

**San Francisco Ladies' Protection and Relief Society  
(dba Heritage on the Marina)  
Pension Committee Meeting  
Thursday, June 04, 2020  
Minutes**

A regular meeting of the Pension Committee was held today at Heritage on the Marina commencing at 1:00PM. Participating via telephone were Randy Gridley, Chairman, committee members Connie Tiret, Dennis Mooradian, Charlie Dicke, our plan consultant Leif Carlson, and our Prudential plan client Relationship Manager, Nicholas George. Mel Matsumoto, Chief Executive Officer and Joseph Conroy, Controller also participated in the conference call.

The following matters relative to the pension plan were discussed:

1. Call to Order. Randy Gridley called the meeting to order.
2. Review Investment Fund Options. Randy led the discussion of the current plan investment fund options in concert with Morningstar reports he ran on each fund as of May 31, 2020. It was agreed by the committee that the available funds are still appropriate and provide adequate options for plan participants. There was some discussion about a few of the investment options and Randy indicated they are available because they need to be there as part of the Goalmaker option. There was also some discussion regarding whether or not any of the investment options have an increased cost attached to them or whether front end loading fees apply. Our Prudential representative Nicholas George responded that is not the case. We had a lengthy discussion about the investment plan reports and in particular the results of the AB Discovery Value A fund. It was agreed by the committee that this fund would be put on our watch list for possible future replacement. Dennis asked whether or not we periodically reevaluate the investment choices and whether we have a process in place for this purpose. Randy responded that we do not have a formal process in place and he and Dennis will work on drafting one. Charlie stated that if the DOL starts performing an audit, they will be looking for what our process is to evaluate ongoing fund options and replacing them. Mel stated that while we have had an ad-hoc process in place we need to implement a formal process to address fund performance. There was a question about what the default investment choice is and Nick responded that it is the Goalmaker Conservative option. He will also be providing the funds which compose this option as well as other investment choices which would satisfy the Goalmaker requirements. After some discussion about the reports provided to the committee, Nick indicated that in the future

Prudential can provide more user friendly reports for the committee's review. There is a 3 week lead time for producing such reports.

3. Modification of plan to enable participant distributions during defined COVID-19 period. Joe Conroy stated that a notification to this effect went out to all eligible employees on May 1, 2020.
4. SECURE Act and Regulatory Update. Leif Carlson provided relevant updates pertaining to our plan and advised us that our next plan restatement will be due by July 31, 2022. He further recommended that the Committee revisit the Secure Act changes and incorporate those as required into the new plan. Please refer to the attached summary update.
5. Adjournment. There being no other matters to discuss, the meeting adjourned at 2:15PM.

Submitted,



Randy Gridley  
Chairman  
June 04, 2020

# **The Heritage 401(k) Retirement Plan**

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## **Administrative and Compliance Update – June 4, 2020**

### ➤ Legislative and Regulatory Update

- Setting Every Community up for Retirement Enhancement Act of 2019 – The Secure Act Signed into law December 20, 2019 (too early for a Plan amendment)
- Secure Act impact on The Heritage 401(k) Retirement Plan
  - New 3 year/500 hour eligibility rule (1 year/1,000 hour rule still in effect) – possible impact on “Occasional Workers”
  - 3%/4% non-elective safe harbor 401(k) plans will no longer be required to distribute an annual notice
  - Penalty free withdrawal up to \$5K for birth or adoption of a child
  - Age for required minimum distributions increased to age 72 (from 70.5)
  - Non-spousal beneficiary must take full distribution no later than 10 years after participant’s death
  - Required annual disclosure of lifetime income on benefit statements
  - IRS penalties significantly increased (ten-fold in some cases)
- CARES Act – Signed into law March 27, 2020
  - Coronavirus Related Distributions (“CRD”)
  - Coronavirus Related Loans (“CRL”)
  - Waiver of Required Minimum Distribution requirement for 2020
- Implementation of CARES Act Provisions
  - Plan amendment not required until December 31, 2022
  - Prudential approach to implementation of provisions
- DOL final e-disclosure regulations (issued 5/27/2020)
  - Should reduce administrative costs of delivering required notices, SPDs, etc.
  - Add a new “notice and access” safe-harbor method of delivery
  - Employer must issue an initial paper notice and then an annual notice of internet availability
  - Employer can issue single annual notice with respect to multiple Title 1 covered documents that will be available on website for at least a year
- Next restatement period starts 8/1/2020
  - Starts 8/1/2020 and ends 7/31/2022