

MINUTES

Louisiana Deferred Compensation Commission Meeting

April 17, 2018

The monthly meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, April 17, 2018 in the offices of the Plan Administrator, 9100 Bluebonnet Centre Blvd., Suite 203, Baton Rouge, Louisiana, 70809.

Members Present

Emery Bares, Chairman, Designee of the Commissioner of Insurance
Whit Kling, Vice-Chairman, Participant Member
Virginia Burton, Secretary, Participant Member
Thomas Enright, Designee of the State Treasurer
Andrea Hubbard, Co-Designee of the Commissioner of Administrator
Len Riviere, Co-Designee of Commissioner of Financial Institution
Laney Sanders, Participant Member

Others Present

Craig Cassagne, State of Louisiana Attorney General's Office
Marybeth Daubenspeck, Vice President-Government Markets, Denver, Empower Retirement
Jenni Bailey, Communications Lead, Denver, Empower Retirement
Connie Stevens, State Director, Baton Rouge, Empower Retirement
Jo Ann Carrigan, Sr. Field Administrative Support, Baton Rouge, Empower Retirement

Call to Order

Chairman Bares called the meeting to order at 10:00 a.m. Roll call was taken by Jo Ann Carrigan.

Approval of Commission Meeting Minutes of March 20, 2018

The minutes of the March 20, 2018 Commission Meeting were reviewed. Ms. Burton motioned for the acceptance of the March 20, 2018 minutes. Ms. Sanders seconded the motion. The Commission unanimously approved the minutes.

Acceptance of the Hardship Committee Report of April 12, 2018

The Hardship Committee Report of April 12, 2018 was reviewed. Mr. Kling motioned for acceptance of the Hardship Committee Report of April 12, 2018. Ms. Burton seconded the motion. The Commission unanimously approved the report.

Public Comments: There were no public comments.

Minutes

Louisiana Deferred Compensation Meeting

April 17, 2018

Page 2 of 6

Administrator's Report

Plan Update as of March 31, 2018: Ms. Stevens presented the Plan Update as of March 31, 2018. Assets as of March 31, 2018: \$1,671.69 Billion; Asset Change YTD: -\$10.50 Million; Contributions YTD: \$23.16 Million; Distributions YTD: \$33.74 Million. Net Investment Difference YTD: \$.08 Million.

UPA-March 2018: Ms. Stevens reviewed the UPA for the month March, 2018. UPA balance as of March 31, 2018: \$2,031,395.34. Additions included: Gain on contribution correction and interest. There were no deductions.

Recordkeeping Contract Amendment: Ms. Stevens reported that edits to the amendment, as identified at the February 27, 2018 Commission meeting, have been addressed. Initially, the contract team reported that the language regarding DOL and ERISA could not be amended but, after speaking with the contract team a second time, the items that the Commission requested be removed were stricken from the amendment. Ms. Cassagne reviewed the contract amendment and approved the revisions. With the acceptance of the contract amendment, Mr. Bares will sign the agreement. Mr. Kling motioned to accept the contract amendment. Mr. Enright seconded the motion. The Commission unanimously approved the motion.

Archives Report 2017: Ms. Stevens presented the Archives Report to the Commission reviewing the history of the Plan from 1986-2017.

Bank Charges: Ms. Stevens presented the annual report of bank charges (March, 2017-February, 2018) from JP Morgan Chase and US Bank.

Strategic Partnership Plan 2018

Ms. Stevens stated that the purpose of the Strategic Partnership Plan is to review the history of Plan activity and to discuss how to proceed in the future as partners in providing features and enhancements that best meet the needs of the participants. Ms. Stevens reviewed activity trends and enhancements made to the Plan which included:

- There was an 11% increase in new participants in 2017.
- Multiple employers increased focus on the Plan with “Deferred Comp Awareness Days”.
- \$475 Email Enrollment emphasis: “How Would You Like to Have \$475 Extra a Month in Retirement?” flier used with various agencies including LSU resulting in new enrollments.
- “Retirement Readiness Reviews” are performed by Retirement Plan Advisors with participants to better prepare participants for retirement—including instructions on how to spend the money in retirement called “spend down”.

Minutes

Louisiana Deferred Compensation Meeting

April 17, 2018

Page 3 of 6

- **Website Conversion:** The New Empower Experience website offers more information and “tools” that can be customized for each participant. Participants may also make changes to their deferral amounts using the website.
- **Auto Term for Distribution Efficiencies:** Distributions can be processed via the Empower Retirement Key Talk toll-free number with Customer Services representatives processing the request thus eliminating the necessity for the submission of paper forms.

Ms. Stevens presented a “Benchmarking” report to the Commission that compared the Plan statistics on Participation, Average Contribution and Average Account Balance with NAGDCA figures. Then added Plan statistics on the use of Managed Accounts and Target Date Funds.

Ms. Daubenspeck reviewed industry trends with the Commission.

- 62% of companies believe that their retirement plan is an effective retention tool.
- 42% of employees are asking for help with paying for rising healthcare costs. There is a greater focus on “wellness” initiatives in the workplace.
- 75% of plan sponsors view Health Savings Accounts (HSAs) as part of their retirement benefits strategies.
- There is a heightened awareness of plan oversight and administration issues as plans are looking for better/smarter ways of doing things with fewer resources.
- A greater focus on plan fiduciary responsibilities. 80% of sponsors use either an advisor, benefits consultant or third-party advisor.
- A trend toward equalization of fees across participants continues. Among the top five actions plan sponsors can take: 84% are benchmarking plan costs; 59% are conducting fiduciary training.
- A continued interest in retirement income products. Primary considerations for sponsors who are considering in-plan insurance products: 74% costs; 68% portability.
- A commitment to leveraging plan design and communication options more effectively. 65% of plans have enhanced or implemented auto-pilot solutions. 70% of plan sponsors are offering Roth.
 - eDelivery and mobile apps are increasingly used to engage participants. 71% of providers support mobile transactions.
 - Leveraging single sign-on.
 - 65% report using a demographic-based approach for targeting communications.
 - Beneficiary capture efforts.

Minutes

Louisiana Deferred Compensation Meeting

April 17, 2018

Page 4 of 6

Ms. Daubenspeck reviewed the value of the Lifetime Income Analysis available on the Empower Retirement website. The retirement readiness score provides a personalized estimate of the retirement income at a plan and a participant level. The Lifetime Income Score (LIS) includes many factors including employee data, i.e., salary, contributions, age and comprehensive analytics, i.e., mortality assumptions, future wage growth, Social Security estimates. The goal is to show marked improvement in participant Lifetime Income Scores year-after-year. Ms. Daubenspeck stated that if people have the right tools, they become more appropriately allocated. It has become more critical to give advice at age 50+ as opposed to age 20+. Participants in Managed Accounts are significantly more prepared for retirement as they tend to avoid over-reacting to significant world events/market volatility. Ms. Daubenspeck reviewed the difference between Target Date Strategy and Managed Account Strategy. Empower Retirement Advisory Services supports the participant every step of the way through communications, online access and one-on-one interaction. Nationally, the median household replacement score is 62% as compared to the LA Deferred Compensation Plan score of 61%.

Ms. Stevens reviewed 2018 Action Items with the Commission:

- Increase State participation in the Plan by 2% using initiatives such as:
 - The \$475 flier email campaign
 - An endorsement email from Jay Dardenne, Commissioner of Administration, to the State-employee email bank, as suggested by Ms. Hubbard and Rick McGimsey (LA Division of Administration).
- Increase the amount saved by 3%.
- Increase the number of participants using Target Date Funds and Managed Accounts.
- Increase the Lifetime Income Score by 1%.
- Promote rollovers into the Plan.
- Decrease assets leaving the Plan by 10%.
- Offer participants a 90-day Managed Accounts “free trial” with the option to continue in Managed Accounts or to discontinue. If the participant wishes to continue, the Managed Account fee would be due retroactive to when the participant entered the service.

Minutes

Louisiana Deferred Compensation Meeting

April 17, 2018

Page 5 of 6

Communications Plan 2018

Ms. Bailey reviewed the Empower Retirement communications approach. Every message that is created is designed with the intent that the message be relevant and easy to take action (using a simple “click” to the website from the email). New technology is embraced as it becomes available to best meet participant expectations. The goal is to maintain a continuous conversation with the participant from enrollment to retirement. Ms. Bailey reviewed the various marketing campaigns used in 2017 and the effectiveness of each. From the first quarter of 2017 to the first quarter of 2018, an active eDelivery campaign was made. The most recent eDelivery correspondence was in the form of a postcard mailed to 27,795 on April 5, 2018 and an email sent to 17,119 participants. Mr. Kling inquired as to the length of time that statements would be available on line and suggested that this may be information that would encourage participants to provide email addresses. Ms. Daubenspeck stated that she would look into this for the Commission and commended Mr. Kling for his “forward thinking”. Ms. Burton suggested that more effort be made to introduce the mobile application. Currently, work is being done to address issues related to Android and iPhone compatibility. Once these issues are resolved, additional efforts will be made to make participants aware of the mobile app. Ms. Bailey reviewed a draft of the 2018 “Participant Engagement Calendar”:

- Second Quarter: Increase enrollments by targeting eligible employees not currently enrolled.
- Third Quarter: Advisory Services Promotional Campaign targeting participants not currently enrolled in Managed Accounts.
- Fourth Quarter: “Consolidate Accounts” campaign targeting participants age 35+ and in the Plan for 3+ years.
- First Quarter – 2019: “Email Capture” campaign targeting participants without email addresses on file.

Ms. Bailey introduced a new program entitled, “Personalized Participant Communication” that focuses on bringing the right message to the right person at the right time using information already in the Empower Retirement database. The program is a holistic approach integrating plan-level campaigns with targeted communications and individualized messaging. Ms. Bailey shared a video detailing the approach with the Commission. Ms. Bailey assured the Commission that Empower Retirement does not sell data to outside parties. The Personalized Participant Communication program is available to the Plan at no cost and can be discontinued at any time. Mr. Kling motioned to adopt the Personalized Participant Communication program for the Plan. Ms. Sanders seconded the motion. The Commission unanimously approved the motion.

Minutes

Louisiana Deferred Compensation Meeting

April 17, 2018

Page 6 of 6

Ms. Daubenspeck reviewed the Empower Retirement product roadmap that was delivered in 2017 and will be delivered in 2018 noting improvements/innovations in processes and education. Ms. Daubenspeck stated that fraud and making sure participant accounts remain secure are of primary concern and shared the following efforts that are being made:

- The CPOC (Client Protection Oversight Committee) meets twice a week to review issues.
- Security Guarantee: If an account is compromised, through no fault of the participant, Empower Retirement will restore the participant's balance at no charge.
- Formalized Procedures in place include:
 - The Helpline menu includes a security breach option where suspected breaches/fraud can be reported.
 - Reported breaches are reviewed by a complete legal and business team.
 - If a breach is uncovered, the client (Commission) is notified within 48 hours along with an update of action taken.

Evaluation Committee Report

Ms. Burton reviewed the bi-annual Evaluation of the Plan for the calendar years of 2015-2016. The evaluation report and support documentation will be posted to the Louisiana Deferred Compensation website. Mr. Kling motioned to approve and accept the Evaluation Committee Report. Mr. Riviere seconded the motion. The Commission unanimously approved the motion.

Other Business

Mr. Bares reminded the Commission to file their taxes today and their ethics report by May 1st.

Mailing costs of the eDelivery postcard were initially estimated to total \$10,500. Ms. Stevens reported that the actual cost totaled \$11,330 to be debited from the UPA.

Adjournment

With there being no further items of business to come before the Commission, Chairman Bares declared the meeting adjourned at 11:47 a.m.

Virginia Burton, Secretary