 3Y Rank									Lowest 25%	10
Tracking Error 5Y Rank									Lowest 25%	10
Batting Average 5Y	Top 50%	3	Top 50%	4						
Batting Average 10Y	Top 50%	3	Top 50%	4						
Beta Collar 3Y	1.30 - 0.70	3							1.10 - 0.90	5
Beta Collar 5Y	1.30 - 0.70	3							1.10 - 0.90	5
Beta Collar 10Y	1.30 - 0.70	3							1.10 - 0.90	5
Information Ratio 3Y	Top 50%	3	Top 50%	1						
Information Ratio 5Y	Top 50%	4	Top 50%	3						
Information Ratio 10Y	Top 50%	5	Top 50%	3						
Max Drawdown 3Y					Lowest 50%	4				

QUARTERLY MONITORING REPORT (QMR)

STANDARDS SCORING LEGEND

Score Range	< 39	40 - 59	60 - 100
Score Status	Fails	Watch	Meets

Standards	Equity		Fixed Income		Allocation		Money Market		Passive	
	Criteria	Score	Criteria	Score	Criteria	Score	Criteria	Score	Criteria	Score
Max Drawdown 5Y			Lowest 70%	6	Lowest 50%	4				
Max Drawdown 10Y			Lowest 70%	6	Lowest 50%	4				
Overall Capture Ratio 3Y	above 1	3	above 1	3	above 1	3				
Overall Capture Ratio 5Y	above 1	3	above 1	3	above 1	5				
Overall Capture Ratio 10Y	above 1	3	above 1	3	above 1	6				
R-squared 3Y									Above 90	5
R-squared 5Y	Above 80	5	Above 50	5					Above 90	10
R-Squared Consistency 3Y									90 - 100%	5
Sharpe Ratio 3Y					Top 50%	3				
Sharpe Ratio 5Y					Top 50%	6				
Sharpe Ratio 10Y					Top 50%	9				
Expense Ratio					Lowest 50%	10	Lowest 50%	25	Lowest 90%	20
Expense Ratio	0 - 50	7	0 - 50	7						
Manager Invested	Yes	3	Yes	3						
Mgr Tenure	above 5 years	5	above 5 years	5	above 5 years	5	above 5 years	5		
Socially Responsible							Yes	0		
Style Consistency	Yes	5	Yes	5					Yes	10
Total		100		100		100		100		100

INVESTMENTS – STYLE BOX ANALYSIS

Equity Funds

Value	Blend	Growth	
Invesco Diversified Dividend R6 Putnam Large Cap Value R6	Principal Large Cap S&P 500 Index Inst	T. Rowe Price Blue Chip Growth I	Large
American Century Mid Cap Value R6	Principal MidCap S&P 400 Index R-6	BlackRock Mid-Cap Growth Equity K	Mid
Delaware Small Cap Value R6	Principal SmallCap S&P 600 Index R-6	Janus Henderson Triton N	Small
	MFS Intl Diversification R6		Foreign Large

Diversified Emerging Markets	World Large Stock	Real Estate
		Principal Real Estate Securities Fund R-6

Funds in orange font are on the watch list – do not meet OneDigital proprietary scoring criteria

Funds in red font are to be replaced – do not meet OneDigital proprietary scoring criteria & are being removed/replaced

Funds in blue font are being proposed – meet OneDigital proprietary scoring criteria & are being proposed

INVESTMENTS – STYLE BOX ANALYSIS

Allocation Funds

Target Date	Allocation – 15% to 30%	Allocation – 30% to 50%
American Century One Choice R6		

Fixed Income

Intermediate Government	Intermediate Core Bond	Intermediate Core-Plus Bond
		Western Asset Core Plus Bond IS BlackRock Total Return K
Inflation-Protected Bond	High Yield Bond	Multisector Bond

Money Market/Stable Value

Money Market / Stable Value
Principal Fixed Income Guaranteed Option

Funds in orange font are on the watch list – do not meet OneDigital proprietary scoring criteria

Funds in red font are to be replaced – do not meet OneDigital proprietary scoring criteria & are being removed/replaced

Funds in blue font are being proposed – meet OneDigital proprietary scoring criteria & are being proposed

FUND SCORING EXECUTIVE SUMMARY

Score Range	< 39	40 - 59	60 - 100
Score Status	Fails	Monitor	Meets

Allocation															
Fund Name	Ticker	Category	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	4Q19	Average Score
American Century One Choice In Ret R6	ARDTX	Target-Date Retirement	83	80	65	65	62	62	65	65	65	65	57	60	66
American Century One Choice 2025 R6	ARWDX	Target-Date 2025	88	80	71	66	66	66	60	66	72	72	92	63	72
American Century One Choice 2030 R6	ARCUX	Target-Date 2030	77	76	76	74	74	74	74	74	80	80	92	71	77
American Century One Choice 2035 R6	ARLDX	Target-Date 2035	67	76	74	74	74	74	74	80	92	80	100	74	78
American Century One Choice 2040 R6	ARDUX	Target-Date 2040	67	73	74	74	74	74	86	92	92	100	100	86	83
American Century One Choice 2045 R6	ARDOX	Target-Date 2045	73	76	74	74	74	86	86	92	100	100	100	86	85
American Century One Choice 2050 R6	ARFEX	Target-Date 2050	100	100	74	86	90	90	90	100	100	100	100	86	93
American Century One Choice 2055 R6	AREUX	Target-Date 2055	100	100	86	86	98	90	98	100	100	100	100	100	97
American Century One Choice 2060 R6	ARGDX	Target-Date 2060	100	100	80	86	97	86	97	100	100	94	94	94	94
American Century One Choice 2065 R6	ARHSX	Target-Date 2065+	71	71	59	59	59	67	67	67	67	-	-	-	65

QMR – 3rd QUARTER ANALYSIS

Equity															
Fund Name	Ticker	Category	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	4Q19	Average Score
🔴 Invesco Diversified Dividend R6	LCEFX	Large Value	49	52	50	47	50	47	52	68	65	79	82	79	60
🔵 Putnam Large Cap Value R6	PEQSX	Large Value	97	97	97	100	100	100	100	100	100	100	100	100	99
T. Rowe Price Blue Chip Growth I	TBCIX	Large Growth	49	54	66	72	82	88	88	94	92	97	93	88	80
American Century Mid Cap Value R6	AMDVX	Mid-Cap Value	94	94	94	65	65	67	89	89	97	100	100	100	88
BlackRock Mid-Cap Growth Equity K	BMGKX	Mid-Cap Growth	78	83	100	100	100	100	98	100	100	100	100	100	97
Delaware Small Cap Value R6	DVZRX	Small Value	87	82	80	92	59	74	80	80	81	98	100	100	84
Janus Henderson Triton N	JGMNX	Small Growth	75	78	81	76	61	76	73	79	79	83	91	100	79
MFS Intl Diversification R6	MDIZX	Foreign Large Blend	92	90	87	87	87	87	87	92	95	92	95	92	90
Principal Real Estate Securities Fd R-6	PFRSX	Real Estate	100	97	95	98	100	98	95	97	97	97	100	100	98

Fixed Income															
Fund Name	Ticker	Category	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	4Q19	Average Score
🔴 Western Asset Core Plus Bond IS	WAPSX	Intermediate Core-Plus Bond	50	47	58	78	78	80	80	80	84	84	81	81	73
🔵 BlackRock Total Return K	MPHQX	Intermediate Core-Plus Bond	89	94	94	96	96	93	97	93	90	90	90	86	92

Index															
Fund Name	Ticker	Category	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	4Q19	Average Score
Principal Large Cap S&P 500 Index Inst	PLFIX	Large Blend	100	100	100	100	100	99	99	100	100	100	100	100	100
Principal MidCap S&P 400 Index R-6	PMAPX	Mid-Cap Blend	100	99	99	100	88	100	100	100	97	99	97	84	97
Principal SmallCap S&P 600 Index R-6	PSPIX	Small Blend	100	100	100	100	98	100	100	99	99	100	99	99	100

SCORE CARD ALLOCATION BREAKDOWN

	TICKER	FUND NAME	NET / GROSS	REV SHARE	ASSETS	WEIGHTING	SCORE	RATING
Allocation								
Target-Date Retirement	ARDTX	American Century One Choice In Ret R6	0.40 / 0.49	0.00	\$547,552.67	7.19%	83	Meets
Target-Date 2025	ARWDX	American Century One Choice 2025 R6	0.42 / 0.50	0.00	\$1,178,302.00	15.47%	88	Meets
Target-Date 2030	ARCUX	American Century One Choice 2030 R6	0.44 / 0.52	0.00	\$1,165,048.46	15.30%	77	Meets
Target-Date 2035	ARLDX	American Century One Choice 2035 R6	0.47 / 0.55	0.00	\$822,318.36	10.80%	67	Meets
Target-Date 2040	ARDUX	American Century One Choice 2040 R6	0.49 / 0.57	0.00	\$833,704.15	10.95%	67	Meets
Target-Date 2045	ARDOX	American Century One Choice 2045 R6	0.52 / 0.59	0.00	\$1,031,124.55	13.54%	73	Meets
Target-Date 2050	ARFEX	American Century One Choice 2050 R6	0.54 / 0.59	0.00	\$379,122.60	4.98%	100	Meets
Target-Date 2055	AREUX	American Century One Choice 2055 R6	0.54 / 0.60	0.00	\$291,569.42	3.83%	100	Meets
Target-Date 2060	ARGDX	American Century One Choice 2060 R6	0.54 / 0.61	0.00	\$29,096.65	0.38%	100	Meets
Target-Date 2065+	ARHSX	American Century One Choice 2065 R6	0.54 / 0.61	0.00	\$4,398.56	0.06%	71	Meets
TOTAL					\$6,282,237.42	82.50%		

QMR – 3rd QUARTER ANALYSIS

	TICKER	FUND NAME	NET / GROSS	REV SHARE	ASSETS	WEIGHTING	SCORE	RATING
Equity								
Large Value	LCEFX	🔴 Invesco Diversified Dividend R6	0.43 / 0.43	0.00	\$17,433.00	0.23%	49	Monitor
Large Value	PEQSX	👍 Putnam Large Cap Value R6	0.54 / 0.54	0.00	-	-	97	Meets
Large Blend	PLFIX	Principal Large Cap S&P 500 Index Inst	0.17 / 0.17	0.00	\$154,437.27	2.03%	100	Meets
Large Growth	TBCIX	T. Rowe Price Blue Chip Growth I	0.56 / 0.56	0.00	\$97,475.51	1.28%	49	Monitor
Mid-Cap Value	AMDVX	American Century Mid Cap Value R6	0.62 / 0.62	0.00	\$19,370.90	0.25%	94	Meets
Mid-Cap Blend	PMAPX	Principal MidCap S&P 400 Index R-6	0.16 / 0.16	0.00	\$51,375.08	0.67%	100	Meets
Mid-Cap Growth	BMGKX	BlackRock Mid-Cap Growth Equity K	0.70 / 0.70	0.00	\$21,889.38	0.29%	78	Meets
Small Value	DVZRX	Delaware Small Cap Value R6	0.69 / 0.69	0.00	\$18,027.64	0.24%	87	Meets
Small Blend	PSPIX	Principal SmallCap S&P 600 Index R-6	0.16 / 0.16	0.00	\$31,830.43	0.42%	100	Meets
Small Growth	JGMNX	Janus Henderson Triton N	0.66 / 0.66	0.00	\$17,210.37	0.23%	75	Meets
Foreign Large Blend	MDIZX	MFS Intl Diversification R6	0.72 / 0.73	0.00	\$30,117.39	0.40%	92	Meets
Real Estate	PFRSX	Principal Real Estate Securities Fd R-6	0.80 / 0.80	0.00	\$31,965.94	0.42%	100	Meets
TOTAL					\$491,132.91	6.45%		
Fixed Income								
Stable Value		Prin Fixed Inc Guar Option	0.00 / 0.00	0.00	\$829,298.44	10.89%	-	-
Intermediate Core-Plus Bond	WAPSX	🔴 Western Asset Core Plus Bond IS	0.42 / 0.42	0.00	\$12,308.45	0.16%	50	Monitor
Intermediate Core-Plus Bond	MPHQX	👍 BlackRock Total Return K	0.38 / 0.38	0.00	-	-	89	Meets
TOTAL					\$841,606.89	11.05%		
				PORTFOLIO TOTAL	\$7,614,977.22	100%		

WATCH LIST – QMR – 3rd QUARTER ANALYSIS

T. Rowe Price Blue Chip Growth I			Ticker: TBCIX			Peer Group: Large Growth							Status: Monitor			Score: 49
Standards	Criteria	Max Points	3Q22 Results Criteria Rank & Points		2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	4Q19	Avg Score
Total Return 1Y	Top 50%	2.00	83%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00	2.00	2.00	0.00	0.00	0.50
Total Return 3Y	Top 50%	4.00	88%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.00	4.00	4.00	4.00	4.00	1.67
Total Return 5Y	Top 50%	8.00	79%	0.00	0.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	6.67
Total Return 10Y	Top 50%	10.00	35%	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Excess Return 10Y	Greater than 0	5.00	-1.65	0.00	0.00	0.00	0.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	3.33
Std Deviation 3Y	Lowest 70%	5.00	70%	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	0.00	4.58
Std Deviation 5Y	Lowest 70%	5.00	73%	0.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	0.00	5.00	0.00	0.00	3.33
Batting Average 5Y	Top 50%	3.00	93%	0.00	0.00	0.00	0.00	0.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	1.75
Batting Average 10Y	Top 50%	3.00	47%	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Beta Collar 3Y	1.30 - 0.70	3.00	1.01	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Beta Collar 5Y	1.30 - 0.70	3.00	1.02	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Beta Collar 10Y	1.30 - 0.70	3.00	1.03	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Information Ratio 3Y	Top 50%	3.00	96%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00	3.00	3.00	3.00	3.00	1.25
Information Ratio 5Y	Top 50%	4.00	86%	0.00	0.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.33
Information Ratio 10Y	Top 50%	5.00	31%	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Overall Capture Ratio 3Y	above 1	3.00	0.8	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00	3.00	3.00	3.00	1.00
Overall Capture Ratio 5Y	above 1	3.00	0.86	0.00	0.00	0.00	3.00	3.00	3.00	3.00	0.00	0.00	0.00	3.00	3.00	1.50
Overall Capture Ratio 10Y	above 1	3.00	0.93	0.00	0.00	0.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.25
R-squared 5Y	Above 80	5.00	96.09	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Expense Ratio	Lowest 70%	7.00	12%	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Manager Invested	Yes	3.00	No	0.00	0.00	0.00	0.00	0.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	1.75
Mgr Tenure	above 5 years	5.00	1 yrs.	0.00	0.00	0.00	0.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	3.33
Style Consistency	Yes	5.00	Yes	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
TOTAL SCORE			49		54	66	72	82	88	88	94	92	97	93	88	80



WATCH LIST – QMR – 3rd QUARTER ANALYSIS

						Annualized Return & Rank				
Fund Name	Ticker	Net/Gross	Inception Date	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
EQUITY										
Large Growth										
▷ T. Rowe Price Blue Chip Growth I	TBCIX	0.56 / 0.56	12/17/2015	-4.69 (61%)	-37.35 (84%)	-34.74 (83%)	2.89 (88%)	7.22 (79%)	12.06 (35%)	9.31
Russell 1000 Growth TR USD			–	-3.60	-30.66	-22.59	10.67	12.17	13.70	–
Category Average				-4.09	-32.09	-27.10	6.77	8.95	11.36	
Category Size				1299	1270	1252	1142	1060	790	

WATCH LIST – QMR – 3rd QUARTER ANALYSIS

Invesco Diversified Dividend R6			Ticker: LCEFX		Peer Group: Large Value						Status: Monitor					Score: 49
Standards	Criteria	Max Points	3Q22 Results Criteria Rank & Points		2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	4Q19	Avg Score
Total Return 1Y	Top 50%	2.00	17%	2.00	2.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00	2.00	2.00	0.83
Total Return 3Y	Top 50%	4.00	80%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Return 5Y	Top 50%	8.00	71%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.00	8.00	8.00	2.00
Total Return 10Y	Top 50%	10.00	58%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00	10.00	10.00	10.00	10.00	4.17
Excess Return 10Y	Greater than 0	5.00	-0.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Std Deviation 3Y	Lowest 70%	5.00	11%	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Std Deviation 5Y	Lowest 70%	5.00	8%	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Batting Average 5Y	Top 50%	3.00	96%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Batting Average 10Y	Top 50%	3.00	85%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Beta Collar 3Y	1.30 - 0.70	3.00	0.84	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Beta Collar 5Y	1.30 - 0.70	3.00	0.82	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	0.00	2.75
Beta Collar 10Y	1.30 - 0.70	3.00	0.80	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Information Ratio 3Y	Top 50%	3.00	79%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00	0.00	0.25
Information Ratio 5Y	Top 50%	4.00	69%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.00	4.00	4.00	1.00
Information Ratio 10Y	Top 50%	5.00	53%	0.00	0.00	0.00	0.00	0.00	0.00	5.00	5.00	5.00	5.00	5.00	5.00	2.50
Overall Capture Ratio 3Y	above 1	3.00	0.99	0.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	0.00	0.00	0.00	3.00	2.00
Overall Capture Ratio 5Y	above 1	3.00	1.02	3.00	3.00	3.00	0.00	3.00	0.00	0.00	3.00	3.00	3.00	3.00	3.00	2.25
Overall Capture Ratio 10Y	above 1	3.00	1.12	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
R-squared 5Y	Above 80	5.00	94.87	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Expense Ratio	Lowest 70%	7.00	7%	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Manager Invested	Yes	3.00	No	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00	3.00	3.00	3.00	3.00	1.25
Mgr Tenure	above 5 years	5.00	6.6 yrs.	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Style Consistency	Yes	5.00	Yes	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
TOTAL SCORE			49		52	50	47	50	47	52	68	65	79	82	79	60



FUND PROPOSAL– QMR – 3rd QUARTER ANALYSIS

						Annualized Return & Rank				
Fund Name	Ticker	Net/Gross	Inception Date	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Large Value										
➤  Invesco Diversified Dividend R6	LCEFX	0.43 / 0.43	09/24/2012	-4.48 (20%)	-11.89 (8%)	-6.13 (17%)	3.62 (80%)	4.84 (71%)	8.82 (58%)	8.70
➤  Putnam Large Cap Value R6	PEQSX	0.54 / 0.54	07/02/2012	-3.69 (8%)	-13.26 (18%)	-6.90 (24%)	8.50 (8%)	8.40 (6%)	11.16 (4%)	11.69
Russell 1000 Value TR USD			–	-5.62	-17.76	-11.37	4.36	5.29	9.17	–
Category Average				-5.91	-16.64	-9.64	5.27	5.75	8.98	
Category Size					1265	1235	1215	1153	1094	800

WATCH LIST – QMR – 3rd QUARTER ANALYSIS

Western Asset Core Plus Bond IS			Ticker: WAPSX				Peer Group: Intermediate Core-Plus Bond						Status: Monitor			Score: 50
Standards	Criteria	Max Points	3Q22 Results Criteria Rank & Points		2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	4Q19	Avg Score
Total Return 1Y	Top 50%	2.00	99%	0.00	0.00	0.00	0.00	0.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.17
Total Return 3Y	Top 50%	4.00	98%	0.00	0.00	0.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00
Total Return 5Y	Top 50%	8.00	94%	0.00	0.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	6.67
Total Return 10Y	Top 50%	10.00	32%	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Excess Return 10Y	Greater than 0	5.00	0.45	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Std Deviation 3Y	Lowest 50%	5.00	98%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Std Deviation 5Y	Lowest 50%	5.00	98%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Batting Average 5Y	Top 50%	4.00	93%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.00	4.00	4.00	4.00	1.33
Batting Average 10Y	Top 50%	4.00	42%	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Information Ratio 3Y	Top 50%	1.00	95%	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75
Information Ratio 5Y	Top 50%	3.00	86%	0.00	0.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.50
Information Ratio 10Y	Top 50%	3.00	44%	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Max Drawdown 5Y	Lowest 70%	6.00	99%	0.00	0.00	0.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	0.00	4.00
Max Drawdown 10Y	Lowest 70%	6.00	99%	0.00	0.00	0.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	4.50
Overall Capture Ratio 3Y	above 1	3.00	1	3.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00	0.50
Overall Capture Ratio 5Y	above 1	3.00	0.91	0.00	0.00	0.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	0.00	3.00	2.00
Overall Capture Ratio 10Y	above 1	3.00	1.03	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
R-squared 5Y	Above 50	5.00	83.71	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Expense Ratio	Lowest 70%	7.00	15%	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Manager Invested	Yes	3.00	No	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mgr Tenure	above 5 years	5.00	15.8 yrs.	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Style Consistency	Yes	5.00	Yes	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
TOTAL SCORE			50		47	58	78	78	80	80	80	84	84	81	81	73

FUND PROPOSAL– QMR – 3rd QUARTER ANALYSIS

						Annualized Return & Rank				
Fund Name	Ticker	Net/Gross	Inception Date	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
FIXED INCOME										
Intermediate Core-Plus Bond										
➤  Western Asset Core Plus Bond IS	WAPSX	0.42 / 0.42	08/04/2008	-6.46 (98%)	-21.38 (100%)	-21.42 (99%)	-5.07 (98%)	-1.24 (94%)	1.34 (32%)	4.11
➤  BlackRock Total Return K	MPHGX	0.38 / 0.38	12/07/2001	-4.70 (64%)	-15.82 (63%)	-15.84 (61%)	-2.84 (40%)	-0.06 (38%)	1.71 (14%)	3.57
Bloomberg US Agg Bond TR USD			–	-4.76	-14.62	-14.61	-3.26	-0.27	0.89	–
Category Average					-4.34	-14.76	-15.09	-2.86	-0.15	1.15
Category Size					648	629	610	568	508	363

MARKETS IN FOCUS



MARKETS IN FOCUS

R E V I E W

Global stocks suffered the worst 1st half since March 2009 down more than 20%. US Bonds had their worst 1st half in history with a greater than 10% negative return

Global economies retreating growth and heading toward a soft-landing amid high inflation

Central Banks are tightening policy measures in an “all-in” combat against inflation



S T R E N G T H

- ✓ Consumer spending remains resilient despite surging inflation with pent-up demand for travel and leisure
- ✓ The labor market remains a bright spot within the economy with low levels of unemployment, limited lay-offs and continued job openings
- ✓ Stock valuations have come down, but company earnings remain solid



R I S K S

- ✗ Elevated risk of recession over the next two years associated with stubbornly high inflation resulting in reduction in real disposable income
- ✗ Fed's focus on inflation first, which raises the risk of rising rates sharply and hurting labor market, which in turn could slow economic growth leading to stagnation
- ✗ Slower response from fiscal policy makers from the lessons learned from aggressive stimulus during pandemic recession leading to today's high inflation

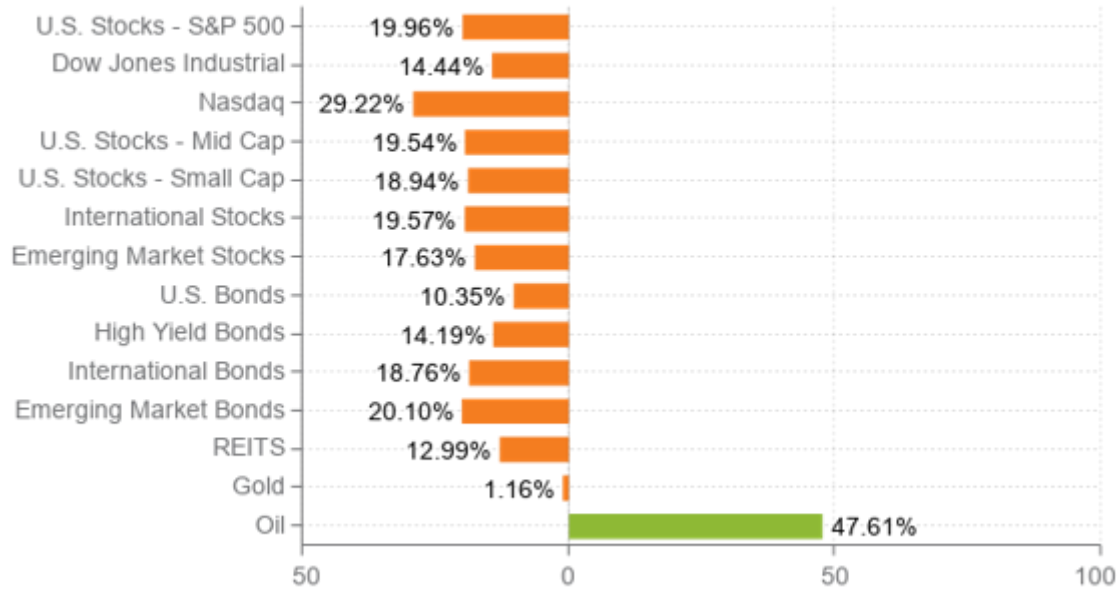


O U T L O O K

- ✓ Soft landing seems more likely with negative surprise on growth and inflation
- ✓ More restrictive monetary policy with rates rising rapidly and for the longer term, to prevent higher inflation from becoming entrenched
- ✓ The Fed's long-term inflation target is still anchored at 2% but it's “dead set” to tame inflation, which is perceived as the greatest threat to equity and bond markets

ASSET RETURN OVERVIEW

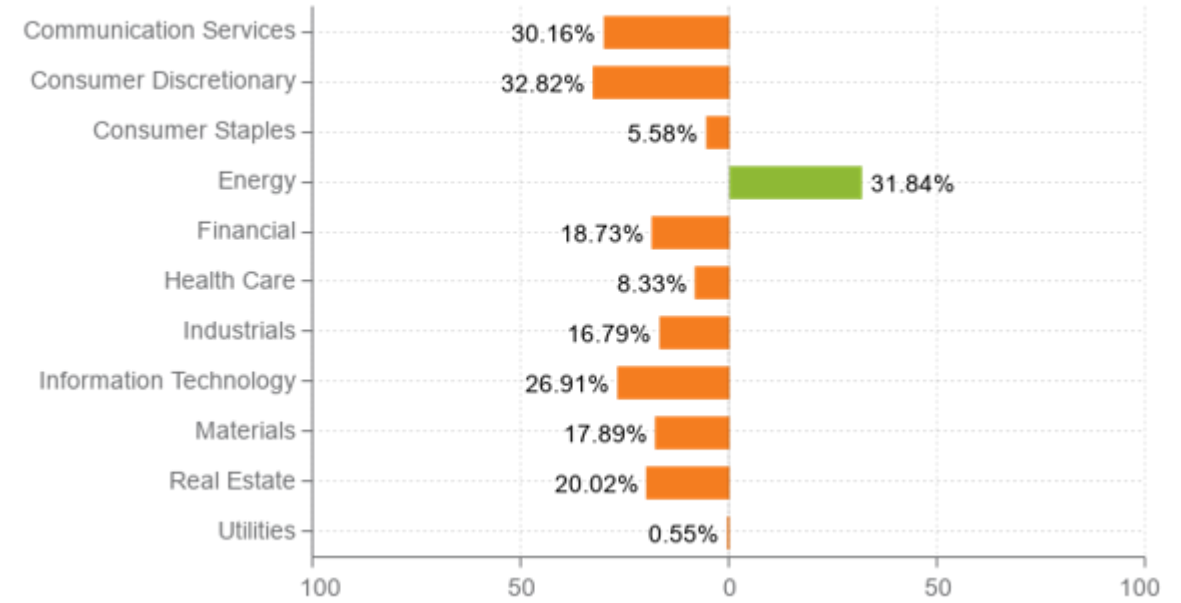
YTD Index Returns (%)



- Global stocks declined in Q2 leading to a second straight quarterly loss to start 2022 on the backs of surging inflation, hawkish central bank policy, and rising interest rates.
- After declining nearly 5% in Q1, the S&P 500 Index declined more than 16% in Q2, sliding into bear market territory.
- In Q2, International markets fared slightly better than their domestic peers, but still sit at roughly -20% for the year.
- Bond have suffered their worst start to the year ever, as the Bloomberg Barclays Aggregate Bond Index finished down 10.35% for 1H 2022
- Many commodities pulled back in Q2 but largely sit higher on the year

Source: Morningstar 6/30/22

YTD Sector Returns (%)



- 11 of 11 S&P 500 sectors produced negative returns in Q2 – Declines were lead by Consumer Discretionary, Consumer Services, and Information Technology.
- Among the bright spots were the safe-havens like Utilities and Consumer Staples

BlackRock Target Date Fund Litigation

- Citigroup, Capital One, Microsoft, and many others were named in lawsuit over the utilization of the BlackRock LifePath Index Target Date Funds by the same law firm.
- This particular suit is unique in that most suits have targeted higher cost “actively managed” TDF’s while the BlackRock LifePath Index Series is a low cost, index-based series.
- The suit claims underperformance during a “cherry picked” period in which BlackRock underperformed other TDF providers with alternative constructions.
- The lawsuit utilized charts, statistics, and other supporting material from Morningstar’s Annual TDF Report – the same report that named BlackRock as its #1 rated TDF provider earning the coveted “Gold” Rating.
- Performance amongst TDF providers will vary significantly depending on the market conditions of the timeframe being reviewed making this an “Apples to Oranges” comparison.
- While this lawsuit appears frivolous and easily defensible – it’s a reminder that plan sponsors should have a process to review TDF’s regularly.
- ERISA does not require committees to have a crystal ball or to “pick winners” but a well documented process is a must and is a committee’s best defense against litigation.

SECURE 2.0 SUMMARY OF SIGNIFICANT PROVISIONS

Coverage & Increasing Retirement Savings

- **Increase Small Balance Cash out Threshold to \$7,000**
- **Automatic Enrollment & Escalation required for newly established plans**
 - *3% Default or higher paired with escalation of 1% per year to at least 10%*
- **Increased Catch Up Contributions**
 - *Ages 62, 63, 64 can contribute \$10,000*
 - *Catch Up Contributions required to be Roth*
- **Long Term Part Time (LTPT) Coverage rules amended to 2 years from 3 years**
 - *This would be effective for plan years beginning after 12/31/20*
- **Collective Investment Trusts (CIT') permitted in 403(b) plans**
- **403b Plans permitted to establish MEP/PEPs**
- **Increase in RMD Age – Age 73 by 2023, Age 74, by 2030, and Age 75 in 2033**
 - *Reduced Excise Taxes for failure to distribute*
- **Student Loan Payments treated as deferrals**
 - *Allows a qualified student loan payment to be treated as a 401k deferral for purposes of calculating an employer matching contribution*
- **Indexing IRA Catch Up Limit**
 - *Indexes IRA catch up contributions in the same manner as regular IRA contributions*

Source: Groom Law Group

Coverage & Increasing Retirement Savings

- **Modified Tax Credits for Start Ups**
 - *Tax Credit increased to 100% of start up costs for employers with up to 50 EE's*
 - *Additional credit - \$1,000 per employee equal to the applicable employer contribution %*
 - *Credit is phased out for Employers between 51-100 EE's*
- **Military Spouse Tax Credit for Small Employers**
 - *Creates Non-Refundable Tax credit for eligible small employers which employ military spouses and allow them to participate in the DC plan.*
 - *Credit is \$250 per employee, plus up to \$250 for contributions made by the ER & applies for up to 3 years*
- **Financial Incentives for Participation**
 - *Allows for de minimis financial incentives for contributing to the retirement plan*
 - *Exempt from Contingent Benefit rule*

SECURE 2.0 SUMMARY OF SIGNIFICANT PROVISIONS

Income Preservation

- **Amended RMD rules to relax requires for commercial annuities**
 - *Allows flexibility in payment types to accommodate additional payment types such as:*
 - *Lump Sum Payments*
 - *Annual Payment Increases at a rate <5% annually*
- **QLAC Modifications**
 - *Eliminates 25% limitation*
 - *Clarifies impact of divorce on Joint & Survivor Benefits*
 - *Enforces 90 day “free look” period*

Clarification & Simplification of Retirement Plan Rules

- **Recovery of plan overpayments**
 - *Clarifies that plan will not be disqualified for failure to recover an inadvertent benefit overpayment*
 - *Fiduciary relief for failure to make the plan whole*
- **Reduction of excise Tax – RMDs**
 - *Reduces excise tax for failure to take RMD from 50% to 25%*
 - *Further reduces to 10% if corrected within 2-year correction window*
- **Establish Retirement Account Lost & Found**
 - *Directs the Treasury & DOL to create an online searchable database for “lost” account balances*
- **Expansion of Employee Plans Compliance Resolution System**
 - *Allows any eligible inadvertent failure to be self corrected under EPCRS*

Source: Groom Law Group

Clarification & Simplification of Retirement Plan Rules

- **Elimination of “First Day of Month” Requirement for Gov’t 457(b)**
 - *Removes deferral change restrictions & allows for changes at anytime*
- **Requirement to provide paper statements in certain cases**
 - *For DC Plans – at least one statement must be provided on paper in written form each year*
 - *For DB Plans – at least one statement must be provided on paper once every 3 years*
- **Separate Application of Top-Heavy Rules – Excludable Employees**
 - *Allows a Top-Heavy plan that covers otherwise excludable employees to disregard this group from Top Heavy Testing*
- **Repayment of Qualified Birth or Adoption Distributions**
 - *Requires qualified birth or adoption distributions to be recontributed within three years to qualify as a rollover*
 - *Aligns with disaster relief distribution rules*
- **Self Certification of Hardships**
 - *Allows employees to self certify that they have had a qualifying hardship event & provides administrative relief*
- **Permit Penalty Free Withdrawals from Retirement Plans for Individuals in Domestic Abuse Cases**
 - *Lesser of \$10,000 or 50% of the account balance*
- **Relaxation of Family Attribution/Controlled Group Rules**
 - *Modification to address challenges with respect to control groups (i.e. Divorced Couple & Common Child)*
- **Allow Retroactive Amendments to increase benefit levels up to employer's tax filing deadline**

Source: Groom Law Group

Revenue Provisions

- **Permit SEP & SIMPLE IRAs to make designated Roth contributions**
- **Catch up Contributions required to be designated as Roth**
 - *Sunsets Pre-Tax Catch Up contributions*
- **Optional Treatment of Employer matching contributions as Roth**

Source: Groom Law Group

ADDITIONAL DISCUSSION ITEMS

New Ideas

- Nonqualified Deferred Compensation
- Wealth Management
- Financial Wellness
- Managed Accounts

THANK YOU!

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[RETURN TO AGENDA](#)



ACTION ITEM

To: CareerSource Central Florida Finance Committee
From: Leo Alvarez
Re: Amendment to Accounting Policy – Check Signature Authority
Date: October 19, 2022

Purpose:

To recommend to CareerSource Central Florida's Finance Committee to approve a change in CSCF's Accounting Policy to allow for checks to have a single signature rather than a dual signature for checks between \$10,000 and under \$100,000. Instead, the policy would require two signatures on all check registers, which includes all checks and ACH (Direct Deposit) payments made.

Background:

In response to creating greater flexibility and ability to operate in a hybrid environment, CareerSource Central Florida reached out to all active vendors to change the payment methodology from check to ACH. Currently about 90% of all payments made to vendors are made through the ACH process. Staff is recommending changing the process that requires two signatures for checks of \$10,000 and above and allowing for one signature for all checks under \$100,000. All checks of \$100,000 or more will still require two signatures, one of which must be from the Board Chair. Additionally, all check registers will require two original signatures. The check registers include all checks and ACH's being processed.

TABLE OF AUTHORITIES **(CURRENT)**

The Board reviews, approves, and establishes the authority levels for property, procurement processes and procedures. The authority levels are as follows:

Position	Check Signers*	Purchase Req. Order	Issue RFP/RFQ	Approve Selection of Contractor	Sign Contract & Amendment
President/CEO	Authorized	\$150,000	\$150,000	\$150,000	Authorized
COO**	Authorized	\$150,000	\$150,000	\$150,000	Authorized
CFO	None	\$10,000	None	None	None
Department VP's	Authorized	\$10,000	None	None	None
Board Chair	Authorized	N/A	N/A	N/A	Inform
Board Members	None	N/A	N/A	Over \$150,000	Inform

* Checks of \$10,000 or more require two original signatures. For checks of \$100,000 or more, excluding recurring monthly employee benefits disbursements, and participant training cost (ITA's, work experience) one of the original signatures must be by the Board Chair.

Action Item:

Staff has a recommendation that the Finance Committee approve a change to CSCF's Accounting Policy to allow for checks to have a single signature under \$100,000 and requiring all check registers to have two original signatures from authorized check signers as identified on the chart above.

Meeting Details

Meeting Agenda

Welcome

Roll Call

Public Comment

Approval of
Minutes

Information /
Discussion /
Action Items

Other Business

Adjournment

OTHER BUSINESS



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► **Adjournment**

ADJOURNMENT



THANK YOU!



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