

# **MINUTES**

## **Louisiana Deferred Compensation Commission Meeting July 16, 2013**

The Monthly Meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, July 16, 2013, in the offices of the Plan Administrator, 2237 South Acadian Thruway, Suite 702, Baton Rouge, Louisiana 70808.

### **Members Present**

Emery Bares, Chairman, Designee of the Commissioner of Insurance  
Virginia Burton, Secretary, Participant Member  
Lela Folse, Designee of the State Treasurer  
Andrea Hubbard, Designee of the Commissioner of Administration  
Troy Searles, Participant Member  
Len Riviere, Designee of Commissioner of Financial Institutions

### **Not Present**

Whit Kling, Vice-Chairman, Participant Member

### **Others Present**

Lindsey Hunter, Louisiana Attorney General's Office  
Connie Stevens, Director, Client Relations and Plan Consultants, Baton Rouge GWF  
Jo Ann Carrigan, Lead Office Coordinator, Baton Rouge GWF  
Will Karam, Intern, LASERS

### **Call to Order**

Chairman Bares called the meeting to order at 10:03 a.m.

### **Approval of Commission Meeting Minutes of June 18, 2013**

The minutes of June 18, 2013 were reviewed. Ms. Hubbard motioned for acceptance of the minutes. Ms. Burton seconded the motion. The Commission unanimously approved the minutes.

### **Acceptance of Hardship Committee Report of July 12, 2013**

Ms. Burton motioned for acceptance of the Hardship Committee Report July 12, 2013. Ms. Hubbard seconded the motion. The Commission unanimously approved the report.

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**Public Comments**

Will Karam, LSU student and intern with LASERS, attended the meeting but offered no comments.

**Election of Commission Officers**

Ms. Burton motioned to delay the election of officers until the July 2013 Commission Meeting. Mr. Searles seconded the motion. The Commission unanimously approved the motion.

**Administrator's Report**

**Plan Summary** as of June 30, 2013, was presented by Ms. Stevens. Assets as of June 30, 2013: \$1,273.26 Billion. Asset change YTD: \$62.48 Million. Contributions YTD: \$51.38 Million. Distributions YTD: \$46.89 Million. Net Investment gain YTD: \$57.99 Million. The YTD contributions are ahead of the YTD distributions by \$4.5 Million. Most of the gain YTD is due to a positive market.

**Participation by Asset Class and Investment Option:** Ms. Stevens reviewed balances by asset class. Ms. Stevens pointed out that the Fixed asset class is down slightly due to market gains.

**Unallocated Plan Assets:** Ms. Stevens presented UPA Account activity for June, 2013. Beginning UPA balance: \$3.183 Million; Ending balance as of June 30, 2013 was \$3.190 Million including interest of \$7,615.16. A mutual fund restitution credit of \$11.79 does not belong to the Plan and will be moved out/corrected in July. Ms. Stevens reviewed "Fees to Offset Contractual Amount Due" by comparing the different category totals with previous quarterly reports. The 4Q12 revenue for Stable Value was \$89,288.24. As of 1Q13, no additional revenue has come into the Plan from Stable Value. The 4Q12 "Participant Recoveries" was \$422,196.13 as compared to 1Q13 of \$380,000. The minimum participant administrative fee went from \$15 to \$10 per year as of January 1, 2013. The 4Q12 Mutual Fund Fees totaled \$153,685 and will become lower with the fund changes made in May, 2013 to the Mutual Fund offerings. The Great-West Fund Revenue will be reduced to zero with the change to MFS International Value as of May 20-21, 2013.

**Automation of Payrolls Update:** Ms. Stevens gave an update on converting non-automated payrolls to automated payrolls. There are 178 non-automated payrolls to date. Letters and emails have been sent to all non-automated payrolls from the Commission reminding them of the deadline to automate their payroll systems. The letter included a

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statement noting that the Commission is currently reviewing its options with regard to those payrolls who fail to meet this requirement on time. Three payroll automation webinars were made available to recipients of the letter (July 29, 30 and 31). A calling campaign will begin and representatives have been visiting agencies encouraging them to automate as soon as possible.

**Additional Cost-Savings:** The Baton Rouge office runs efficiently and efforts are ongoing to minimize costs. One cost-savings change made during this reporting period was to revise distribution and loan applications by instructing participants to forward completed requests to the Denver home office. Going forward, requests will be placed on the “To Do” list by Denver and a Baton Rouge representative will approve/disapprove requests electronically. Further, another technological improvement has been made which “hard codes” distribution requests to be released 30 days after termination dates (as opposed to the Baton Rouge office having to “hold” paper requests until the 30 days elapses). The goal is to eliminate the volume of paper that currently is managed by the Baton Rouge staff. Loans cannot be requested online due to the different types of payrolls but loan paperwork can be submitted to the Denver home office and place on the “To Do” list for electronic approval by the Baton Rouge office. Rollover distributions currently require a “Letter of Acceptance” for processing. Ms. Hunter is currently reviewing whether or not the “Letter of Acceptance” is a requirement. The Letter of Acceptance is a “Plan” requirement and is not required by any other plans. If it is found not to be required, this additional step will be eliminated from the rollover distribution process.

**Public Hospital Closings Update:** Ms. Stevens reviewed the distribution activity of participants affected by the closing of public hospitals in the state. A comparison was made between distribution activity in 2012 to the first six months of 2013. There are some hospitals on the six months list that reflect more distribution activity than all of 2012 (Chabert, Earl K Long, UMC Lafayette and Moss Regional). Year-to-date, one-fourth of all distribution money in the Plan is from the hospitals that have closed. Attempts are being made to capture annual and excess leave, when applicable. There has been no additional request from 401K financial advisors regarding moving complete divisions from the Plan. The Plan allows for individual rollovers from terminating participants, but not on an en masse distribution of a division.

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**Beneficiary Campaign:** Ms. Stevens reported that there are approximately 2,500 participants with no beneficiary recorded on their electronic file. This means that there has never been a beneficiary submitted or there exists a paper copy of beneficiary information that preceded electronic filing. Second quarter statements being mailed in late July will include a beneficiary form, a message on the statement and an article in the “Louisiana Keynotes” appearing in the upper, right-hand corner which historically proves to be the most read portion of the letter. In Mid-September, Ms. Stevens will run a report to determine what effect the statement messages and form inclusion has had. From that point, efforts will be made to secure beneficiary information on a more targeted basis. Beneficiary information on electronic files is listed on statements every time the statements are mailed.

**Plan Participant Testimonies:** Attempts to put together a marketing video for the Plan have been unsuccessful as participants prefer not to have their testimonies recorded. In lieu of the video, testimonies from participants will be printed in the quarterly newsletter under a “Participant of the Quarter” section. Ms. Burton and Mr. Searles volunteered to submit testimonies for future newsletters.

**Plan Audit Report:** Ms. Stevens reported that a draft of the Plan Audit has been included in the Commission binder. There were no findings reported. Once the Legislative Auditor has approved the report, Ms. Stevens will email the official report to Commission members. The audit was efficiently completed by Hienz & Macaluso, LLC in early May which is earlier than it has been done in the past.

### **Marketing Report**

There were 144 new applications received during the month of June averaging \$2,406 per application. There were 219 increases and restarts at an average of \$7,584 per request. New enrollments came primarily from regularly scheduled meetings with Calcasieu Parish Sheriff, Desoto Parish Sheriff, City of Slidell, LSU-Baton Rouge and DOTD. Recurring meetings are extremely important to the Plan as far as generating activity. Beginning in August, LASERS is partnering with Great-West to present to 150 Human Resources professionals throughout the state via Web-X and group meetings regarding how to add to retirement benefits using LA Def Comp. This is the first partnership-type event offered between Great-West and LASERS.

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**RPC Activity Report:** There are six Retirement Plan Counselors within the Plan who cover the state of LA. With the new contract, there is a “group meeting goal” of 1,300 per year. Year to date, there have been 748 group meetings of 3 or more people. This is ahead of the yearly goal by 98. In these group meetings, representatives have visited with 7,724 individuals. There have been 1,103 individual meetings through the first half of the year.

**Retiree Advocate Meetings:** Ron Nichols, Retiree Advocate for Great-West Financial is scheduled to speak at five meetings in four days during the month of August. The meetings will be held in Shreveport on August 20<sup>th</sup>, Lake Charles on August 21<sup>st</sup>, Baton Rouge on August 22<sup>nd</sup> and in New Orleans on August 23<sup>rd</sup>. Ms. Stevens encouraged Commission members to attend one of the meetings. The meetings were announced through the “Louisiana Key Notes” newsletter, the LA Deferred Comp website and by representatives in the field.

**NAGDCA Leadership Award:** The LA Deferred Compensation website earned a “Leadership Recognition Award for Technology and Social Media” from NAGDCA this year. A trophy has been received which has been placed in the offices of the Plan Administrator in Baton Rouge.

### **Other Business**

The Annual NAGDCA Conference is scheduled for September 8-11, 2013 in Louisville, KY. Ms. Stevens will register attendees for the Annual Meeting by August 8, 2013. Hotel registration should be completed by each attendee as soon as possible.

Ms. Hubbard brought to the attention of the Commission that the “Defense of Marriage Act” which recognizes the rights of spouses within same-sex marriages in certain states, could affect state payroll/LA Def Comp processes as Louisiana has employees working in other states such as California.

### **Adjournment**

With there being no further items of business to come before the Commission, Chairman Emery Bares declared the meeting adjourned at 10:56 a.m.

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Virginia Burton, Secretary