



Janet T. Mills
Governor

STATE OF MAINE
Deferred Compensation Advisory Council
61 State House Station
Augusta, ME 04333-0061

Vacant
Labor Co-Chair

Heather Perreault
Management Co-Chair

DEFERRED COMPENSATION ADVISORY COUNCIL MEETING
Thursday December 1, 2022 @ 9:00 am
Microsoft Teams Meeting

Council members in attendance: Tracy Bonnevie, Alex Burnette, Cheryl Dugal, Rebekah Koroski, Lindsey Mattson, Heather Perreault, Shonna Poulin-Gutierrez, Stuart Turney
(Total = 8)

Council members absent:
(Council seat 6 vacant)

Others Present:

CAPTRUST: Michael Pratico

VOYA: Jennifer George

Empower: Brenden Walsh

Corebridge: Anthony Durak & Gregg Libutti

Employee Health & Wellness: Devon French, Roberta Dupont, Emma-Lee St. Germain

Other:

Agenda Item	Discussion	Action/Next Steps
I. Call to Order (9:02 am)	Shonna Poulin-Gutierrez called the meeting to order	
II. Introductions		
III. Approval of Minutes (September 29, 2022)		Lindsey Mattson made a motion to approve the minutes, seconded by Rebekah Koroski. Motion passed.
IV. Plan Management & Investment Report <i>Michael Pratico – CAPTRUST</i> a. Market Commentary –	Information contained in written report. Discussion highlights below: <ul style="list-style-type: none"> <u>Total Plan Assets:</u> Total plan assets for Q3 2022 decreased from Q2 2022 at \$541M to \$526.7M. <u>Total Participants:</u> Total participants with a balance increased slightly from quarter 2 at 6,448 to 6,464. 	



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- Economic Outlook: With the Federal Reserve doubling down on its inflation-fighting intentions, investors have shifted their focus to recession scenarios. Economic indicators are flashing opposing signals. While the labor market and household and business balance sheets remain strong, consumer spending and corporate profitability have come under pressure, and geopolitical risks persist.
- Empower Plan Activity Update - Brenden Walsh: The average member balance was \$89K, with 1,783 participants actively deferring. The balance as of 09/30/2022 was \$275M. During the during this third quarter, we saw 100 plan participants increase their salary deferrals.

In terms of contributions, 39% of the contributions for the quarter were directed by participants to that to that general account and about 50% of that remains in the fixed or general accounts. We would like to see more enrollments for the quarter.

Unfortunately, we have 10 enrollments for the quarter. Our hope is fourth quarter we'll see a boost, an increase in those enrollments due to activity during the quarter in terms of being out there and among the state employees and group meetings.

- Corebridge (Formally AIG) Plan Activity Update – Anthony Durak: The average member balance was \$66K, with 728 participants actively deferring. The balance as of 09/30/2022 over \$107M.

You're starting to see more and more over our branding and our name change out there. Participants have received multiple communications from us regarding the change and they're going to start to see the new name on quarterly statements beginning with the fourth quarter.



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As of last night, the end of November assets is now up to 113,000,000 for the 1,600 accounts and we've got approximately 103 year-to-date enrollments into the program.

- Corebridge (Formally AIG) Advisor Activity – Greg Libutti: We have six financial professionals that work with participants in the state of Maine plan. In the third quarter, we had 181 participant account reviews. We were invited to participate in nine on site visits and or events.

48% of active participants engage with a financial professional which is which is a good number.

Of those that do not engage with an advisor in the last 12 months, 31% of those individuals utilize our website mobile app or participate in workshops so they do engage in one way or another.

- VOYA Plan Activity Update – Jennifer George: The average member balance was \$81K, with 957 participants actively deferring. The balance as of 09/30/2022 was over \$143.9M.

Despite significant market changes, State of Maine employees continue to enroll in the deferred compensation plan. We've added over 75 new enrollments accounts through October.

Things that start to pick up in quarter three, we are 25% higher than we were compared to 2021. With respect to new enrollments, about 960 participants are actively contributing into the state's plan.

We are on track to hit another high watermark with respect to new total contributions into the State of Maine plan which would hit about \$5.7M.

Distributions out of a plan continue to be down significantly through quarter three, about 50% when compared to last year.



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<p>b. 3rd Quarter 2022 Performance</p>	<p>Information contained in written report. Discussion highlights below:</p> <ul style="list-style-type: none"> • <u>Industry Updates</u>: There's a lot of proposals out there that will impact retirement plans across the board. The expectation is that we are going to see progress on some of those proposals hopefully in early 2023. The SEC proposed was accepted and we expect to speak more on this next quarter. • <u>Headwinds and Tailwinds</u>: The headwinds still are far stronger than the tailwinds, but certainly there are some tailwinds, things like supply chain channels starting to open inflation numbers starting to come down, labor market still strong as well. We're also seeing opportunities from an investment perspective. We think that a recession is certainly looming, we do tend to be cautiously optimistic about how quickly we'll be able to move back to a more positive economic environment. • <u>Market Commentary Q3</u>: All asset classes ended the third quarter with modest losses, adding to their year-to-date woes. Stocks and bonds climbed in the first half of the quarter as concerns about inflation abated, but the Federal Reserve brought investors back to reality with its aggressive interest rate policy and messaging. • <u>Assets & Holdings</u>: We saw a jump in percentage of assets from 30% to about 37%, thanks to that strong 3% guaranteed account. About 42% of the plan assets sitting in that strong fixed account with a 3% guarantee. • <u>Score Card Snapshot</u>: The scorecard continues to look clean. We don't have any change recommendations for this quarter. At a very high level, overall the fund line up is in good standing, and everything continues to look strong. 	
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	<ul style="list-style-type: none"> • <u>Stocks and Bonds Q3</u>: Money sitting in fixed at a 4% yield. Bonds are down 15% for the year and equities are down 20% for the year. The only place for participants to make money was in those fixed accounts. The aggregate bond index down over 14 1/2% year to date through the close of the quarter. 	
<p>V. Other Business a. Open Discussion</p>	<p>Discussion Highlights:</p> <ul style="list-style-type: none"> • <u>Remote Meeting Policy</u>: Starting with our meetings in 2023, Employee Health and Wellness will be identifying a meeting room that will have the hybrid technology required for us to provide both a physical location and continue our hybrid participation in these meetings. 	
<p>VI. Adjourn (9:50 am)</p>		<p>Rebekah Koroski made a motion to adjourn, seconded by Tracey Bonnevie. Motion passed.</p>

Next Meeting: February 23, 2023