

MINUTES
Louisiana Deferred Compensation Commission Meeting
December 17, 2019

The annual retreat and monthly meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, December 17, 2019 at the Ione E. OBurden Conference Center, 4560 Essen Lane, Baton Rouge, Louisiana, 70809.

Members Present

Whit Kling, Chairman, Participant Member
Virginia Burton, Vice-Chairman, Participant Member
Laney Sanders, Secretary, Participant Member
Stewart Guerin, Designee of the Commissioner of Insurance
Andrea Hubbard, Co-Designee of the Commissioner of Administrator
Scott Jolly, Co-Designee of Commissioner of Financial Institution
James Mack, Designee of the LA State Treasurer

Members Not Present

Kevin Pearson, Designee of the Speaker of the LA House of Representatives
Margaret Corley, Designee of Senator Barrow Peacock, Designee of John Alario Jr., Louisiana Senate

Others Present

Marybeth Daubenspeck, Vice President, Government Markets, Empower Retirement, Denver, CO
Marilyn Collister, Senior Director, Legislative and Regulatory Affairs, Empower Retirement, Denver, CO
Jennifer Bailey, Lead Strategist Participant Communication, Empower Retirement, Denver, CO
Karen Scott, Senior Client Services Manager, Empower Retirement, Denver, CO
Stephen DiGirolamo, CFA – Managing Director, Wilshire Associates
Craig Cassagne, State of Louisiana Attorney General's Office
Shannon Dyse, Relationship Manager, Empower Retirement, Baton Rouge
Rich Massingill, Manager of Participant Engagement, Empower Retirement, Baton Rouge
Jo Ann Carrigan, Sr. Field Administrative Support, Empower Retirement, Baton Rouge

Welcome and Introductions

Ms. Daubenspeck opened the meeting by welcoming and introducing those in attendance.

Fiduciary Training, Legislative & Regulatory Update

Ms. Collister reviewed fiduciary responsibilities and legislative updates with the Commission. Topics included:

- Applicable Law
- Fiduciary Overview
- Mitigating Fiduciary Liability Risk
- Legislative and Regulatory Update

Minutes

Louisiana Deferred Compensation Meeting

December 17, 2019

Page 2 of 6

Empower Retirement – Enhancements and Roadmap

Ms. Daubenspeck reviewed Empower Retirement's refreshed values noting that the company is "customer obsessed," -- Empower Retirement values are:

- We do the right thing.
- We own it.
- We lead.
- We simplify.
- We collaborate.

Empower Retirement sold the individual life portion of the company resulting in the company now being exclusively a retirement company.

Ms. Daubenspeck reviewed the Empower Product Outlook for 2019 and beyond:

- Enhanced participant experience.
- A focus on financial wellness.
- Wealth management solutions.
- Sponsor and intermediary experiences.
- Further HSA Integration.
- Investment Transaction Redesign.

Ms. Daubenspeck noted these areas of emphases:

- Simplification:
 - Refreshed landing page.
 - Investment experience.
 - Expanding Spanish capabilities.
 - Sponsor toolkit (more intuitive functionality)
- Protecting data:
 - ACH verification by verifying banking information (24 hours turn-around)
 - Voice biometrics
 - Step-up authentication (additional questions added to authentication).

Ms. Daubenspeck stated that financial wellness is an priority for Empower Retirement noting a new service called, "My Financial Path". Ms. Daubenspeck provide the following statistics:

- 53% of young Americans have had to borrow money from family members
- 40% of hourly workers have zero emergency savings.
- 75% of hourly workers have less than \$500 in savings.

Minutes

Louisiana Deferred Compensation Meeting

December 17, 2019

Page 3 of 6

- 81% of American workers who have student loans have stated that they have had to make financial sacrifices mostly in the form of delaying saving for retirement.
- 3.2 million Americans that have student loan debt are over the age of 60.

Ms. Daubenspeck pointed out that these figures make it clear that there is a need to look not only at retirement planning but at financial wellness in its entirety. Empower has created an integrated experience designed to engage employees with actionable “next steps” called, “A Comprehensive Solution” which includes:

- Financial wellness assessment.
- Personalized email communications.
- Phone consultations.
- In-person and on-site guidance and advice.
- Enhanced digital experience.

Empower Retirement has a partnership with Common Bond, a student debt solution company. Participants are able to click on a link to Common Bond if they are interested in getting help in reducing student debt. Common Bond will provide interested participants with a strategy for paying off their loans.

Ms. Daubenspeck covered steps taken toward fraud protection by Empower stating that the direction taken is three-fold:

- Protect the perimeter.
 - A one-time password.
 - Identity-proofing.
- Rapidly identify the breach/intrusion.
- Minimize the damage.

The student debt solution is built into Empower’s “Financial Wellness Solution”. It consists of two service levels:

- Education.
- A Plan Sponsor level where the Plan Sponsor decides to give a contribution toward student loans.

Mr. Kling stated his concern that participants may presume that there is a relationship between Common Bond and the Plan/Commission. Ms. Daubenspeck stated that Empower has a relationship with Common Bond. Mr. Kling asked that Ms. Daubenspeck provide disclaimers found on the web page related to Common Bond. Ms. Daubenspeck stated that she would provide specific screen shots along with a “demo” of the Financial Wellness feature. This will be available at the February or March Commission meeting. Mr. Mack asked if Empower is receiving some form of compensation from Common Bond and whether the company will have access to

Minutes

Louisiana Deferred Compensation Meeting

December 17, 2019

Page 4 of 6

LA Deferred Compensation participant data. Ms. Daubenspeck stated that if a participant chose to take advantage of the services offered by Common Bond, a fee would be charged. Ms. Daubenspeck stated that she would check to see if Empower is receiving a fee from Common Bond. Mr. Kling stated that he wanted to be certain of the Commission's liability/responsibility. Ms. Burton wanted to confirm liability issues as well. Ms. Burton stated that the Commission would not want to remove a helpful benefit by being overly-cautious but it should be made clear there is no implication that the Commission is recommending the program.

Global Market Review

Mr. DiGirolamo presented Wilshire's report on the Global Economic Outlook noting strong returns for US equities. 2019 had strong markets having recovered nicely from 2018. In summarizing the report, Mr. DiGirolamo made the following statements related to 2020:

- Fairly low returns for US equities with potential volatility related to US political issues over the next twelve months.
- There is a lot of good news for the US economy and for the consumer. Volatility is expected but the fundamentals are in place for strong returns going forward.

Call to Order

Chairman Kling called the meeting to order at 1:29 p.m. Roll call was taken by Jo Ann Carrigan.

Public Comments: There were no public comments.

Approval of Commission Meeting Minutes of November 19, 2019

The minutes of the November 19, 2019 Commission Meeting were reviewed. Ms. Hubbard motioned for the acceptance of the November 19, 2019 minutes. Ms. Burton seconded the motion. The Commission unanimously approved the minutes.

Acceptance of the Hardship Committee Report of November, 2019

The UEW Hardship report of November, 2019 were reviewed. Ms. Burton motioned to accept the report. Ms. Hubbard seconded the motion. The Commission unanimously approved the report.

Administrator's Report

Plan Update as of November 30, 2019: Mr. Dyse presented the Plan Update as of November 30, 2019. Assets as of November 30, 2019: \$1,851.16 Billion; Asset Change YTD: \$235.41 Million; Contributions YTD: \$96.91 Million; Distributions YTD: \$109.41 Million. Net Investment Difference YTD: \$247.91 Million.

UPA-November, 2019: Mr. Dyse reviewed the UPA for the month of November, 2019. The UPA balance as of October 31, 2019 was \$1,869,159.21. Additions included interest in November. Deductions included payment to Great-West Financial. The UPA balance as of November 30, 2019 was \$1,431,345.74.

Minutes

Louisiana Deferred Compensation Meeting

December 17, 2019

Page 5 of 6

Securities Sold: Mr. Dyse reviewed the list of securities sold during the month of November, 2019.

Other Business

Designation of Nominating Committee by Mr. Kling: Mr. Kling appointed the following members to serve on the 2020 Nominating Committee:

Ms. Virginia Burton
Ms. Andrea Hubbard
Mr. Stewart Guerin

Ms. Sanders' seat on the Commission up for re-election in 2020.

2020 Commission Meeting Schedule: Mr. Kling reviewed the 2020 Commission Schedule and Mr. Dyse stated that he would send invitations to Commission members.

The purchase of TD Ameritrade: Mr. Dyse announced that TD Ameritrade is in the process of being purchased by Charles Schwab. Mr. Dyse stated that there would be no negative impact to the Plan as a result of this purchase.

Late loan and loan Default notification procedures: Mr. Dyse stated that Empower is continuing to review the current loan notification procedures. Recommendations will be brought to the Commission at the January meeting for consideration.

Cyber Security: A white paper and webinar is available for review related to cyber security.

Target Date Fund 2065: Mr. Dyse noted that Target Date Fund 2065 is being added to the Target Date Series lineup. Currently, Target Date Fund 2065 is not funded—there are no assets. This can be addressed in one of two ways:

Move participants that meet the age requirement who are currently in Target Date Fund 2060 to Target Date Fund 2065.

Seed Target Date Fund 2065 with a very small amount taken from the forfeiture account and return the amount once funds start going into the 2065 Fund.

Mr. DiGirolamo stated that option number one noted above is the most “normal” way of handling adding a new Target Date fund to the lineup.

Minutes

Louisiana Deferred Compensation Meeting

December 17, 2019

Page 6 of 6

Ms. Burton motioned to add the Target Date Fund 2065 discussion to the agenda. Ms. Hubbard seconded the motion. There was no objection to the motion.

Ms. Sanders motioned to instruct Empower Retirement to make automatic transition of those participants who qualify from the Target Date 2060 fund to the Target Date 2065 Fund. Mr. Guerin seconded the motion. There was no objection to the motion.

Adjournment

With there being no further items of business to come before the Commission, Chairman Kling declared the meeting adjourned at 2:21 p.m.



Laney Sanders, Secretary