

MINUTES
Louisiana Deferred Compensation Commission Meeting
April 19, 2022

The monthly meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, April 19, 2022, in the office of the Plan Administrator, 9100 Bluebonnet Centre Blvd, #203, Baton Rouge, LA, 70809 at 10:00 a.m.

Members Present

Virginia Burton, Vice Chairman, Participant Member
Stewart Guerin, Designee of the Commissioner of Insurance
Rick McGimsey, Designee of the Commissioner of Administration
Scott Jolly, Co-Designee of Commissioner of Financial Institution
Julius Roberson, Designee of the LA State Treasurer

Members Not Present

Whit Kling, Chairman, Participant Member
Andrea Hubbard, Co-Designee of the Commissioner of Administration
Laney Sanders, Secretary, Participant Member
Representative Lance Harris, Designee of the Speaker of the LA House of Representatives
Senator Ed Price, Designee of the President of the Louisiana State Senate

Others Present

Craig Cassagne, State of Louisiana Attorney General's Office, Baton Rouge
Brett Robinson, State of Louisiana Attorney General's Office, Baton Rouge
Karen Scott, Sr Client Services Manager, Empower, Denver-*via video conference*
Shannon Dyse, Relationship Manager, Empower, Baton Rouge
Rich Massingill, Manager, Participant Engagement, Empower, Baton Rouge
Jo Ann Carrigan, Sr. Field Administrative Support, Empower, Baton Rouge

Call to Order

Ms. Burton called the meeting to order at 10:00 a.m. Ms. Carrigan called roll of Commission members.

Public Comments

Ms. Burton stated that the meeting is accessible to the public and invited anyone who had joined the meeting to participate in the call. There were no public comments.

Approval of Commission Meeting Minutes of March 15, 2022

The minutes of the March 15, 2022 Commission Meeting were reviewed. Ms. Burton noted a correction required to the minutes on page 3 of 8 in reference to the Soviet Union. Mr. Jolly motioned for acceptance of the March 15, 2022 minutes as amended. Mr. McGimsey seconded the motion. The Commission unanimously approved the motion.

Administrator's Report

Plan Update as of March 31, 2022: Mr. Dyse reviewed the Plan Update as of March 31, 2022. Assets as of March 31, 2022: \$2,182.37 Billion; Asset Change YTD: -\$104.36 Million representing a 4.6% decrease since end of year, 2021. Contributions YTD: \$29.21 Million; Distributions YTD: \$34.92 Million. Net Investment Difference YTD: -\$98.65 Million.

UPA – February 2022: Mr. Dyse reviewed the UPA report for the month of March 2022. Additions included gains on contribution corrections and interest/dividends in March. Deductions included a February adjustment to contract costs that were reversed as of the February dates. The deduction noted appeared as a credit in the February UPA report. The closing balance as of March 31, 2022, was \$1,070,820.40.

UEW Report - April 2022: Mr. Dyse presented the UEW Report for the month of April 2022. Eight requests were submitted, and one request was denied. The denied request was because the participant had already severed employment and therefore was not eligible for an unforeseeable emergency withdrawal.

Securities Sold-February and March 2022

Mr. Dyse reviewed the securities sold during the months of February and March, 2022. Mr. Dyse pointed out that additional columns were added to the report as reflected on the March Securities Sold report that further supports “Gain/Loss” column totals. If there is a slight variance, it may reflect a small charge at the time that the items were purchased.

Participant Engagement Activity-March 2022

Mr. Massingill reviewed Employer Engagement Highlights which included:

- New Enrollments 1Q22: Year-over-year increase from 390 in 2021 to 502 in 2022. The increase can be partially attributed to RPA’s returning to the field and participating in on-site meetings.
- Top 10 Most Active Agencies/Political Subdivisions 1Q22:
 - LSU
 - Lafourche Parish Sheriff
 - DOTD
 - DPS
 - St Tammany Parish Sheriff

Strategic Partnership Meetings:

- Meetings are in progress with sheriff offices throughout the State of Louisiana. There was a four-day, on-site visit with the Bossier Parish Sheriff Office in March.
- LASERS has confirmed their virtual education sessions through the month of June.
- Office hours have been established with LSU HSC New Orleans so that participants may meet in person with a licensed Retirement Plan Advisor on a regular basis.

Plan Adoptions and Deconversions: Mr. Massingill noted that there has been no change in status of the list of Plan Adoptions and Deconversions.

- Florida Parish Juvenile Detention Center: Company match decision pending.
- St Tammany Parish Coroner's Office: New to the Plan.
- Iberia Parish Coroner: Returning agency; on-site education meetings performed by Allen Berard, RPA.
- Avoyelles Parish Sheriff: Returning agency with on-site education performed by Shannon Wheeler, RPA.
- Teche-Vermilion Fresh Water: New Agency as of February 2022.
- East Feliciana Parish Sheriff Office-New Agency; Coordinating on-site education.

Mr. McGimsey asked for clarification on whether representatives are meeting with new employees or employees who have been employed for awhile but had never heard of Deferred Comp. Mr. Massingill stated that the meetings are with both new and long-term employees. New Employee Orientation meetings consist of almost all new hires. On-site agency visits include both new and long-term employees. Mr. McGimsey stated that portability seems to be a bigger issue for millennials as they may not be committed to working long-term for a State entity. Mr. Massingill agreed that the 457b Plan is attractive in part because of its portability in addition to no early withdrawal penalties. Marketing materials are designed to highlight these features of the Plan.

Mr. McGimsey asked if auto-enrollment is a possibility for the Plan. Mr. Dyse stated that discussion has taken place with the Commission at a high-level. The consensus is that acceptance of auto-enrollment into the LA Deferred Comp Plan will be a daunting task because it will require legislative approval/changes. Mr. Dyse had an exploratory discussion with the internal members of the Empower team and reported that Empower would be able to support auto-enrollment, but the process would have to be well thought out as it will be difficult to record-keep. Marilyn Collister, Senior Directory, Regulatory Affairs, shared with Mr. Dyse that other states are interested in auto-enrollment and that NAGDCA is putting together model language to be used by states when approaching legislature. This model language will be shared with sponsors like the Commission in early summer. Ms. Collister would be discussing with the NAGDCA Board the possibility of NAGDCA coordinating interested states so that the states could all work together in relation to the legislative hurdles. Mr. Dyse stated that auto enrollment would need the support of other stakeholders such as LASERS for it to come to fruition. Mr. Dyse stated that it is a small minority of states that currently offer auto-enrollment. Mr. Roberson had questions related to any additional record keeping costs related to auto-enrollment. Mr. Dyse stated that there would probably be no additional cost. One of the bigger issues to address is whether auto-enrollment should be offered to all employees (including political subdivisions) or just State employees. There would also have to be an unwind feature for those who were not fully educated on the Plan. The challenge is always on the communication-side of the program. Mr. Roberson asked for clarification on rules related to Roth withdrawals. Mr. Massingill shared that first contributions must be made five years prior to withdrawal and age 59 ½ but taxes and penalties only apply to growth. Mr. McGimsey asked if participants who are still employed by a State entity must take RMD withdrawals. Mr. Massingill explained that active employees do not have to take RMD withdrawals and can continue to contribute to the Plan. RMD is calculated based on the December 31st balance and life expectancy. If a participant postpones taking an RMD until later (over age

72), the actual RMD amount may be high. It is very rare to find someone who is taking RMD withdrawals while employed.

Retirement Plan Advisor Meeting Activity: Group meeting numbers are increasing as RPA's are returning to the field. There were 1,147 meetings held in 1Q22 which represents an average of 229 meetings per RPA. Of the meetings held, there were 526 individual meetings and 538 Retirement Readiness meetings. Online appointment booking was completed by 328 participants.

The Baton Rouge Retirement Plan Advisor position remains open as the potential candidate, noted in last month's meeting, did not pan out.

Participant Request: Remove Loan Default

Ms. Carrigan reviewed the request to remove a loan default on a participant account due to employer/administrative error. The loan had been paid off but remained in default status. The Manager of Employee Benefits of Grambling State University acknowledged in writing that loan payments were missed because of administrative error and asked that the default be removed from the participant's LA Deferred Comp record. Mr. Guerin motioned that the default be removed from the participant's record. Mr. McGimsey seconded the motion. The motion passed unanimously.

Commission Election Update

Ms. Carrigan reported that the list of names/addresses of those participants who may vote in the Commission Election has been assembled. Approximately 37,000 ballots will be mailed. The list includes the names of participants who received a statement in 1Q22. Packets are being printed/stuffed which takes five days to complete. The ballots will be mailed by Monday, April 25, 2022. The ballot includes two candidate names: Beverly Hodges (appearing first on the ballot) and Whit Kling.

Other Business

Ms. Burton reported that LASERS has proposed a hybrid plan that would be partial Defined Benefit and partial Defined Contribution (much like a 401K contribution). Ms. Burton reported that this could have some impact on the 457b Plan.

Adjournment

With there being no further items of business to come before the Commission, Vice-Chairman Burton declared the meeting adjourned at 10:37 a.m.

Laney Sanders, Secretary