MINUTES
Louisiana Deferred Compensation Commission Meeting
January 28, 2025

The monthly meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, January 28, 2025, in the office of the Service Provider, 9100 Bluebonnet Centre Blvd, #203, Baton Rouge, LA, 70809 at 9:00 a.m.

Members Present
Doug Buras, Designee of Commissioner of Financial Institutions
Melissa Gibson, Designee of the Commissioner of Insurance
Beverly Hodges, Participant Member
Andrea Hubbard, Vice Chair, Co-Designee of the Commissioner of Administration
Julius Roberson, Co-Designee of the LA State Treasurer
Cindy Rougeou, Participant Member
Laney Sanders, Secretary, Participant Member

Members Not Present
Representative Tony Bacala, Designee of the Speaker of the LA House of Representatives
Senator Valarie Hodges, Designee of the President of the Louisiana State Senate

Others Present
William Thornton, Senior Manager, Client Portfolio Svcs, AAG, Denver-*via video conference*
Stephen DiGirolamo, CFA – Managing Director, Wilshire Associates–*via video conference*
Justin Lester, State of Louisiana Attorney General's Office, Baton Rouge
Jason Decker, State of Louisiana Attorney General's Office, Baton Rouge
Karen Monaghan, Sr Client Services Manager, Empower, Denver-*via video conference*
Michela Palmer, Communications Strategist Participant Mktg Comm Gov, Empower, Denver-*via video conference*
Shannon Dyse, Relationship Manager, Empower, Baton Rouge
Rich Massingill, Manager, Participant Engagement, Empower, Baton
Rouge Jo Ann Carrigan, Sr. Field Administrative Support, Empower,
Baton Rouge

Call to Order
Ms. Hodges called the meeting to order at 9:02 a.m.

Roll Call of Commission Members
Ms. Carrigan called the roll of Commission members in attendance noting that there was a quorum.

Public Comments
Ms. Hodges reported that there were no public comments.

Approval of Commission Meeting Minutes – December 17, 2024
The minutes of December 17, 2024, Commission Meeting were reviewed. Mr. Roberson motioned that the spelling of his name be corrected on page 1 of the minutes. Ms. Sanders approved the motion. The motion unanimously passed. Mr. Buras motioned to accept the minutes as amended. Mr. Roberson seconded the motion. The Commission unanimously approved the motion.

Louisiana Market Overview

Mr. Thornton presented the 4Q2024 Louisiana Market Overview which included the state of the US economy, US Labor Market trends, the US Treasury Yield Curve, Fixed Income Returns and Specialty Returns.

Louisiana 4Q2024 CSVF: Mr. Thornton reviewed the State of Louisiana Stable Value Fund 4Q2024 statement noting no substantial changes except for the market to book ratio as rates have increased since mid-September. Duration extended slightly.

LA Credit Letter: Mr. Thornton reported that there were no changes to the credit letter..

Credited Rate Calculation: Mr. Thornton shared that in 2Q2025, Empower is recommending a change in the quarterly credited rate calculation formula. The industry formula (new) brings market value assets and book value liabilities together over the duration of the portfolio. Ms. Rougeou motioned to change the credited rate formula to the industry (new) calculation. Ms. Sanders seconded the motion. There was no discussion, and the motion passed unanimously.

Wilshire Preliminary RFP Review

Mr. DiGirolamo shared that he and Mr. Lester have begun work on a draft of the 2025 RFP for recordkeeping services which he will present in person at the February Commission meeting. The preliminary timeline is :

April 1:	Release of the RFP to interested parties
April.15:	Deadline for written questions to be received
April 22:	Issuance of responses to written questions received
May 9:	Deadline for receipt of proposals

In addition to the RFP, Mr. DiGirolamo will include a detailed review of administrative fee options at the February 2025 meeting.

Plan Document Review

Secure 2.0: Mr. Lester reviewed the Secure 2.0 provisions that were approved at the December 2024 meeting to be added to the Plan Document:

Section 115: $1000 Emergency Withdrawals - available for implementation second half of the year

Section 306: Elimination of the first day of the month requirement (previously approved) – available for immediate implementation.
Section 311: Qualified Birth and Adoption Distributions with Repayment Option (required) – available for immediate implementation.
Section 312: Self-Certification of Hardship Distributions - Available for implementation second half of the year
Section 314: Domestic Abuse Distributions – available for immediate implementation.
Section 331: Qualified Federal Disaster Distributions – available for immediate implementation.

Mr. Dyse shared that **Section 109, which increases the Catch-Up limit for participants age 60-63** was originally coded as a required provision of Secure 2.0. Within the past two weeks, the provision was deemed to be voluntary by the Federal Government. This Catch-Up provision must be voted on for approval should the Commission choose to accept it.

Mr. Lester shared that another addition to be made to the Plan Document is the ability for retired/separated participants to continue paying on their loan balances using ACH as the method of payment.

A promulgation of rules would also be necessary for the Commission to add the opportunity to have virtual meetings should the need arise. A member of the Commission would be required to be physically at the anchor location whenever a virtual meeting takes place.

Ms. Rougeou motioned for the acceptance of **Secure Act 2.0, Section 109 -** Catch Up for participants aged 60-63. Mr. Roberson seconded the motion. The motion passed unanimously.

Ms. Sanders motioned to allow the opportunity to hold virtual Commission meetings. Ms. Hubbard seconded the motion. The motion passed unanimously.

The earliest that the final publication can be published is 120 days.

Regarding **Secure 2.0, Section 604 –** The provision offers matching funds on a Roth basis and is not intended to require agencies to offer matching contributions on a Roth basis. Mr. Roberson motioned to approve Secure 2.0 – Section 604. Mr. Sanders seconded the motion. There was no discussion, and the motion passed unanimously.

There was discussion related to agency communication of **Secure 2.0, Section 603** – All Catch Up contributions are subject to Roth tax treatment for participants whose annual compensation exceeds $145,000. This provision goes into effect after December 31, 2025.

Mr. Dyse shared with the Commission the good news that the Windfall Elimination Provision (WEP) has been eliminated under the Social Security Fairness Act which was signed into law on January 5, 2025. Empower is preparing marketing material related to this change in legislation.

Roth Rollovers and In-Plan Roth Conversions: Mr. Dyse asked the Commission to consider allowing Roth Rollovers and In-Plan Roth conversions within the Plan. Empower can support both incoming Roth rollovers and In-Plan Roth conversions. Ms. Sanders motioned to allow Roth Rollovers and In-Plan Roth conversions within the Plan. Ms. Hubbard seconded the motion. The motion was unanimously approved.

<u>Tarcza Contract</u>
Mr. Lester reported that, historically, Tarcza and Associates have assisted in drafting language for use in adding new provisions to the Plan Document. The Tarcza and Associates contract has expired, and Mr. Lester proposed that the Commission execute a new contract. Ms. Rougeou motioned to enter into contract with Tarcza and Associates for a three-year period with an extension option not to exceed $50,000 in rates over the three-year period. Mr. Buras seconded the motion. The motion passed unanimously.

<u>Case Management</u>
Ms. Monaghan reviewed efficiencies now available to poli-subdivisions that will allow submission of routine requests/corrections via the Plan Service Center as opposed to submitting requests through the local office. Education on case management efficiencies is available via the Plan Service Center.

<u>Service Provider's Report</u>
Plan Update December 2024: Mr. Dyse reviewed the Plan Update as of December 31, 2024. Assets as of December 31, 2024: $2,356.11 Million (an increase of 7% year over year); Asset Change YTD: $154.89 Million. Contributions YTD: $118.01 Million; Distributions YTD: $215.82 Million. Net Investment Difference YTD: $252.70 Million.

UPA – December 2024: Mr. Dyse presented the December 2024 UPA report. The UPA balance at the end of December 31, 2024, was $2,178,846. The account increased by $483,792.80 year over year.

UEW Report – December 2024: Mr. Dyse presented the UEW Report for the month of December 2024.

There were twenty-one approved applications, three declined applications and seven in-progress applications totaling thirty-one applications.

<u>Commission Survey Results</u>
Mr. Dyse thanked the Commission for taking the time to complete the survey stating that it provides direction in strategizing efforts going forward.

<u>Strategic Partnership Plan Presentation</u>
Mr. Dyse, Mr. Massingill and Ms. Palmer reviewed accomplishments of 2024 and areas of focus for 2025. Mr. Massingill shared RPA meeting results emphasizing the effectiveness of the Best Interest Practices (BIP) tool. Ms. Palmer presented the 2025 Communication Plan which includes increased participation in the Plan, investment education, retirement readiness and targeted communications to specific agencies.

<u>Loan Procedure Review</u>
Mr. Dyse presented the possibility of changing loan remittance payments of active participants to ACH from payroll deduction. There can be only one method of loan repayment. The Commission will revisit this topic at a later date.

<u>2025 Commission Nominating Committee</u>
The Commission Nominating Committee met on January 28, 2025, and endorsed Ms. Hodges as the Participant Member candidate for the term beginning on July 1, 2025. Mr. Buras motioned to accept the Nominating Committee's endorsement. Ms. Rougeou seconded the motion. The motion was approved unanimously. Duplantier Hrapmann Hogan & Maher, LLP, submitted a proposal for opening and counting election ballots on June 6, 2025, should an election be needed. Mr. Buras motioned to accept Duplantier Hrapmann Hogan and Maher's proposal for counting ballots if an election is necessary. Ms. Rougeou seconded the motion. The motion was approved unanimously. Ms. Sanders motioned to have Mr. Dyse supervise the March 3, 2025, drawing to determine the order of candidate names appearing on the ballot. Ms. Hubbard seconded the motion. The motion passed unanimously.

<u>Other Business</u>

Commission Travel and Expense Card

Mr. Dyse reported that US Bank has sent a follow-up email requesting the status of the Commission's interest is securing a travel and expense card. Mr. Buras offered to bring a draft of a document outlining controls associated with the use of the card to the February 2025 meeting for review.

Date of February Commission Meeting: The February meeting is scheduled for February 25th, the fourth Tuesday in February.

<u>Adjournment</u>

With there being no further items of business to come before the Commission, Chairperson Hodges declared the meeting adjourned at 11:42 a.m.

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Laney Sanders, Secretary