

Morgan Stanley

Rasch Cousineau

Senior Principal
Executive Director

Fiduciary Consulting Group

9755 SW Barnes Road
Suite 660
Portland, OR 97225

direct: +1 725-252-0335

rasch.cousineau@morganstanley.com

www.morganstanley.com/fiduciary-consulting-group

November 20, 2025

Jordan Kaufman

Treasurer-Tax Collector
Kern County
1115 Truxtun Avenue, 2nd Floor
Bakersfield, CA 93301

RE: THIRD QUARTER 2025 KERN COUNTY DEFERRED COMPENSATION ADVISORY COMMITTEE MEETING

Committee Members Present

Tracey Eldridge – Chief Administrator’s Office
Chase Nunneley – Assistant Treasurer-Tax Collector
Janelle Austin – Auditor’s Office

Committee Members Absent

Jordan Kaufman, Chair – Treasurer-Tax Collector

Also in Attendance

Rachel Medrano – Confidential Administrative Assistant
Jennifer Feige – County Counsel
Rasch Cousineau – Fiduciary Consulting Group
José Mirales – Voya Financial
Liliana Fahel – Voya Financial

Dear Jordan,

Please find below a summary of the action items from our meeting on November 20, 2025. The meeting was held in person in the KCTTC Large Conference Room and virtually via Microsoft Team videoconferencing.

The meeting was called to order at 10:00 a.m.

1. The August 21, 2025 Quarterly Meeting Minutes were received as a consent agenda (CA) item.
2. The 2026 Meeting Schedule was received as a consent agenda (CA) item.
 - 4Q25: February 19
 - 1Q26: May 14
 - 2Q26: August 20
 - 3Q26: November 19All meeting times are 10:00 a.m. to 12:00 p.m.
3. The September 30, 2025 Match Report was received as a consent agenda (CA) item.

4. The September 30, 2026 Kern Stable Value Fund Report was received as a consent agenda (CA) item.
5. The September 30, 2025 Fees Report for both Plans was received as consent agenda (CA) items.

Tracey Eldridge Motioned/Janelle Austin Seconded/Unanimous

6. The September 30, 2025 Voya Quarterly Plan Review for both plans was received as a consent agenda (CA) item.
7. The Fiduciary Consulting Group (FCG) Quarterly Fund Performance Review was received and filed. Highlights included:
 - **Market Commentary** –
 - **US Equities** – The S&P 500 Index rose by 8.1%. Ten of 11 S&P 500 sectors posted positive returns in the quarter. The S&P 500 sectors that gained included: Technology (13.2%), Comm. Services (12.0%), Consumer Discretionary (9.5%), Utilities (7.6%), Energy (6.2%), Industrials (4.9%), Health Care (3.8%), Financials (3.2%), Materials (3.1%), and Real Estate (2.6%). Consumer Staples (-2.4%) retreated. Other major US Equity indices gained for the quarter as well with the NASDAQ Composite Index increasing 11.4%; the Russell 2000 Index increasing by 12.4%; and the Dow Jones Industrial Average rising by 5.7%.
 - **International Equities** – The MSCI Europe gained 3.5%, the MSCI Japan rose by 7.9%, and the MSCI Emerging Markets increased by 10.9%, all in US dollar terms.
 - **Fixed Income** – The yield on the 10-year US Treasury note closed the third quarter at 4.15%, while the three-month US Treasury bill yield ended at 3.93%. The Bloomberg US Aggregate Index, a general measure of US investment grade fixed income, increased 2.0% in the quarter.
 - **Other News** – Throughout the quarter, gold prices increased by 16.8%, up 46.7% year-to-date, while the US dollar rose by about 1.0%. The Federal Reserve opted to keep its policy rate unchanged at both its July and August meetings but reduced its federal funds target range by 25 basis points (0.25%) in September. Inflation data was moderately higher throughout the quarter, measuring at 2.9% in August, but labor markets weakened notably. Core PCE (Personal Consumer Expenditures) rose, measuring at 2.9% in August, still above the Fed's 2% target. Morgan Stanley's US Economics team updated their forecast to project 50 basis points (0.50%) of further reductions in 2025, followed by an additional 75 basis points of cuts in 2026, bringing the neutral rate to 2.75% to 3.00% by the end of 2026.
 - **Plan Data** – September 30, 2025 457(b) and PTST Plans' total combined assets were \$945,603,445, up \$44,941,518 from last quarter.

- The 457(b) Plan's assets were \$928,907,435, up \$44,462,942 from last quarter. Also in the 457(b) Plan, net cash flow was negative for the quarter at (\$3,839,383) as well as negative year-to-date at (\$2,410,882) and \$17,094,464 transferred into Fixed Income.
 - The PTST Plans' assets were \$16,696,010, up \$478,576 from last quarter. Also in the PTST Plans, net cash flow was positive for the quarter at \$352,348 as well as positive year-to-date at \$1,037,571.
 - Current Fund Lineup Performance – All funds met policy compliance with the exception of Kern Stable Value (performance) and American Funds Target Date 2070 (performance due to trailing its benchmark and peer group for the 5-year period). As this was the first quarter of noncompliance for American Funds Target Date 2070, no action is necessary at this time. FCG will provide an update at the next meeting.
 - Fee and Revenue Analysis – 3Q25 weighted fees in the 457 Plan were 0.380%. Weighted fees in the PTST Plan were 0.370%. Fees are 16% lower than in 2023 equating to \$650,235 in annual savings for Kern participants.
 - Stabilizer Market-to-Book Update –
 - The third quarter market-to-book ratio was 96.1%.
 - If rates increase 1%, the market-to-book would drop to 92.6%. If rates decrease by 1%, the market-to-book would increase to 99.7%. The movement is a result of the portfolio duration which was 3.59 as of September 30.
 - Yield to maturity was 4.75%. Crediting rate was 3.29%.
 - If rates do not change, it will take approximately 3.38 years to get to 100% market-to-book ratio.Fiduciary Consulting Group will provide another update of Stabilizer at the next meeting.
8. The Regulatory update and Plan design discussion was received and filed. Highlights included:
- **Final Catch-Up Contribution Regulations for Government Plans**
The IRS has issued final regulations implementing the Roth catch-up provision under the SECURE 2.0 Act of 2022. Key points include: certain catch-up contributions by higher-income participants must be designated as Roth contributions. Regulations provide guidance for plan administrators on implementation, corrections, and deemed Roth elections. Governmental plans and plans under collective bargaining agreements have a later applicability date, with flexibility for early “good faith” implementation. [Read more here.](#)
 - **House GOP Bill to ‘Codify’ Trump Executive Order on Private Investments in DC Plans**
“House Republicans proposed on Tuesday (October 14, 2025) legislation that would expand defined contribution plans’ access to alternative investments. The Retirement Investment Choice Act, introduced by Representative Troy Downing, R-Montana, would codify the executive order signed by President Donald Trump in August that

directs the Department of Labor and the Securities and Exchange Commission to provide regulatory guidance to allow alternative investments like private equity and digital assets to be eligible for inclusion on the investment menus of 401(k) and other DC retirement plans.” [Read more here.](#)

- **2025 EBRI/Greenwald Retirement Confidence Survey**

The RCS is the longest-running survey of its kind, measuring worker and retiree confidence about retirement, and is conducted jointly by the Employee Benefit Research Institute (EBRI) and Greenwald Research. The most recent survey is the 35th annual Retirement Confidence Survey (RCS). Several of the key findings in the report are:

- Americans are concerned about changes to the retirement system, specifically reduction of Social Security and Medicare benefits.
- Social Security remains the top source of actual and expected income for Americans in retirement.
- Workers expect to retire later and plan to work during retirement.
- Health care expenses remain a concern for retirees.
- Workers also find the cost of health care hinders their ability to save.
- Workers would like help saving for emergencies through their retirement plan. [Read more here.](#)

- **Beware of DOL Cybersecurity Audits**

“The Department of Labor (“DOL”) continues to focus on cybersecurity in its audits and investigations – often asking questions that extend beyond the set of best practices and tips it published in 2021 (the “Best Practice Tips”) that apply to health and welfare and retirement plans (see our alert here)... Plan sponsors can take the following steps to evaluate their preparedness for a DOL audit – 1. Review Service Provider Agreements...” [Read more here.](#)

Fiduciary Consulting Group will continue to provide updates regarding these topics and more as they become available.

9. The Committee adopted the following discretionary provisions of the SECURE 2.0 Act:

- Increase in De Minimis Amount from \$5,000 to \$7,000
- Penalty-free Withdrawals in the Event of Domestic Abuse
- Disaster Relief Distributions.

Tracey Eldridge Motioned/Janelle Austin Seconded/Unanimous

10. The Committee approved and authorized the proposed transfer of Legacy QDIA Managed Accounts to Target Date Funds. This is phase two of establishing Target Dates as the Plan’s Qualified Default Investment Alternative.

Janelle Austin Motioned/Tracey Eldridge Seconded/Unanimous

11. The nomination and election of the DCAC Chair and Vice-Chair for 2026 is as follows:

- Jordan Kaufman, Chair
- Aimee Espinoza, Vice-Chair

Janelle Austin Motioned/Tracey Eldridge Seconded/Unanimous

The meeting was adjourned at 10:47 a.m.

Future Meeting Topics:

- 401(a) versus 457 plan comparison – Fiduciary Consulting Group
- Recordkeeper contract update – Extension or RFP?
- Ongoing Stabilizer Analysis – Fiduciary Consulting Group
- Ongoing SECURE 2.0 updates as necessary

Thank you and please let me know if there are any questions.

Sincerely,



Rasch Cousineau, Senior Principal | Executive Director
(725) 252-0335 | rasch.cousineau@morganstanley.com

cc: Chase Nunneley
Rachel Medrano