

**MINUTES**  
**Louisiana Deferred Compensation Commission Meeting**  
**January 12, 2021**

The monthly meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, January 12, 2021 via video conference at 10:00 a.m.

**Members Present** *via video conference*

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  
James Mack, Designee of the LA State Treasurer  
Scott Jolly, Co-Designee of Commissioner of Financial Institution  
Laney Sanders, Secretary, Participant Member

**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** *via video conference*

Marybeth Daubenspeck, Vice President, Government Markets, Empower Retirement, Denver  
Karen Scott, Sr. Client Service Manager, Empower Retirement, Denver  
Jennifer Bailey, Lead Strategist Participant Mktg Comm Government – Denver  
Michela Palmer, Sr. Communication Strategies Comm Government – Denver  
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 10:03 a.m. Ms. Carrigan called roll of Commission members who were attending the video conference.

**Public Comments**

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

**Approval of Commission Meeting Minutes of December 15, 2020**

The minutes of the December 15, 2020 Commission Meeting were reviewed. Ms. Hubbard motioned for acceptance of the December 15, 2020 minutes. Ms. Sanders seconded the motion. The Commission unanimously approved the minutes of December 15, 2020.

**Administrator's Report**

**Plan Update as of December 31, 2020:** Mr. Dyse reviewed the Plan Update as of December 31, 2020. Assets as of December 31, 2020: \$2,081.72 Billion; Asset Change YTD: \$205.38 Million;

Contributions YTD: \$106.10 Million; Distributions YTD: \$131.44 Million. Net Investment Difference YTD: \$230.72 Million.

**UPA – December 2020:** Mr. Dyse reviewed the UPA report for the month of December, 2020. Additions included interest for the month of December. Deductions included NAGDCA fees. The closing balance as of December 31, 2020 was \$1,207,922.08.

**UEW Report – December, 2020:** Mr. Dyse presented the UEW Report for the month of December, 2020. One request was submitted and one request was approved.

### **Securities Sold-November, 2020**

Mr. Dyse reviewed the securities sold during the month of November, 2020.

### **Marketing Report**

Mr. Massingill presented the Marketing Activity Report for 2020 noting 2,003 new participant applications which was 567 fewer than 2019. Mr. Massingill noted that the drop in new applications can be attributed to fewer open-enrollment periods and benefit fairs which are normally offered in the third quarter of each year. That, coupled with representatives working from home in a virtual environment due to the pandemic, impacted end-of-year totals. Mr. Massingill stated that virtual meetings are catching on and there is good traction as the new year begins. Further, the pandemic is limiting the number of group meetings that representatives are able to schedule. Mr. Massingill was especially pleased with the number of individual, service-related meetings (3076) and the number of Retirement Readiness comprehensive review meetings (2,080). The most active agencies in 4Q20 were: DOTD, DCFS, DHH-Office of Public Health, LSU-Baton Rouge and DHH-Ofc for Citizens with Dev Disorders.

### **Tarcza Opinion Letter – Employer Participation**

Mr. Kling reported that he has not received a response from Mr. Tarcza regarding the questions from the Commission related to Mr. Tarcza's opinion on employer participation. Mr. Kling stated that it is fairly obvious that in the future, in order to instruct Empower to transfer funds from the Plan, individual participant authorizations must be submitted. Participation in the Plan can be terminated but funds cannot be transferred unless individual authorizations are received.

### **Nominating Committee Results**

Mr. Kling stated that the Nominating Committee met and nominated Ms. Virginia Burton for the upcoming Commission seat that becomes available on July 1, 2021. Alternate nomination procedures were presented in the most recent newsletter for those participants who may wish to run for the open seat.

### **Election Procedures**

Ms. Carrigan reviewed election procedures noting that all State payroll departments will receive an emailed letter announcing the election along with an election petition form on January 13, 2021. To prevent delays in receiving petitions as a result of the Baton Rouge office mail being forwarded to Denver, CO, petitions are to be emailed or faxed to Ms. Carrigan's attention by 4:00 p.m. on February 12, 2021. A WebEx meeting will be held on Monday, February 15, 2021 to determine the order that the candidates' names will appear on the ballot. Duplantier, Hrapmann, Hogan &

Maher LLP has agreed to count ballots should there be an election. The cost for this service is \$85 per hour, the same amount they proposed for the 2020 election which was not necessary. Ballots would be mailed on or before April 30, 2021 to be returned by June 4, 2021. Ms. Hubbard offered to share a more current list of OSUP-paid payroll representatives for use in distributing the election email.

### **Other Business**

Mr. Kling shared with the Commission that a participant has requested his loan default be removed from his file. Mr. Kling forwarded the details of the request to Commission members and requested that they send their responses to Mr. Kling for review.

**Strategic Partnership Plan:** Mr. Dyse and Empower Service Team presented the 2021 Strategic Partnership Plan to the Commission. Mr. Dyse reported that Ms. Danette Rausch, AVP, Partner Strategy, will be serving as the Executive Sponsor for the LA Deferred Compensation Plan which is an extension of Empower's overall client-engagement model.

Mr. Dyse reviewed the plan events and accomplishments from 2015-2020 and stated that the LA Deferred Comp Plan is well on its way to full Plan optimization. Mr. Dyse reviewed 2020 accomplishments noting that the majority of activity was in response to the coronavirus pandemic. There were no service interruptions or complaints as a result of the administrative staff and RPA's moving from the local office to a "work from home" arrangement. From a communications standpoint, great effort was made by the Communications Team to inform participants of all options available to them. The Commission approved coronavirus legislative provisions of the SECURE and CARES Act related to loans, loan remittance suspensions and distributions available to current employees of the State. The "birth and adoption" distribution was acted upon by one participant who expressed his appreciation for making this option available. Mr. Dyse stated that Empower's intent is to have employees work from home through the end of June, 2021. This decision can be reassessed as the year progresses. The work can be done well from a virtual environment. The average contribution amount did drop during the period of 2019-2020 but the majority of participants are "staying the course" and even making positive changes such as increasing deferrals in a volatile market. Mr. Dyse compared NAGDCA benchmarking data to Empower and Plan benchmarking data noting that the Plan has a 28.1% participant rate as of September 2020. The Lifetime Income Score (a measure of income replacement) is 62% for the Plan. The average contribution amount in 2019 was \$4,665. This number dropped to \$3,660 through September of 2020 representing a 24% decline in contributions due in part to the pandemic. The average account balance increased to \$52,227 from \$50,727 for the period of December, 2019 to September, 2020. Retirement Services Group (RSG) services was added by the Commission in 2020 in an effort to keep assets in the Plan. Plan efficiency related to design and administrative features are on the cusp of total optimization with a notable exception being Auto-Enrollment. Mr. Dyse stated that auto-enrollment would most likely require legislative action. Mr. Dyse asked if Ms. Hubbard and Ms. Sanders would look into the possibility of providing email addresses of employees via OSUP/LASERS files. Availability of email addresses would be valuable in reaching out to eligible members to encourage enrollment. Mr. Dyse commended the Commission for the progressive manner in which it administers the Plan. There was discussion related to how Social Security and State pension plans impact the participation rate.

Mr. Massingill presented Plan participant engagement information from the perspective of identifying and meeting with individuals who would benefit the most from retirement readiness conversations with Retirement Plan Advisors. As of October 31, 2020, the “Population at a Glance” figures were:

- The total number of participants: 36,484.
- The average account balance: \$56,000.
- The average equity exposure: 55%
- The average age of participant: 51
- \$2 Billion in assets

Mr. Massingill identified four categories of investment strategies:

- Do it yourself investors (DIY): Those who make investment choices on their own and who may be outside of normal allocation models.
- Self-Directed Brokerage investors.
- Target Date Fund investors.
- Managed Account investors.

From the DIY population, 67% are considered “at risk” which is defined as:

- Participants who are 50 years of age or older who have 75%+ equity exposure.
  - 3,395 participants
  - Average account balance: \$105K
  - Average age: 61
  - Average equity exposure: 93%
- Participants who are 50 years of age or older and have less than or equal to 10% equity exposure or are under 50 years of age with less than 25% equity exposure.
  - 9,105 participants
  - Average account balance: \$53K
  - Average age: 59
  - Average equity exposure: 1%

Mr. Massingill shared that 92% of participants are highly satisfied with Empower Retirement representatives. Two out of three individuals who meet with representatives take positive action. Twenty percent of Plans providing advice see an average increase of 20% in their Lifetime Income Score. All Retirement Plan Advisors are properly licensed and trained to act as a fiduciary.

Retirement Plan Advisor meeting activity in 2020 included: 342 group meetings, 3,076 individual meetings and 2,080 Retirement Readiness Review meetings.

Ms. Bailey reviewed the 2020 communication accomplishments for the Plan that included, CARES Act communications (flyer, email, post log-in Plan messages) which alerted participants to options available to them during the pandemic. Other communication efforts related to market volatility which included email correspondence, a web banner and a web tile. An email was sent to participants making them aware that there would be 27 payrolls (instead of 26) in 2020. This communication effort was at the request of Ms. Hubbard in hopes of preventing participants from over-deferring in 2020. A Lifetime Income Score Campaign occurred in the second quarter that involved a postcard being sent to participants who were not on track to max out their contributions

in 2020. Of the targeted population, 4.7% changed their contribution amount as a result of this campaign. There was a “My Total Retirement Free Look” Campaign offered in the third quarter that consisted of three emails and a mailer. As a result of the campaign, 425 participants signed up for the “free look”. Of the people who signed up, participants deferring a percentage of their salary increased their deferrals by 12%. Those who were deferring a dollar amount of their salary increased their deferrals by 5%. Participants further diversified investments from an average of 3 funds to an average of 7 funds. A quarterly LSU enrollment email was sent to LSU eligible employees. A third quarter “email capture” campaign was emailed to 10,051 participants resulting in 6.2% (616 participants) of those targeted adding or updating an email address on account. A “Stay in the Plan” campaign was sent in the fourth quarter to terminated participants with a balance and who were age 53 or older. Ms. Bailey identified an average of 10,662 participants or 29% as unique users who are accessing the website. Approximately 74% of participants with a balance have an email address on file. Eighty nine percent of participants have beneficiaries on file. There are 28,786 state eligible employees on file with physical mailing addresses. Thirty one percent of participants are in Managed Accounts. Sixty-two percent of active participants have not increased deferrals in 2+ years.

Ms. Bailey presented the 2021 participant engagement calendar which included:

**Quarter 1**

- At-Risk targeted messaging (March).
- Meet your RPA campaign (January).
- RPA Emails
- State and LSU enrollment emphasis (February)
- Annual printed and emailed newsletter

**Quarter 2**

- Save more campaign (May)
- RPA Emails
- State and LSU Enrollment: Commissioner Dardenne email push email (April)
- Statement narrative and News and Updates tile: Commission election results

**Quarter 3**

- Stay in the Plan campaign (September)
- RPA Emails
- State and LSU enrollment (September)
- My Total Retirement 90-day promotional period campaign (July-September)

**Quarter 4**

- National Retirement Security Month (October)
- RPA Emails
- State and LSU enrollment (October)
- Statement narrative and News and Updates tile: Commission seat is open/petitions.
- IRS limits posted to News and Updates tile.

Ms. Bailey proposed that the quarterly Plan newsletter be changed to an annual emailed and mailed newsletter resulting in every participant in the Plan receiving one newsletter per year. Ms. Bailey stated that newsletters had their place in the 1980’s-1990’s before everyone had smart phones. Ms. Bailey stated that the time and energy that it takes to develop four newsletters per year could be

devoted to communication that more effectively “moves the needle”. An emailable newsletter makes it easy for the participant to click and take action directly from the email. Ms. Bailey suggested that a “News and Updates” tile be created on the [www.louisianadcp.com](http://www.louisianadcp.com) website for use in adding pertinent announcements. Statement narratives could be used to communicate election notices and information instead of via the newsletter. Ms. Burton stated that the majority of seniors are not using their phones in the same manner that younger people do. Further, Ms. Burton stated that seniors do not trust going online or clicking on links due to scams. Ms. Burton stated that she did not object to moving from a quarterly newsletter to an annual newsletter so long as it definitely goes out every year. Ms. Burton stated that there are two different populations within the Plan – those that are retired and those that are still working and both should be kept in mind when making changes of this nature. Ms. Burton liked the idea of everyone being mailed a newsletter once a year. Mr. Kling stated that before any changes are made, there must be an availability to reach all participants by whatever type of communication used. Mr. Kling does not object to the annual newsletter but there has to be the ability to make participants aware of events throughout the year without having to look at a hard copy. The decision relies upon what can be done in a digital format and can the Plan get to a higher percentage level of participant email addresses on file. Ms. Bailey stated that statement narratives, web page tiles/bulletins and newsletters can be used to advise participants of activity/information.

### **Adjournment**

With there being no further items of business to come before the Commission, Chairman Kling declared the meeting adjourned at 11:39 a.m.

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Laney Sanders, Secretary