

**MINUTES**  
**Louisiana Deferred Compensation Commission Meeting**  
**July 20, 2021**

The monthly meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, July 20, 2021 in the Offices of the Plan Administrator, 9100 Bluebonnet Centre Blvd., Suite 203, Baton Rouge, LA at 10:00 a.m.

**Members Present**

Whit Kling, Chairman, Participant Member  
Virginia Burton, Vice Chairman, Participant Member  
Stewart Guerin, Designee of the Commissioner of Insurance  
Andrea Hubbard, Co-Designee of the Commissioner of Administration  
Doug Buras, Co-Designee of Commissioner of Financial Institution  
James Mack, Designee of the LA State Treasurer  
Laney Sanders, Secretary, Participant Member *via video conference*

**Members Not Present**

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**

John Schroder, Treasurer, State of Louisiana-*via audio conference*  
Craig Cassagne, State of Louisiana Attorney General's Office, Baton Rouge  
Marybeth Daubenspeck, Vice President, Government Markets, Empower Retirement, Denver-  
*via video conference*  
Matthew Morin, Director-Advisory and Planning, Empower Retirement, Denver- *via video conference*  
Shannon Dyse, Relationship Manger, Empower Retirement, Baton Rouge  
Rich Massingill, Manager, Participant Engagement, Empower Retirement, Baton Rouge  
Jo Ann Carrigan, Sr. Field Administrative Support, Empower Retirement, Baton Rouge

**Call to Order**

Mr. Kling called the meeting to order at 10:04 a.m. Ms. Carrigan called roll of Commission members.

**Public Comments**

Mr. Kling stated that the meeting is accessible to the public and invited anyone who had joined the meeting to participate. There were no public comments.

**Swearing in of Virginia Burton**

Mr. Cassagne performed the swearing in of Virginia Burton as the Participant Member for the seat won by Ms. Burton in the June, 2021 election. Ms. Burton's term extends through June of 2024.

**Commission Election Results**

Mr. Kling congratulated Ms. Burton on winning the election. Mr. Kling reported that there was a printing issue with the election ballots affecting approximately 20 ballots. Specifically, ballots were not included in approximately 20 ballot packets. Fourteen corrected ballot packets were mailed to participants that contacted the Plan Administrator's office in advance of the election voting deadline. Mr. Kling discussed this issue with Mr. Dyse and with the printer who submitted a written explanation on how the error occurred. Mr. Kling made the decision to carefully watch the election results to determine the impact of the errant ballot packets. Mr. Kling also was notified Ms. Beverly Hodges of the printing issue. It was determined that the errant packets had little impact based on the final outcome of votes received. The printer has been used in the past and was fully cognizant of how the issue occurred. It is unknown if this particular printer will be used again in the future by the Commission.

### **Election of Commission Officers**

Written/paper ballots were distributed to the members in attendance to determine the Commission Officers for the period of July 1, 2021 to June 30, 2022. Votes were tallied and the results were as follows:

Chairman:	Whit Kling
Vice Chairman:	Virginia Burton
Secretary:	Laney Sanders

Mr. Dyse shared the ballot results with the Commission at the end of the meeting.

### **RSG Services Review**

Mr. Dyse asked for and received permission to move the RSG Review agenda item to this portion of the meeting. Mr. Dyse stated that since May 20, 2021, a total of 73 participants have asked to be removed from the website distribution procedure requiring that they speak with an RSG member prior to withdrawing funds from their account. Mr. Dyse introduced Mr. Morin who would be reviewing the RSG conversation flow as requested by the Commission in June. Ms. Daubenspeck responded to the Commission's request to hear recordings of participant/RSG calls by saying that for confidentiality reasons, the calls cannot be shared. Mr. Daubenspeck invited members to ask questions of Mr. Morin regarding how a typical call progresses. Mr. Morin trains the trainers who are working with associates receiving the phone calls. Mr. Morin stated that he was aware of the complaint previously received from a participant who objected to having to speak with someone prior to withdrawing his funds. Mr. Morin shared Empower's "Values-Driven Conversation Model" with the Commission:

- E: Engage for financial wellness.
- M: Make a connection.
- P: Probe for understanding
- O: Offer appropriate solutions.
- W: Win relationships.
- E: Explore opportunities.
- R: Record engagement.

RSG associates are trained in this model and do not read from a script when conversing with participants. The goal of the conversation is to get to know the participant and to focus on their

full financial picture so that they may make a well-informed decision related to withdrawing their funds. Mr. Morin stated that it is fully understood that participants should have access to their money when they want or need it. The website restriction is not meant to be an additional barrier or roadblock to participants when seeking to access their money. The goal is to make sure that participants are making a well-informed decision prior to taking their first distribution. Mr. Morin stated that many participants seem to be under the impression that they must withdraw their money at retirement. When RSG is able to speak with participants prior to withdrawing their funds, the result is a positive impact in reducing cash-outs and rollovers to competitors and increasing the number of participants wishing to stay in the Plan which is the goal of the program. Each RSG team member is asked to evaluate each conversation by asking: “Was the customer better prepared for retirement after speaking with me?” The participant should learn something new each time he speaks with a representative under the Values-Driven Conversation format. The goal of the conversation is to provide a more complete view of that participant’s financial picture and then help them make the right solution based on their current financial situation and goals. RSG representatives are trained to ask the following core questions referred to as the participant’s DNA:

- Desire: What is the participant calling for today? Is there an immediate need to access cash?
- Need: What are the participant’s long-term needs? Will this account serve as an emergency fund? Is this the participant’s primary income source? How does the account support their retirement picture in terms of other assets that they may have?
- Aptitude: How comfortable is the participant in managing the account through retirement? Can they manage the account so that the money lasts as long as it is needed?

The conversation will expand based on what the participant needs, how willing they are to engage and how much help is needed.

The “Your Options Engagement Model” was reviewed by Mr. Morin who stated that the website distribution restriction is meant to be a one-time only feature – not meant as a long-term barrier. The objective of the restriction is to get in front of as many people as possible before they make a decision that they may potentially regret. If the participant is fully aware of his/her choices, the conversation ends and the representative “flips” a toggle switch that will remove the restriction allowing for easy online access going forward. Some participants ask to keep the restriction on the account. Mr. Buras asked if participant options are fully disclosed on the LA Deferred Comp website or must they call to become informed of the options. Mr. Morin stated that the four distribution options are not listed on the specific page being referenced but it does appear under the “Plan Resources” tab in the “Special Tax Notice” which covers all of the options available. FINRA 1345 states that before someone is going to make a distribution/rollover decision, it is important that they understand all considerations when making the decision. The information to be considered is:

- What are my investment options within the Plan?
- What is the fee schedule within the Plan?
- What services are available inside the Plan versus outside of the Plan?
- Penalty free withdrawals?
- Protection from creditor.
- Required Minimum Distribution planning.

The goal is not to stop the participant from taking distributions but educate the participant so that he/she may take distributions in the most tax-efficient manner. The participant is much more likely to stay in the Plan, long-term, after they know all of the features and benefits of the Plan. RSG is partnering with the Plan to help prevent participants from making ill-informed decisions.

Mr. Mack stated that there is a fine line between educating an investor and “steering” them a certain way. If someone is complaining about a lack of access and/or the inability to efficiently receive their funds, that’s probably going over that line. Mr. Mack stated that it is all our goal to grow the Plan and for it to remain healthy going forward but it cannot be as a result of any sort of restrictive access. Mr. Mack asked if it was mandatory for RSG representatives to mention that the restriction can be toggled on/off or was it something that may or may not come up in the conversation. Mr. Morin responded by saying that the conversation model used includes offering the option of turning the restriction off. Mr. Kling clarified that the complaint received was not related to whether or not the restriction was not offered to him but rather that the participant didn’t want to listen to the “sales pitch”, as he called it. Mr. Kling stated that this is a balancing act that must include how to get money out of the account as well as what the consequences are in removing funds. If the conversation begins with, “Do you want to listen to the options or not?”, that’s not servicing the participant. At the same, the participant shouldn’t have to listen to the entire “sales pitch” before he/she can access their funds. Mr. Mack was under the impression that this meeting would include a recording and/or a transcript of how a typical conversation flows so that it could be determined at what point the option to remove the restriction is offered. Mr. Mack voiced his concern if the participant is not given the opt-out option after staying on the line for 20 minutes. Mr. Mack stated that there is probably a way to add some basic information to the website letting participants know their options instead making them search for it – making it easier for the participant instead of more difficult. Treasurer Schroder, speaking as a participant, does not agree with Mr. Morin’s stated goal of the RSG Service (keeping members in the Plan). Treasurer Schroder stated that if the program does what it’s supposed to do, earns money for the participant and services the participants well, more participants will join. This is how a portfolio is built – not by trying to talk people out of withdrawing their money. Treasurer Schroder anticipates a host of problems with the service based on the age of the participant (not technically sophisticated) who will be going through this process. Treasurer Schroder stated that this service should be explained upon joining the Plan. There is a fine line between offering financial advice and allowing participants to access their money. Ms. Daubenspeck stated that the website contains many tutorials designed to inform participants of their distribution options. Retirement Plan Advisors are available to meet with participants serving in the role of advisor. This particular restriction on the website is triggered by an account balance of \$50,000 or more. Ms. Daubenspeck shared that Empower has received many phone calls from participants stating that they did not realize that they could leave their money in the Plan after retirement. At the start of the call, the RSG representative offers to walk the participant through their distribution options. If the participant states that he/she is fully aware of the options, the representative offers to place their distribution request over the phone or to remove the restriction so that the participant may submit a distribution request via the website. Ms. Daubenspeck clarified Mr. Morin’s stated goal (to keep participants in the Plan) as to let participants know that they can stay in the Plan. The State of LA has very significant buying power and as a result, the Plan is offered at an extremely low price that offers free advice to participants. The restriction was put in place to help the participant know their options. This is not a sales call but an educational/informational call. Treasurer Schroder stated

that the issue appears to be when someone doesn't know the purpose of the restriction, the result is that they feel like they are "getting pitched" which creates a stressful situation. Treasurer Schroder suggested, based on new ways of communicating (webinar, Zoom), that quarterly educational seminars be offered to participants. With the technology available today, Treasurer Schroder believes we can better educate participants on the front-end – before they need it. Ms. Daubenspeck responded by saying that Treasurer Schroder's suggestion was fantastic and could be addressed as follows:

1. Retirement Plan Advisors are available throughout the State. The advisors could host pre-announced quarterly presentations.
2. Empower has the ability to provide educational presentations called, "Brainsharks". These presentations can be posted on the website to be viewed at the participant's convenience. "Brainsharks" are little bites of information that last approximately 2-3 minutes.
3. Empower has a robust website that can include a specific brochure that lists the distribution options.

Treasurer Schroder requested a transcript of the telephone conversation that was had between the advisor and the participant who complained about the service. Ms. Daubenspeck stated that Empower is able to provide a summary of the call but not the call itself due to confidentiality concerns. The summary that can be provided, is not word-for-word but interaction-to-interaction. Ms. Daubenspeck stated that the program in question has been used by the Plan for a little over a year and there has been only one complaint. In this particular case, the restriction was removed but the participant didn't know to refresh his computer cache which resulted in his inability to withdraw funds via his online account. Treasurer Schroder stated that a summary of a call does not provide the same flavor as the actual conversation and suggested that at the very least, the executive director be given the opportunity to listen to a recording of the call. Treasurer Schroder is curious to hear if the call would be considered offering advice or giving a "pitch" and the only way he would know this is if he was given the opportunity to read the transcript. Treasurer Schroder stated that reviewing the transcript would give us a better opportunity to know how we can better serve participants. Ms. Daubenspeck stated that there is no attempt being made to hide anything from the Commission or participants and offered to refer the situation to the Empower legal team to determine who the call can be redistributed to within the framework of the contract. Treasurer Schroder stated that he was not implying that anyone was trying to hide anything. His purpose is to know what the advisor said during the course of the call – not what the participant said. Treasurer Schroder suggested that Empower redact the participant's contribution to the call transcript leaving only what the advisor has to say. Ms. Daubenspeck stated that she would look into this and respond back to the Commission at Treasurer Schroder's request. Mr. Kling stated that before we commit the Commission to doing anything, he would like the Commission's general counsel to review what is being requested to see what the Commission and Empower can and cannot do with regards to the release of the information. Mr. Kling stated that under the RSG conversations, there is no financial advice in reference to investments—just options of distributions. Mr. Morin stated that Empower has the capability of giving investment advice if the participant needs it but it is not the role of the RSG rep to give investment advice. RSG representatives are responsible for distributions and also help in consolidating assets into the Plan – any money movement type of transaction. Ms. Daubenspeck stated that only associates that are dually licensed and have a license with the Advised Assets Group are able to give investment

advice. Mr. Kling stated that the real objective of having these conversations with participants is to make sure that the participant is protected. Mr. Kling stated that a number of participants in the past have withdrawn their funds and once they realize that the fees were more expensive, try to return their money into the Plan which they cannot. The other reason for the service is to make participants aware of tax consequences associated with withdrawals. Mr. Kling stated that he was not attempting to stop anything that Treasurer Schroder was requesting but would first prefer to seek confirmation from counsel in what can and cannot be released. Treasurer Schroder stated that he would not personally want to see the transcript but it should be reviewed by persons involved in the day-to-day activity such as an executive director, as a good check-and-balance. Mr. Morin added that he could assure the Commission and others on the call that there is not a sales pitch. The goal is to serve the customer and make sure that they know their options. Empower has regulatory obligations to not position any product over the other known as, "Neutrality Rules". The call is a one-time interaction designed to meet the needs of the participant and support the benefit of the Plan. Mr. Mack stated that moving forward, other options should be explored in terms of adding something to the main page of the website making it easier for the participant to find the information. Ms. Daubenspeck stated that she would review the request and would report back at a future meeting.

### **AUDIT REPORT**

Mr. Cooper reviewed a draft of the audit report for the year ending December 31, 2020 stating that the report had not yet gone through his quality control process but no changes were expected. The quality control process is conducted by an outside CPA. The audit opinion is an "unqualified opinion" which is the best outcome as a result of an audit. It states that the auditor feels that the amounts and disclosures in the financial statements are fairly reported. After reviewing the condensed version of the financial information (page 3 of the report), Mr. Cooper stated that the Plan is doing very well noting increases in net assets. No findings were found and Mr. Cooper stated that Empower's staff is doing a really good job. In the past, there were communication issues between Mr. Cooper's office and Empower but this is no longer the case. Mr. Cooper stated that the audit would be submitted by the end of the week and that he would let the Commission know when the final submission of the audit had occurred.

### **Wilshire Report**

Mr. Kling made the Commission aware that Mr. DiGirolamo will be presenting the quarterly Wilshire report at the August, 2021 meeting. Further, a follow-up meeting is scheduled with LSU regarding plan offerings and fees on July 30<sup>th</sup> in which Mr. DiGirolamo will also be participating.

### **Approval of Commission Meeting Minutes of June 15, 2021**

The minutes of the June 15, 2021 Commission Meeting were reviewed. Ms. Burton motioned for acceptance of the June 15, 2021 minutes. Ms. Hubbard seconded the motion. The Commission unanimously approved the motion.

### **Administrator's Report**

**Plan Update as of June 30, 2021:** Mr. Dyse reviewed the Plan Update as of June 30, 2021. Assets as of June 30, 2021: \$2,220.69 Billion; Assets increase YTD: \$138.97 Million; Contributions

YTD: \$52.87 Million; Distributions YTD: \$70.02 Million. Net Investment Difference YTD: \$156.12 Million. Mr. Dyse stated that investment gains are what is increasing the overall asset balance, year-to-date.

**UPA – June 30, 2021:** Mr. Dyse reviewed the UPA report for the month of June, 2021. Additions included interest for the month of June. Deductions included payments made to Tarcza and Associates. The closing balance as of June 30, 2021 was \$1,156,919.91.

**UEW Report – June, 2021:** Mr. Dyse presented the UEW Report for the month of June, 2021. Ten requests were submitted and all ten were approved.

**Securities Sold:** Mr. Dyse reviewed the securities sold and/or matured in the Stable Value Fund during the month of May, 2021 with the Commission.

### **Banking Charges**

Mr. Dyse presented the annual banking fees report that reflects fees associated with the custodial services of the Plan's assets. The fees do not show up on a fee schedule. The earning credits, based on the balances carried, are given to the Plan by the banks. These credits are used to offset the monthly charges as noted in the the net difference on the report. Mr. Dyse confirmed that the Plan is no longer using Wells Fargo Bank.

### **Marketing Report**

Mr. Massingill reviewed the 2Q21 marketing report noting an increase in enrollments in 2021 to 520 from 280 (2020) all while serving participants in a virtual environment. The increase can be attributed in part to the excellent marketing pieces produced by the Empower marketing team of Jennifer Bailey and Michela Palmer. Mr. Massingill also stated that Empower has a great partnership with LASERS which allows RPA participation in LASERS' webinars on a regular basis. Regarding individual meetings, "Retirement Readiness Review" meetings are the most significant in making a difference in participant savings. Retirement Readiness Reviews are one-on-one meetings between participants and RPA's. The year began with six field RPA's. There are currently four RPA's on staff with two open requisitions. Within the virtual environment, it is fairly easy to shift coverage of a region which was recently done with LSU HSC in New Orleans and Shreveport during their annual resident/In Lieu Of enrollment period. Twelve webinars were held and approximately 200 participants joined the Plan. Group meetings continue to be a challenge. There is good traction when the advisor has a connection with an agency's HR representative or benefits coordinator. When an invitation is sent from the agency, the employee feels that it is coming from an internal source and is more willing to attend. The focus of Q3 will be to continue to maintain a virtual presence but the RPA's are starting to go out into the field for in-person visits which should increase group meeting totals. When deciding whether to participate in in-person/group meetings, the environment is taken into consideration as well as the number of people attending. Keeping the RPA safe is paramount. The most active agencies in 2Q21 were DOTD, LSU Baton Rouge, DHH-Office of Health, Terrebonne Parish Sheriff, St Charles Parish Sheriff, St Tammany Parish Sheriff. Mr. Dyse stated that Empower is desiring to increase its partnership with LSU – across the board. LSU-Baton Rouge, has expressed interest in Empower offering webinars, similar to what Treasurer Schroder suggested. Empower is not attempting to supplant LSU's 403 programs (a separate program for every professor).

### **Commission's Document Retention Policy**

Mr. Dyse shared a copy of the Commission's Document Management Policy dated March 10, 2010 with the Commission. The office of the Plan Administrator's office on Bluebonnet, will be undergoing renovation in the near future. Space and file cabinet availability are being considered in the renovations. Mr. Dyse stated that in reviewing the document, it appears there may be a need to update the document and/or act on some of the items included on the document such as purging some older files currently held in the office. At the time the document was written, Mr. Kling stated that the policy was written in accordance with the Secretary of State Archives Retention requirements. Mr. Kling stated that the policy should be reviewed as it relates to the current Secretary of State Archives Retention Policy regarding record retention. Mr. Dyse stated that this will be left as a standing item and Mr. Kling offered to review the current statute requirements. Mr. Dyse asked that if space becomes an issue, could documents be stored offsite. Mr. Cassagne stated there is nothing preventing offsite storage from a legal perspective.

### **Fiduciary Responsibilities – Inspire NOLA Charter Schools**

A request was received from Inspire NOLA Charter Schools to complete a "Fiduciary Liability Insurance" form. The form has been shared with Mr. Kling and Mr. Cassagne for their review. Mr. Dyse stated that it is his opinion that the objective of the request is so that the Charter Schools could secure some kind of insurance. Mr. Dyse asked if the request should be approached by giving the schools some sort of assurance that the Commission acts as a fiduciary for the Plan in addition to sharing Empower's Security Guarantee, if there is concern related to fraud. Mr. Kling does not think the form should be completed due to retirement system issues and Social Security. Mr. Cassagne stated that the Commission should not do anything that could be perceived as giving legal advice. The form does not pertain to the Plan. Mr. Dyse will reply to Inspire NOLA Charter Schools with this response.

### **Other Business**

**Commission Responsibilities:** Mr. Dyse suggested that duties of the Commission be split up among members per topic. For example, investment-related issues would be given to Mr. Mack for review. Mr. Kling stated that he would be happy to get any help he can get.

**Indiana Tax Lien:** There was an issue with an Indiana Tax Lien that after extensive review, revealed that the IRS has misapplied the Plan's payments to another Plan. The bottom line is, after about 6-7 months of research, the issue has been resolved and the Plan is in compliance with the IRS.

**Beneficiary Issues:** Mr. Kling presented two beneficiary change issues that required Mr. Cassagne's expertise:

- The beneficiary change form submitted was notarized by a German notary. Mr. Cassagne stated that there is a process that must be followed to get a document certified in the United States when it has been signed by a foreign notary. The process involves going to a US Embassy and having someone recognize the seal. Mr. Cassagne will forward this



information to Mr. Dyse so that the participant can take the necessary steps. If additional information is needed, the participant should seek legal advice in the country of residence.

- A daughter wanted to change the beneficiary on her mother's account. There was a Power of Attorney executed with the daughter being named as Power of Attorney. The POA was executed by the daughter's husband but the document states that if there is a significant change in beneficiary assignment, then the request must be executed in person by the participant. Several attempts have been made to contact the participant and the daughter with no success as of today. The daughter initially called claiming to be the actual participant and then disconnected the call. The daughter also shared that her mother is deaf and unable to talk over the phone. If no contact is made, the POA can be honored but the beneficiary cannot be changed until the participant advises us to do so. Mr. Cassagne has talked with Empower's fraud team who assured him that a restriction can be placed on the account until such time as the participant resolves this matter.

**August 2021 Commission Meeting:** Mr. Kling stated that the August, 2021 Commission Meeting would be held in person again at the Office of the Plan Administrator.

#### **Adjournment**

With there being no further items of business to come before the Commission, Mr. Kling adjourned the meeting at 11:44 a.m.

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Laney Sanders, Secretary