



# 2024 ANNUAL REPORT



CHARTING A COURSE FOR **THE FUTURE**



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# ACEC RETIREMENT TRUST **2024 ANNUAL REPORT**



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## LETTER FROM TRUST CHAIR

To our Plan Sponsors and Participants,



As Chair of the ACEC Retirement Trust, it is my pleasure to report on a successful year of continued growth, commitment to participant well-being, and dedication to our mission of supporting the retirement security of our members. This year marks yet another step forward in our journey to provide the highest level of service, financial support, education, and stability to those we serve within the ACEC community.

The ACEC Retirement Trust has expanded significantly over the past years, now encompassing 380 employer-sponsored plans covering 23,213 plan participants. This growth has not only reinforced the stability of the Trust but has also positioned us as a premier provider of retirement planning services within the industry as well as an exclusive benefit offered only to ACEC Members. The total combined plan assets of all plans in the Trust have reached \$2,991,263,314, reflecting the trust our participants place in us and the value they derive from our tailored retirement plan solutions.

### Accomplishments

One of our most exciting developments this year was the roll-out of a complimentary certified financial planning service that became available to all participants within the Trust on July 1, 2024. This service underscores our commitment to empowering participants with personalized guidance and advice that can help them reach their unique retirement and financial goals. Through one-on-one access to certified financial planning professionals,

participants are equipped with the resources and insights needed to make informed decisions about their financial futures, including insurance needs, social security strategies, and saving for important life events, to name a few.

In addition to the CFP services, another change was made pertaining to the investment guidance offered to plan participants. As part of the Trustees' due diligence responsibilities, a full study was conducted on the usage and available options through both CAPTRUST and Empower to ensure that investment guidance services are easily accessible to plan participants while meeting usage benchmarks and service standards. After careful consideration and multiple discussions, it was decided to transition the participant investment advice and wellness services to Empower, consolidating the participant access to all services within the Trust under one platform.

Our last enhancement of mention is the refresh of our branding and logo. The logo is a key identifier for any brand, and as a trusted partner of ACEC, our new logo has incorporated recognizable elements of the ACEC logo and definitely reinforces that connection. By including the words "Retirement Trust" instead of using the acronym RT, we are clarifying our offered services. The tagline "Your Future Reimagined" emphasizes the Trust's mission of retirement readiness for all participants provided by an all-encompassing and unique platform at a low fee. The vibrant green and blue colors impart financially trustworthy and vibrant employee benefits.





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## Keeping Everyone in The Know

An integral part of the Retirement Trust is to ensure that communication and education are provided to both plan sponsors and plan participants within the program. To this end, our relatively new Executive Director, Deb Stevens, began publishing a quarterly email newsletter to plan sponsors to inform them of important announcements, any changes occurring within the Trust, educational opportunities, as well as information pertaining to ERISA law that may impact their plan. Deb often includes pass-a-long information to share with plan participants to help assist them with their financial journey through their retirement plan. Clear communication and an open-door policy are what Deb offers to all associated within the Trust.

### Additional resources offered to plan sponsors include:

- Quarterly Plan Sponsor Webinars (with the most important being the annual Fiduciary Training webinar that is conducted each October)
- Annual Plan Review reporting offered through your Empower Relationship Manager
- Available Enrollment Meetings
- Participant Learning at Your Leisure Webinar Series offered through Empower
- Customer service access through our toll-free phone number and online communications
- Educational Sessions during the Spring and Fall ACEC Conferences

At the core of the Trust's mission, expanding the financial knowledge of plan participants is paramount and we strive to fulfill and expand upon that directive on an ongoing basis.

## A Brighter Tomorrow

With the new look and feel of the Trust's brand, one of our important to-dos is to redesign the [acecrt.com](http://acecrt.com) website to ease navigation while providing meaningful and useful resources for both existing members and plan participants as well as to prospective firms. Our aim is to roll out the new site in late spring of 2025.

Regarding the forward momentum of the ACEC Retirement Trust, the Trustees continually exercise their due diligence obligations and seek out new ways to promote the financial well-being of plan participants and beneficiaries.

Our unwavering commitment to the success of each individual participant and the financial health of every employer-sponsored plan under the Trust is at the heart of what we do. I am proud of the strides we've made this year in service, security, and growth, and I am optimistic about what the future holds for the ACEC Retirement Trust.

Thank you for your trust and dedication.

Sincerely,

*Ron Wathen*

### RON WATHEN

Chair of the ACEC Retirement Trust  
Board of Trustees



## HISTORY, GOVERNANCE AND CONSTRUCTION OF THE TRUST



The ACEC Retirement Trust (“Trust”) began in 1973, primarily as a platform for engineering firms to combine purchasing power in negotiating guaranteed interest contracts. It has evolved over the years into a sophisticated retirement plan services platform, which bundles together multiple unaffiliated member firms so that they can access (i) better administration and recordkeeping services, (ii) high grade investments at a lower fee structure, (iii) superior participant education resources, and (iv) greater fiduciary protection.

The Trust is available to all ACEC member firms, providing best in class fiduciary and regulatory oversight and compliance, cost control, recordkeeping and administrative services, participant education services and investment alternatives all at a significantly reduced price point. The Trust, through the recapture of all revenue generated by assets held within the Trust, offers a platform that eliminates the conflict of interest often present among the service providers for retirement plans and lowers overall plan costs. Contracts are negotiated on behalf of all participating plans at the Trust level with all of the Trust service providers thus

attaining greater bargaining strength to ensure the lowest possible fee structure for services delivered. This ensures the Trust remains truly independent, objective and unbiased in selecting investments, service providers and meeting its fiduciary duties under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

The Trust, on behalf of all participating plans, regularly reviews its contracts with all of its service providers to ensure that the services being provided are best in class based upon the fees being paid and this ongoing due diligence ensures that the Trust maintains the highest level of services and obtains the most competitive fees.

Empower provides recordkeeping, administrative services, financial advice, and assists with plan consulting. The Trust also utilizes outside ERISA counsel through McDermott Will & Emery LP, and investment management services through CAPTRUST Financial Advisors. These partnerships help to protect the member firms and provide a process to ensure that the fiduciary responsibilities attendant to sponsoring a retirement plan are fulfilled and that costs are controlled. The Trust is overseen by a



board of seven Trustees who are educated on and acknowledge fiduciary duties under ERISA. These Trustees are selected from participating firms and serve up to 2-4 year terms. On a quarterly basis, the Trust holds Board of Trustee meetings with its service providers to evaluate the performance of the Trust.

#### The meetings include:

- ✓ Investment performance evaluation and modeling
- ✓ Annual review and editing, as needed, of the Investment Policy Statement, Partner Due Diligence Report, and Service Provider Selection Policy
- ✓ Discussion of trends, new products and developments in the retirement plan industry
- ✓ Analysis and negotiation of fees being charged by the Trust's service providers
- ✓ Performance and due diligence on all service providers
- ✓ Review of the Trust's asset allocation and metrics
- ✓ Identification and review of the Trust's Key Performance Indicators
- ✓ Ensure the Trust conforms with the Declaration of Trust and the fiduciary duties as outlined by ERISA and the Internal Revenue Code
- ✓ Securing appropriate risk management strategies and obtain Fiduciary Insurance
- ✓ Ongoing fiduciary training

All actions and decisions are documented and maintained in a permanent repository.

## GOVERNANCE FRAMEWORK

### BOARD STRUCTURE

**Effective. Dedication. Beneficial.**

- ✓ Organizational Board and Committees Structure
- ✓ Strategic Plan/Trust Identity

### OVERSIGHT RESPONSIBILITIES

**Prudence. Transparent Decisions. Ethical.**

- ✓ Trustee Fiduciary Responsibilities, Authority, and Expectations
- ✓ Subcommittees' Authority and Responsibilities
- ✓ Executive Director Accountability, Responsibilities, and Expectations

### OPERATIONAL GUIDELINES

**Concise. Efficient. Accountable.**

- ✓ Declaration of Trust, Trust Policies, and Procedures
- ✓ Fiduciary Risk Management & Checklist
- ✓ Trustee Development & Training

### PARTNER MANAGEMENT & REPORTING

**Oversight. Monitor. Inform.**

- ✓ Partner/Vendor Agreements (Roles & Responsibilities)
- ✓ Meeting Reporting
- ✓ Performance Management & Key Performance Indicators



## COMPLIANCE

The SECURE 2.0 Act introduced several changes to retirement plans, with some key provisions taking effect in 2025 and 2026. Below is a simplified overview.

### Effective in 2025:

- ✓ **Higher Catch-Up Contributions (Ages 60-63):** Individuals in this age range can make larger catch-up contributions to their retirement plans. The limit will be \$10,000 or 150% of the current catch-up amount, whichever is greater, and will adjust for inflation.
- ✓ **Automatic Enrollment:** New 401(k) and 403(b) plans must automatically enroll employees at a contribution rate of 3-10%, unless they opt out.
- ✓ **Expanded Access for Part-Time Workers:** Part-time employees with at least 500 hours of service annually for two consecutive years will be eligible to participate in 401(k) plans.
- ✓ **Long-Term Care Premiums:** Plans can allow penalty-free distributions (up to \$2,500 per year) to pay for qualifying long-term care insurance premiums.

### Effective in 2026:

- ✓ **Roth Catch-Up Contributions for High Earners:** Employees earning over \$145,000 must make their catch-up contributions on a Roth (after-tax) basis. This aligns with broader tax rules encouraging Roth contributions.
- ✓ **Saver's Match:** The current Saver's Credit for low-income individuals will be replaced by a federal match, contributing up to \$1,000 directly to retirement accounts based on personal contributions. This is designed to enhance retirement savings for lower-income earners.



These updates aim to improve retirement savings accessibility and incentives across different income levels and employment types.

Retirement Plan Limits	2025	2024	2023
Elective contribution limit for 401(k), 403(b) and most 457 plans	\$23,500	\$23,000	\$22,500
Catch-up contribution limit (employees over the age of 50)	\$7,500	\$7,500	\$7,500
Catch-up contribution limit (for employees ages 60-63)	\$11,250	N/A	N/A
Defined contribution limit under Section 415(c)(1)(A)	\$70,000	\$69,000	\$66,000
Annual compensation limit under Sections 401(a)(17), 404(1), 408(k)(3)(C), and 408(k)(6)(D)(ii)	\$350,000	\$345,000	\$330,000
Annual compensation limit for highly compensated employees	\$160,000	\$155,000	\$150,000
Annual compensation limit for key employees	\$230,000	\$220,000	\$215,000
Individual Retirement Account (IRA) contribution limit	\$7,000	\$7,000	\$6,500
Individual Retirement Account (IRA) Catch-up contribution limit	\$1,000	\$1,000	\$1,000





# RETIREMENT TRUST PARTICIPANT STATS

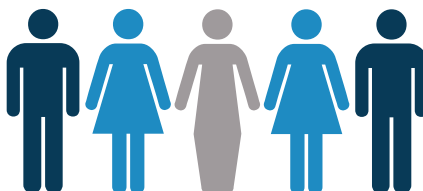
as of 9/30/2024

Many of your peers trust the ACEC Retirement Trust for a customized plan design, using vetted providers, with low fees, and access to institutional-grade funds. With participant plan assets approaching **\$3 billion**, the Trust is achieving its mission of retirement readiness for its participants and member firms.

**23,000+**  
**STRONG**

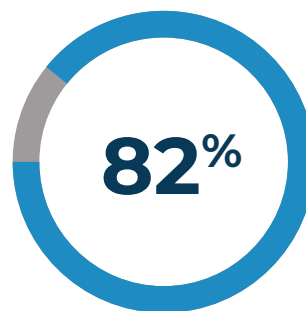
OUR PLAN PARTICIPANTS  
TELL THE STORY

**23,213** Total Participants  
with a Balance



**\$128,862**

Average Account Balance



Plan Participation Rate

**9%** Average Plan Participant  
Contribution Rate



**23.5%**

Participants  
Contributing  
over 10%





## MARKET AND ECONOMIC COMMENTARY



### Market Overview

#### Economic Growth

The U.S. economy sustained moderate growth throughout the 2023–24 fiscal year. Gross Domestic Product (GDP) expanded by 3.2% in the third quarter of 2024, driven primarily by robust consumer spending and increased business investment. Inflation steadily decreased during the fiscal year, aligning closer to the Federal Reserve’s 2% target. However, the pace of decline slowed in recent months, as illustrated below:

- **September 2024**  
Annual inflation rate at 2.4%, down from 2.5% in August
- **October 2024**  
Inflation remained stable at 2.4%
- **November 2024**  
Inflation saw a slight uptick to 2.5%

#### Labor Market

The labor market remained strong, with consistent job gains supporting consumer confidence and spending. The unemployment rate stayed low throughout the fiscal year, reflecting a healthy employment landscape.

Recent job growth figures include:

- **August 2024**  
275,000 jobs added
- **September 2024**  
265,000 jobs added
- **October 2024**  
250,000 jobs added



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## Market Insights

### Equity Markets

U.S. equities continued an upward trajectory in 2023–24, driven by strong performance in technology sectors, particularly those tied to artificial intelligence (AI). As of June 2024, the U.S. stock market exhibited a slight premium, with a price/fair value ratio of 1.03. U.S. equities outpaced global peers, while economic challenges persisted in regions such as the United Kingdom, Japan, and Germany.

The Dow Jones Industrial Average ended September 2024 at 42,330.15, reflecting sustained growth over the past 12 months.

The S&P 500 demonstrated a 12-month return of 36.04%, bolstered by strong sectoral performance. Meanwhile, the bond market delivered mixed results. While yields remained relatively stable, fixed-income securities continued to attract investors as a hedge against potential volatility.

### Sector Performance

Technology stocks, particularly those linked to AI, delivered exceptional returns. Traditional sectors such as consumer goods and healthcare recorded steady, albeit less dramatic, growth, contributing to overall market resilience.

## Investment Environment

### Monetary Policy

The Federal Reserve adopted a balanced approach, prioritizing economic growth while maintaining vigilance on inflation.

Interest rates were adjusted downward during the fiscal year to support the economy:

- **September 2024**

A 50-basis-point rate cut reduced the target range to 4.75%–5%

- **November 2024**

A further 25-basis-point cut lowered rates to 4.50%–4.75%

### Global Economic Conditions

Economic performance varied across regions. While some economies saw recovery and growth, others grappled with geopolitical tensions and slower post-pandemic rebounds.

### Investor Sentiment

Investor sentiment remained cautiously optimistic, with a focus on growth-oriented sectors such as technology and stable industries like healthcare. Despite challenges in the global economy, the U.S. market demonstrated resilience, offering opportunities across a diverse range of assets.

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This analysis underscores the steady performance of the U.S. economy and markets during the 2023–24 fiscal year, highlighting resilience in key sectors and cautious optimism in investment strategies.



# ANNUAL FUNDS SUMMARY

## Fund Returns and Asset Values as of 9/30/2024

Fund Name	Expense Ratio	Return for the Year Ended 9/30/2024	Net Assets as of 9/30/2024
Domestic Equity Funds			
Vanguard Institutional Index Instl1 P1	0.20%	36.32%	343,047,352.39
American Funds Washington Mutual R6	0.26%	32.77%	159,493,970.45
Emp InsPlus-Empower Large Cap Gr/ Jennison SP	0.36%	43.04%	217,779,465.07
Empower I-Empower Mid Cap Value/ Robeco SP	0.56%	25.93%	88,384,423.35
T. Rowe Price Instl1 Mid-Cap Equity Gr	0.61%	22.86%	106,175,294.90
Vanguard Mid Cap Index Institutional	0.04%	28.81%	101,188,345.19
Victory Small Cap Value CIT (Net 75)	0.75%	17.55%	28,957,975.81
T. Row Price Integrated US Sm Gr Eq I	0.66%	30.66%	42,341,932.95
Vanguard Small Cap Index I	0.04%	27.45%	87,665,742.28
Socially Responsible Funds			
Vanguard FTSE Social Index I	0.12%	37.67%	57,964,802.22
International Equity			
Vanguard Total Intl Stock Index I	0.09%	24.92%	98,949,386.34
Empower I-IS Capital Group Euro Pacific Growth SASP	0.41%	24.86%	109,793,856.48
Real Estate Funds			
Nuveen Real Estate Securities R6	0.84%	31.76%	31,181,310.19
Balanced Funds			
American Funds American Balanced R6	0.25%	26.27%	120,779,089.49
Empower SecureFoundation Bal Inv	0.25%	20.82%	17,964,444.98
Day One IncomeFlex Target Balanced	1.34%	18.62%	2,911,204.77



Fund Returns and Asset Values as of 9/30/2024 continued

Fund Name	Expense Ratio	Return for the Year Ended 9/30/2024	Net Assets as of 9/30/2024
<b>Fixed Income</b>			
Core Plus Bond/PGIM Fund	0.22%	13.58%	93,356,221.56
Vanguard Total Bond Market Index I	0.04%	11.42%	90,143,261.70
<b>Guaranteed Income</b>			
NY Guaranteed Income Fund	0.35%	Current Fixed Rate: 2.00%	11,221,704.22
EIFA – Series Class III	0.25%	Current Fixed Rate: 2.15%	122,970,922.85
<b>Target Date Funds</b>			
Fidelity Freedom Blend Inc Cmgld Pool T	0.20%	13.75%	1,801,083.43
Fidelity Freedom Blend 2015 Cmgld Pool T	0.20%	17.82%	35,264,252.17
Fidelity Freedom Blend 2020 Cmgld Pool T	0.20%	20.04%	18,979,495.66
Fidelity Freedom Blend 2025 Cmgld Pool T	0.20%	21.90%	152,176,451.69
Fidelity Freedom Blend 2030 Cmgld Pool T	0.20%	23.21%	82,453,151.07
Fidelity Freedom Blend 2035 Cmgld Pool T	0.20%	25.57%	226,503,231.53
Fidelity Freedom Blend 2040 Cmgld Pool T	0.20%	28.43%	77,632,844.79
Fidelity Freedom Blend 2045 Cmgld Pool T	0.20%	29.54%	191,164,160.84
Fidelity Freedom Blend 2050 Cmgld Pool T	0.20%	29.51%	64,522,886.31
Fidelity Freedom Blend 2055 Cmgld Pool T	0.20%	29.54%	113,904,901.86
Fidelity Freedom Blend 2060 Cmgld Pool T	0.20%	29.55%	35,096,116.02
Fidelity Freedom Blend 2065 Cmgld Pool T	0.20%	29.54%	11,362,565.85
<b>Other</b>			
Miscellaneous Legacy Funds	N/A	N/A	340,402.06
Self-Directed Brokerage Account	N/A	N/A	5,595,817.87





## 2024 BOARD OF TRUSTEES

The **ACEC Retirement Trust Board of Trustees** determines overall policy, assumes certain fiduciary responsibilities and works with the Executive Director to oversee all aspects of the Trust.

**RON WATHEN****CHAIR**

QK, Inc.  
Visalia, CA

**CHRIS ANDERSON****VICE CHAIR**

DJ&A, P.C.  
Missoula, MT

**KARLENE THOMAS****Trustee**

Pinyon Environmental  
Lakewood, CO

**ANDY PLATZ****Trustee**

Mead & Hunt  
Middleton, WI

**RICHARD KHALIL****Trustee**

A. Morton Thomas & Associates  
Rockville, MD

**RENAN PIERRE-LOUIS****Trustee**

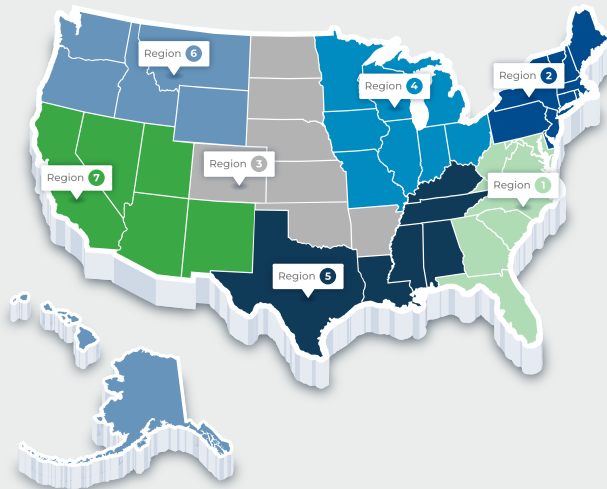
Raba Kistner  
San Antonio, TX

**RICH HUMANN****Trustee**

H2M  
Melville, NY

**DEB STEVENS****Executive Director**

ACEC Retirement Trust  
Centreville, VA



### TRUSTEES BY REGION

- 1 Richard Khalil
- 2 Rich Humann
- 3 Karlene Thomas
- 4 Andy Platz
- 5 Renan Pierre-Louis
- 6 Chris Anderson
- 7 Ron Wathen





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