

MINUTES

Louisiana Deferred Compensation Commission Meeting

January 15, 2019

The monthly meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, January 15, 2019 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
Andrea Hubbard, Co-Designee of the Commissioner of Administration
James Mack, Designee of the LA State Treasurer
Kevin Pearson, Designee of the Speaker of the LA House of Representatives
Len Riviere, Co-Designee of Commissioner of Financial Institution
Laney Sanders, Participant Member

Members Not Present

Whit Kling, Vice-Chairman, Participant Member
Margaret Corley, Designee of Senator Barrow Peacock, Designee of John Alario Jr., Louisiana Senate

Others Present

Craig Cassagne, State of Louisiana Attorney General's Office
Marybeth Daubenspeck, Vice President, Government Markets, Empower Retirement *via Conference Call*
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.

Public Comments: There were no public comments.

Approval of Commission Meeting Minutes of December 18, 2018

The minutes of the December 18, 2018 Commission Meeting were reviewed. Ms. Burton motioned for the acceptance of the December 18, 2018 minutes. Ms. Hubbard seconded the motion. The Commission unanimously approved the minutes.

Acceptance of the Hardship Committee Report of December 6, 2018 and January 3, 2019

The Hardship Committee Reports of December 6, 2018 and January 3, 2019 were reviewed. Ms. Burton motioned for acceptance of the Hardship Committee Reports of December 6, 2018 and

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January 3, 2019. Mr. Riviere seconded the motion. The Commission unanimously approved the reports.

Administrator's Report

Plan Update as of December 31, 2018: Ms. Stevens presented the Plan Update as of December 31, 2018. Assets as of December 31, 2018: \$1.615 Billion; Asset Change YTD: -\$66.44 Million; Contributions YTD: \$96.56 Million; Distributions YTD: \$118.82 Million. Net Investment Difference YTD: -\$44.18 Million.

UPA-December, 2018: Ms. Stevens reviewed the UPA for the month of December, 2018. The UPA balance as of November 30, 2018 was \$1,767,977.72. Additions included interest and contribution corrections. There were no deductions in December. The UPA balance as of December 31, 2018 was \$1,771,775.53. A Year-to-Date review was presented by Ms. Stevens which provided the activity in the UPA for all of 2018. This report will be presented again at the February, 2019 meeting as part of the Case Reconciliation review.

CSV Securities Sold, September – November, 2018: The list of securities sold in September, October and November, 2018 was reviewed. Ms. Stevens reminded the Commission that the IPS was updated earlier in the year resulting in slight changes to the portfolio.

Personalized Participant Communications (PPC) Update: Ms. Stevens reviewed the history of the Personalized Participant Communications which went live on July 25, 2018. The program follows the activity of the participant and sends relevant messages to the participant based on the participant's activity. In previous meetings, concerns were voiced by members of the Commission related to the following:

1. Advised Assets Group was not prominent in the messages related to Managed Accounts.
2. Fees were not prominent in the messages related to Managed Accounts.
3. The Managed Accounts service was not presented as an optional service.

Mr. Riviere stated that from a regulatory standpoint, communication to participants must make it clear who is providing the service and what the fees are related to the service. Ms. Stevens stated that she and Ms. Daubenspeck have had multiple meetings with Empower Retirement representatives related to the concerns voiced. Ms. Stevens pointed out that the Personalized Participant Communications program has multiple layers of review including Product, Communications and two layers of compliance with Empower Retirement Securities Compliance and Advised Assets Group Compliance. The conclusions reached by each layer of review were that no changes are necessary to the existing Personalized Participant Communications messages citing surveys conducted and participant feedback. Ms. Daubenspeck stated that the reason for

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the confidence in communications is based on messages and documentations sent to participants prior to electing advisory services. The “pre-adoption” information has been provided so that when participants receive Personalized Participant Communication messages subsequent to enrolling in the service, they have already received disclaimers. Ms. Stevens stated that currently, the Personalized Participant Communication messages include all topics which include such items as beneficiaries and managed accounts. Going forward, there may be a menu of topic options that can be chosen by the Commission. Ms. Sanders asked if the Commission could be presented with a demo showing a screen-by-screen review of what the participant sees going through the various screens. Mr. Riviere, in responding to Ms. Daubenspeck’s comments, voiced concern that information provided to participants upon enrollment into the Plan and prior to their selecting the managed accounts service may not be clear/remembered due to the time lapse between receiving the initial information and signing up. Ms. Daubenspeck clarified that participants receive information at the time that they enroll in advisory services in addition to at enrollment. Ms. Daubenspeck confirmed that a demonstration of screens seen by participants could be provided as requested by Ms. Sanders. Mr. Riviere suggested that the Commission delay adopting the Personalized Participant Communication service until such time as specific topics could be selected. Ms. Stevens also stated that the other option would be for Empower Retirement to correct the messages as requested related to managed accounts and fees. Ms. Daubenspeck stated that the option of allowing plans to select topics covered in the communications should be available in mid-2019. Mr. Riviere motioned to opt out of the Personalized Participant Communications service as it is currently set up with the understanding that, once the enhancements are made, the Commission will review for acceptance. Ms. Sanders seconded the motion. There was no objection. The motion carried. Ms. Stevens stated that she would keep a watchful eye on any revisions made and will present them to the Commission as they become available.

Other Business

Nominating Committee Update: Ms. Stevens reported that the Nominating Committee met on January 3, 2019. The committee consisted of:

Kent LaPlace – Chairman
Ben Huxen
Reta McFarland
Lindsey Hunter

Mr. Kling, whose term expires June 30, 2019, expressed that he would like to continue as a participant member of the Commission. The Committee unanimously voted to nominate Mr. Kling for re-election to the term he currently holds. Petitions, the second way to be nominated, were sent to all payrolls the week of January 7, 2019. Those wishing to be nominated by petition must submit paperwork within one month.

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The criteria for those nominated by petition include:

- Must be in the Plan for at least two years.
- Must have twelve participants sign a petition on their behalf.

Audit Committee Update: Ms. Stevens reported that there was an Audit Committee Meeting planned for January 15, 2019 but Mr. Kling was unable to attend and Ms. Burton asked to be removed from the committee so the meeting did not occur. Mr. Bares asked Ms. Hubbard to take Ms. Burton's place on the Audit Committee. Ms. Hubbard agreed to serve on the Audit Committee. The Audit Committee consists of: Mr. Kling, Mr. Riviere and Ms. Hubbard.

Ms. Stevens noted that an audit report package has been generated internally and should be available in February or March of this year. Further, the loan report has been run with a start date of January 2, 2018 which will include more timely information and result in less reconciliation of data as compared to last year. It was determined to reschedule the Audit Committee meeting and invite Karen Scott, Senior Client Service Manager of Empower Retirement to participate in the meeting.

Adjournment

With there being no further items of business to come before the Commission, Chairman Bares declared the meeting adjourned at 10:16 a.m.

Virginia Burton, Secretary