

**MINUTES**  
**Louisiana Deferred Compensation Commission Meeting**  
**June 16, 2020**

The monthly meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, June 16, 2020 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  
Jennifer Bailey, Lead Strategist Participant Mktg Comm Government – Denver  
Megan Jurasic, Strategist Participant Mktg Government – Denver  
Craig Cassagne, State of Louisiana Attorney General’s Office, Baton Rouge  
Shannon Dyse, Relationship Manger, 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

**Call to Order**

Chairman Kling called the meeting to order at 10:04 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 May 19, 2020**

The minutes of the May 19, 2020 Commission Meeting were reviewed. Ms. Hubbard noted a correction needed on page 4 of the minutes requesting that the “Office of State Unified Payroll” be changed to “Office of State Uniform Payroll”. Ms. Hubbard motioned for acceptance of the May 19, 2020 amended minutes. Ms. Burton seconded the motion. The Commission unanimously approved the minutes of May 19, 2020.

## **Administrator's Report**

**Plan Update as of May 31, 2020:** Mr. Dyse presented the Plan Update as of May 31, 2020. Assets as of May 31, 2020: \$1,829.45 Billion; Asset Change YTD: -\$46.89 Million; Contributions YTD: \$44.13 Million; Distributions YTD: \$42.04 Million. Net Investment Difference YTD: -\$48.98 Million.

**Marketing Report-1Q20:** Mr. Dyse reviewed the 1Q20 Marketing Report with the Commission reporting that there were 210 group meetings and 601 new enrollments.

**UPA - May 2020:** Mr. Dyse reviewed the UPA report for the month of May, 2020. There was one deduction in May which was paid to Great West Financial. Interest for the month of May accounted for the one addition to the UPA. The closing balance as of May 31, 2020 was \$1,151,331.55.

**Revised Case Reconciliation Report, 1Q20:** Mr. Dyse reminded the Commission that a discrepancy was found on the 1Q20 Case Reconciliation report presented at the May 2020 Commission Meeting. Mr. Dyse presented the corrected report noting the change made to March 31, 2020 column. The correction was necessary as a result of a set up error where 5 basis points per year was collected instead of 20 basis points. The correction resulted in a little over a \$22,000 gain which could be spread out to each of the 18,000 impacted participants or be posted to the UPA. It was determined that since the amount to be returned to impacted participants would be so small, it would be best to post the gain to the UPA account to prevent unnecessary confusion on the part of participants. Mr. Mack asked how participants would be notified of this correction. Mr. Dyse stated that a statement narrative has been written and would be added to the 2Q20 statements. Mr. Dyse will send a copy of the statement narrative to Commission members.

## **UEW Report – May 2020**

Mr. Dyse presented the UEW Report for the month of May which included 13 approved requests and 1 denied request totally 14 requests reviewed.

**Securities Sold-April 2020:** Mr. Dyse reviewed the securities sold during the month of April, 2020.

**2020 Strategic Partnership Plan:** Mr. Dyse, Ms. Daubenspeck, Mr. Massingill and Ms. Bailey participated in the 2020 Strategic Partnership Plan presentation. Mr. Dyse noted that all areas that the Commission set as goals in 2019 were accomplished. Those items included: streamlined processing (outsourced UEW and DRO processing), retention (added Retirement Solutions Group option), new participant fee structure and continued focus on enrollments. The Managed Account free trial was delayed until the third quarter of 2020 due in large part to the transition of the new relationship manager, Mr. Dyse and the departure State Director, Connie Stevens. Net participant accounts with balances as of year-end 2019, plan assets, and contributions all reflected increases, year-over-year. Mr. Dyse was pleased that full account distributions were flat, year-over-year as keeping money in the Plan is an ongoing effort. Assets in the Plan have continued to grow since 2015. The number of participants in the Plan has steadily increased over a five year period. The

average annual participant contribution has remained in the mid-\$4,000 range which has been the case over the past ten years. Mr. Dyse offered to add a column reflecting the percentage average change per participant, year-over-year. Mr. Dyse pointed out industry trends that are common to most government retirement plans which include a focus on asset retention, modeling tools to assist in draw-down of funds and an emphasis on finding “missing” participants. Efforts are also being made to make it easier for people to participate and save. While the LA Deferred Comp Plan does not offer automatic enrollment, marketing efforts are being made to more effectively use participant data shared by the Office of Uniform State Payroll in the best way possible. Participants in the LA Deferred Comp Plan may set up an automatic escalation if that is their preference. Financial wellness continues to be of great importance. Student loan debt remains a barrier to saving for the future and may be revisited by the Commission once the CARES and Secure Acts are no longer at the forefront. Cybersecurity continues to be a hot topic with increased spending in this area to guard participant accounts from criminal activity. Mr. Kling asked that cybersecurity be added as an agenda item for the December, 2020 retreat. State Treasurer, John Schroder, had previously attended a Commission meeting and expressed interest in cybersecurity efforts being made by Empower Retirement. Mr. Kling suggested that Mr. Schroder be invited to the December retreat. Plan design and administrative features were reviewed noting that the LA Deferred Comp Plan is much further along than a number of plans that Mr. Dyse is personally responsible for. Mr. Dyse stated that the “Personalized Participant Communications” option has not been approved by the Commission to date but can be revisited. Ms. Daubenspeck noted that the Louisiana Deferred Comp Plan design offers the most flexibility for members to integrate with the Plan while at the same time allowing for streamlined administration.

Mr. Massingill presented 2019 metrics reporting 1,316 group meetings (open enrollment sessions, agency-wide meetings), 1,369 individual meetings (service-related meetings resulting in such things as changes in deferral amounts) and 2,065 Retirement Readiness Review meetings (a review of goals, tools available and investment options). Virtual individual and group meetings/webinars are currently being utilized within this environment. Participants may book virtual appointments with any of the six Retirement Plan Advisors through an online booking tool. Upon completion of the meeting, the system sends the participant a brief survey that is used to calculate a “Net Promoter Score”. The Net Promoter Score is calculated by considering “promoters” (RPA’s had 84% of respondents rate them a 9 or 10), “detractors” (RPA’s had 4% of respondents rate them a 1-6) and “neutral” (RPA’s had 11% rate them a 7 or 8). The LA Deferred Comp Plan Net Promoter Score is 80% which is greater than the entire government market average. This percentage is based on approximately 150 surveys over the past few months. Ms. Daubenspeck commented that across the industry, the Net Promoter Score is a standard rating. A Net Promoter Score of 80% or higher is considered, “Best in Class” or “World Class”. A score of 84% shows that the interaction that the Louisiana RPA’s are having with the participants is meaningful.

Ms. Daubenspeck presented the Empower Product Outlook/Roadmap from a developmental point of view. One objective is to provide an enhanced participant experience with an emphasis on making the website easier to navigate. Changes are being made to the participant’s web experience based on Empower’s research on how participants interact with the website. There is a focus on financial wellness to help participants automate important goals with an eye toward retirement readiness. Additional wealth management solutions are being developed to provide holistic financial planning/solutions to individual investors. The investment platform is being redesigned

starting with refreshed investment transactions allowing participants to see all the information they need to make investment decisions in a much more consumable manner. A pre-retiree/retiree experience is being developed to assist participants from a spend-down perspective emphasizing the risks associated with taking money from the wrong money bucket at the wrong time.

Ms. Bailey presented the Employee Engagement Strategy portion of the Strategic Partnership Plan. Ms. Bailey reviewed overall web-traffic statistics on the Plan's website. Web usage is calculated by identifying distinct web-user logins and counting that login once no matter how many times the distinct web-user logs in. For the period of 2Q19 – 1Q20, the average web usage totaled 18,305 which is approximately 47% of participants using the website. All marketing campaigns point people to the website so that more participants will become aware of the valuable tools available to them. Ms. Bailey shared that of the 39,267 participants with a balance, 63% of the participants have email addresses on their files. There will be a greater emphasis on capturing email addresses in 2020. Investment behavior has also been studied to assist in determining what areas need to be targeted to better educate participants. Statistics reflect 8,195 participants are invested in a single fund and 254 are invested in multiple target date funds. While 22,525 participants have not increased contributions in two or more years, Ms. Bailey stated that considering the current environment and market volatility, it is not a good idea to concentrate on "increase your contribution" campaigns. Ninety percent of participant files on record include beneficiary information. Mr. Kling asked Ms. Bailey to provide a report on the age of the files that are missing beneficiary information as current enrollment procedures include space to add beneficiaries. There are 18,944 terminated employees over the age of 50 and these participants will be targeted to remind them that they may stay in the Plan even though they have left employment. Participants using "My Total Retirement" services totaled 31% of the population. Ms. Bailey presented a 2020/2021 participant engagement calendar that included the following campaigns: Stay in the Plan (August), My Total Retirement Free Look (July-October), Email address capture (September), Meet your RPA (October), Investing campaign (designed to improve investing decisions) (March), Quarterly eligible employees enrollment emails, move to an annual newsletter (instead of quarterly) and web bulletins and statement stuffers to be used in announcing such items as Commission election seats. Mr. Kling suggested that moving to an annual newsletter would best be served after email capturing campaigns. Mr. Kling asked that the newsletter discussion be added to the December, 2020 retreat agenda.

### **Secure Act and CARES Act**

Mr. Kling reviewed the previous action taken by the Commission in adopting the mandatory and all of the optional provisions (except for the Lifetime Income option) of the Secure Act and the CARES Act. Empower Retirement has confirmed that it is able to accommodate the provisions of both Secure Act and the CARES Act. Mr. Kling reported that the changes do not require the Plan document be amended until 2024 and suggested that other necessary Plan Document revisions be made at the same time. To move forward, the Commission must approve the adoption of the "Declaration of Emergency Rule" so that it may be published. Once adopted, Mr. Kling will sign the engagement letter to implement the system provisions to accommodate the options chosen. Mr. Kling and Mr. Cassagne met with Bob Tarca, tax attorney, to review the declaration document and noted only minor areas needing updates to reflect current COVID-19 statistics for the state of LA. Ms. Burton motioned that the Commission adopt the Emergency Rule so that it

may be published. Once adopted, Mr. Kling will sign the engagement letter with Empower to implement the system provisions to accommodate the approved provisions. Ms. Hubbard asked if a series of emergency rules will be required since an emergency rule is only valid for 120 days but the provisions of the CARES Act go through December 31<sup>st</sup>. Mr. Kling confirmed that the Commission will continue to approve additional emergency rules to accommodate the December 31<sup>st</sup> deadline. Ms. Sanders seconded them motion. There were no objections and the motion was unanimously approved.

### **Audit Topics**

Mr. Kling reported that he received and completed a compliance questionnaire from Mr. Cooper and forwarded the document to Ms. Sanders for her review, signature and mailing. Mr. Dyse has interacted with Mr. Cooper and stated that everything that he has asked from Empower Retirement has been provided or is in the process of being provided. Mr. Kling stated that he has not received any indication from Mr. Cooper that the audit would not be completed within the required timeframe.

### **Other Business**

**Bob Tarcza Contract:** Mr. Tarcza has signed the contract and it is currently being reviewed by the Attorney General's Office and the Division of Administration.

**Commission Member Ethics Filing:** Mr. Kling reminded Commission Members that their ethics filing paperwork was due last Friday, June 12, 2020.

**Plan Document Changes:** Mr. Kling reported that there are other Plan Document changes necessary. Mr. Tarcza and Ms. Marilyn Collister will assist the Commission in its review of the document. All changes will be made at the same time as the CARES Act and Secure Act changes are added to the document.

**Virtual Commission Meetings:** Mr. Kling stated that he is uncomfortable with the virtual format of the Commission Meetings. Mr. Kling looked into the possibility of securing the Burden Center to hold meetings but the cost was prohibitive. Ms. Hubbard stated that first floor conference rooms in the Claiborne Building may be available for use and suggested that Mr. Kling contact her in July to determine availability. Mr. Kling stated that there may be senate or house committee meeting rooms available but these rooms may not provide the best setting for Commission meetings. Ms. Burton suggested that Ms. Sanders inquire as to the availability of the LASERS board room.

**Copies of CARES Act and Secure Act Communication:** Mr. Dyse called to the attention of the Commission the various CARES Act and Secure Act communication fliers/memos that will be used to share information with participants and payroll departments. A web bulletin and email blasts will be utilized to communicate the information.

**Twenty-Seven Payrolls in 2020:** Ms. Hubbard shared with the Commission that there are 27 payrolls in 2020 instead of 26 noting that this happens about every 11 years. Ms. Hubbard's staff

has been working with Empower to make sure that participants not over-defer and that they not wait until the end of December to adjust contribution amounts. Empower sent an email to participants making them aware of the 27 pay cycles and to encourage adjustments to contribution limits to prevent over-deferring. Ms. Hubbard's office will send a memo to human resources departments asking them to distribute the Empower email to all employees.

**Adjournment**

With there being no further items of business to come before the Commission, Chairman Kling declared the meeting adjourned at 11:22 a.m.

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Laney Sanders, Secretary