

MINUTES

Louisiana Deferred Compensation Commission Meeting

January 23, 2018

The monthly meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, January 23, 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
Virginia Burton, Secretary, Participant Member
Thomas Enright, Designee of the State Treasurer
Andrea Hubbard, Co-Designee of the Commissioner of Administrator
Doug Buras, Co-Designee of Commissioner of Financial Institution
Laney Sanders, Participant Member

Members Absent

Whit Kling, Vice-Chairman, Participant Member

Others Present

Craig Cassagne, State of Louisiana Attorney General's Office
Perry Christie, Managing Director, Government Markets, Empower Retirement
Connie Stevens, State Director, Baton Rouge, Empower Retirement
Jo Ann Carrigan, Sr. Field Administrative Support

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 December 12, 2017

The minutes of December 12, 2017 were reviewed. Ms. Burton motioned for the acceptance of the December 12, 2017 minutes. Ms. Sanders seconded the motion. The Commission unanimously approved the minutes.

Acceptance of the Hardship Committee Reports of January 4, 2018 The Hardship Committee Report of January 4, 2018 was reviewed. Ms. Burton motioned for acceptance of the Hardship Committee Report of January 4, 2018. Mr. Enright seconded the motion. The Commission unanimously approved the report.

Public Comments: There were no public comments.

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Administrator's Report

Plan Update as of December 31, 2017: Ms. Stevens presented the Plan Update as of December 31, 2017. Assets as of December 31, 2017: \$1,682.19 Billion; Asset Change YTD: \$171.45 Million; Contributions YTD: \$95.77 Million; Distributions YTD: \$114.47 Million. Net Investment Difference YTD: \$190.15 Million.

Asset Summary by Investment Options: Ms. Stevens reviewed the participant investment allocations for the Plan.

UPA-December 2017: Ms. Stevens reviewed the UPA for the month December, 2017. Ending balance as of December 31, 2017: \$2,114,261.88. In 2017, revenue into the UPA came from interest, participant fees and contribution corrections, totaling \$1,503,967.59. Expenditures from the UPA totaled \$1,896,155.46. Wilshire is reviewing these figures and will address the UPA balance at a future date.

UEW Follow Up re Money Types: The proposed Federal Tax Law included verbiage related to Unforeseeable Financial Emergencies (Hardships) excluding earnings and employer money. Mr. Kling had previously asked that this be clarified. Ms. Collister reviewed the proposed Law, and concluded that the entire 457(b) balance could be used to distribute to an employee to satisfy an unforeseeable emergency if a participant has incurred a genuine financial hardship up to that amount. This is different from a 401(k) which currently restricts hardships to elective deferrals (participant money), not earnings or employer contributions. The proposed legislation would impact the 401(k) hardship rules, not 457(b) Unforeseeable Emergency Withdrawals.

CSV Securities Sold Oct/Nov 2017: Ms. Stevens reviewed the list of securities sold in October and November, 2017.

Empower Retirement Security Guarantee: Empower Retirement has begun formally stating the security guarantee that is already in place and will be adding it to the website in March, 2018. The guarantee is that if a participant, through no fault of his/her own, experiences fraud on their account, Empower Retirement will reimburse the participant.

Participant Communications

Personalized Participant Communications: Mr. Christie noted that improvement in technology allows Empower Retirement to potentially offer more personalized communications with participants. Payrolls with full PDI files (only OSUP and LSU at this time), include all employees whether or not they are participating in the Plan. Going forward, communication can be targeted:

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- To those employees who are not currently participating in the Plan.
- Lifetime Income Scores can be sent to participants to encourage them to meet with a representative to find out how they might be able to contribute more.
- Participants over age 50 can be contacted about the Catch Up provision.
- Help in selecting investments through Managed Accounts.

Website clicks can be used to target which message to be sent. Mr. Christie stated that this is just the first of discussions related to tailored-communication and will be addressed again in April of this year. The Commission would have to agree to “opt in” on “Personalized Participant Communication”. Participants would also have the option of “opting out” of personalized communication. Mr. Christie stated that Empower Retirement does not share data with other firms. The frequency of communication is not yet available. Emailed correspondence is more cost-efficient and people react to emails differently than they do mailed correspondence.

Increase Flier: Ms. Stevens reviewed a flyer to be used to coincide with the State’s recent pay increase. The flyer references, “Give your retirement savings a raise”. The flyer has been previously used but was revised by Ms. Stevens in response to suggestions previously made by Mr. Enright and Ms. Hubbard to encourage participants to increase deferrals since they recently received raises in salary. Ms. Stevens asked Ms. Hubbard to review the flyer with the Division of Administration to see if the flyer could be used to email participants/payrolls. Ms. Hubbard stated that she would check on this. Ms. Stevens stated that the flyer and website encourages percentage deferrals instead of dollar amount. Mr. Enright suggested that enrollment forms be changed to list the percentage field before the dollar amount field to further promote percentage deferrals.

E-delivery Postcard with Update: Ms. Stevens announced that there has been a change in the proposed e-delivery process. The 4th quarter statement was the last paper statement to be mailed. In April, if an email address is on file (2/3 of the population); the participant will receive an electronic message that informs the participant that the statement is ready. Participants with no email address on file will continue to receive paper copies of their statements. The previous plan was to default all participants to e-delivery. The postcard that will be mailed will include instruction on how to opt out of e-delivery. Ms. Sanders, Mr. Riviere and Ms. Burton have been working with Connie to present a postcard that addresses all the scenarios noted. After a final revision, the postcard will be mailed the first week of April.

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Other Business

Nominating Committee: The Nominating Committee met January 4, 2018 and nominated Virginia Burton for re-election of the position she currently holds. Petitions have been emailed to all payrolls that included a February 16, 2018 deadline to receive a petition back/be nominated by petition. The person being nominated must have 12 participant signatures and be a participating member for at least two years.

Evaluation Committee: The Evaluation Committee is scheduled to meet right after the Commission Meeting today. A letter from the Committee will be placed on the website after the review of Empower Retirement and Wilshire has been completed. Wilshire has issued an RFI and the first draft response has been completed. The Evaluation Committee consists of Ms. Burton, Ms. Sanders and Ms. Hubbard.

Mr. Bares welcomed Mr. Christie back to the Plan.

Mr. Buras requested the status of a review of the fee structure being offered to the political subdivisions that have left the Plan by the receiving firm. Ms. Stevens stated that she has received the proposal that one of the political subdivisions has been offered but that she had not yet had a chance to review the material.

Adjournment

With there being no further items of business to come before the Commission, Chairman Bares declared the meeting adjourned at 11:57 a.m.

Virginia Burton, Secretary