

Kristy Bixler
Director, Human Resources
410-386-2129, fax 410-840-3671
MD Relay 711/800-735-2258
email: kbixler@carrollcountymd.gov



Department of Human Resources
Carroll County Government
225 North Center Street
Westminster, Maryland 21157

Carroll County Defined Contribution Plans – 401k/457b
February 5, 2023, 10am, Room 124C
Meeting Minutes

In attendance:

Mike Beczkowski – Bolton, Sr. Consultant
Werner Mueller – Retirement Plans Mgr.
Charles Beckhardt – Technology Services
Alison Jones – Circuit Court
Heidi Pepin – Bureau Chief, Budget
Kristy Bixler – Human Resources

Unable to attend:

Tim Burke – County Attorney

Talking points from Mike:

Per JP Morgan:

- Stocks may be getting “expensive” when comparing current S&P 500 P/E ratio (20.1X) to its 30-year average (16.6X).
- The Top 10 stocks in the S&P 500 in terms of market cap (i.e., shares X stock price) – AAPL, MSFT, AMZN, NVDA, GOOGL, BRK.B, GOOG, META, XOM, UNH, & TSLA – are now comprised of 32.9% of the S&P 500 market cap. Their P/E is a high 30.4X and they’ve returned 86% of the S&P 500 return.
- Year-to-date, large-caps continue to outperform small and mid-caps.
- The recession outlook is still a bit mixed with some components signaling recession fears (i.e., household survey employment and industrial production) while some are not (consumer spending).
- Federal finances do not paint a pretty picture. Currently, Federal debt is 97.6% of GDP and forecast to exceed 120% later in the 2020’s.

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- There may be signs that the labor market may be starting to deteriorate. Warning signals are sounding for services employment, manufacturing employment, and small business hiring plans.
- The Fed Funds interest rate is 5.38%. That is expected to decline over the next few years.

From Bolton's 401k/457b quarterly report:

- Assets currently total \$ 88.3M in both plans, near their all-time highs.
- The top-3 performing asset classes in 2023 were Large Growth, Mid Growth, and Small Growth – identical to 2019 and 2020.
- Bolton is re-evaluating the Fundamental Investors fund. It remains on "Watchlist." Bolton is "currently evaluating the efficacy of this asset class and investment approach."
- Bolton continues to be cognizant of providing investment options with low net expense ratios. Of the 17 investment options, the highest net expense ratio is Victory Sycamore at a still reasonable 0.79%.
- Employees continue to increase their use of Target Date funds, now at 22.37% of total 401k and 457b assets. Stable Value is still a relatively low 7.67% of assets, which is good to see in long-term retirement plans.

The next quarterly meeting will be sometime in February. Date and time TBD.

Following the meeting, Mike and Werner discussed potential one-on-one employee consultation dates. We've tentatively agreed to Wed., Mar. 27, Thurs., Apr. 4, and Mon., Apr. 15 in the County Office Building and Tues., Apr. 2 at the Maintenance Center.