



Janet T. Mills
Governor

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

Vacant
Labor Member, Co-Chair

Jenny Boyden
Management Member, Co-Chair

DEFERRED COMPENSATION ADVISORY COUNCIL MEETING

Thursday December 05, 2024 @ 9:00 am

Microsoft Teams Meeting

Burton M. Cross Building
111 Sewall Street
4th Floor, Room 400
Augusta, ME 04330

Council members in attendance: Jenny Boyden, Lindsey Mattson, Shonna Poulin-Gutierrez, and Mark Roberts.
(Total = 4)

Council members absent: Kristopher Kennedy, Rebekah Koroski, Markayla Morris, David Parent, and Stuart Turney.
(*Council seat 4 vacant*)

Others Present:

CAPTRUST: Michael Pratico.

VOYA: Greg Miller, and Jennifer George.

Empower: Brenden Walsh.

Corebridge: Clinton Hyland.

Employee Health & Wellness: Devon French, Roberta DuPont, Emma-Lee St. Germain, and Charles Luce.

Other:

| Agenda Item | Discussion | Action/Next Steps |
|---|--|---|
| I. Call to Order (9:02 am) | Management Member, Shonna Poulin-Gutierrez , called the meeting to order. | |
| II. Introductions | | |
| III. Approval of Minutes (August 22, 2024) | Discussion highlights below: Management Member, Jenny Boyden , states she is concerned about the lack of Labor representatives in the meeting. | Management Member, Lindsey Mattson , made a motion to accept the August 22, 2024, minutes, seconded by Management Member, Jenny Boyden . Motion passed. |



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IV. Plan Management & Investment Report

a. Michael Pratico – CAPTRUST Vendor Updates

Information contained in written report. Discussion highlights below:

- Empower Plan Activity Update - Brenden Walsh: During Q3, 2024, the average member balance was over \$108.6K, with 1,654 participants actively deferring. The provider balance as of 09/30/2024 was over \$305M. There are 2,813 participants with a balance greater than \$0 and 1,159 participants with a terminated balance, with 97 classified as “other”.

Participant engagement for Q3 shows 488 members reached out for retirement planning, and 7 had a deferral increase. There were 46 members enrolled, and 64 members who had fund allocations. Deferral changes for this period show an increase at 127. There were 23 enrollments from 07/01/2024 to 09/30/2024 and year to date through 09/30/2024 there were 71 enrollments.

92.5% of members continue to use the “do-it-yourself” strategy for their investments, with large cap funds at 37.3% of participant assets.

- Corebridge (Formally AIG) Plan Activity Update – Anthony Durak: During Q3, 2024, the average member balance was \$78.4K, with 770 participants actively deferring. The provider balance as of 09/30/2024 was over \$145.4M. There are 1,567 participants with a balance greater than \$0 and 797 participants with a terminated balance.

In Q3 there were 201 participants that had 307 engagements with Corebridge Financial professionals and 15 plans completed. There were 167 interactions with the Corebridge Client Care Center and 624 Corbridge website visits.

- VOYA Plan Activity Update – Greg Miller: During Q3, 2024, the average member balance was \$100.6K, with 704 participants actively deferring, down from the previous quarter. The



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| | <p>balance as of 09/30/2024 was over \$183.2M. There are 1,821 participants with a balance greater than \$0 and 1,117 participants with a terminated balance.</p> <p>Personal Financial Wellness Messaging reached out to 1,126 participants during Q3. Of those, 75% engaged with personalized financial wellness emails. There were 11 completed financial wellness assessments and 32 members saved more or restarted their contributions. There were 25 members who named beneficiaries, and 38 members participating by logging into their accounts. In addition, there were 23 participants maxed out of their savings.</p> | |
| b. Quarter 3 - 2024 Performance | <p>Information contained in written report. Discussion highlights below:</p> <ul style="list-style-type: none">• <u>Total Plan Assets</u>: Total plan assets for Q3, 2024 increased from Q2, 2024 at \$599.5M to \$613.2M. There have been a lot of contributions but still continue to see many distributions. The program is in good shape at a macro level.• <u>Total Participants</u>: During Q3 there were 6,201 participants with a balance greater than \$0, there were 3,128 participants actively deferring, and 3,073 participants terminated with a balance. There was an overall average balance of \$98.8K. | |
| c. Market Commentary | <p>Information contained in written report. Discussion highlights below:</p> <ul style="list-style-type: none">• <u>Super Catchup Provision</u>: Currently the State of Maine does not have the administrative capacity to include the Super Catchup Provision: however, it would be good for the plan. We will revisit this in the future.• <u>Market Commentary</u>: Shifting market leadership in Q3 highlighted the sensitivity of economic data leading to the Federal Reserve's first interest rate cut in September. The | <p>Voya and Empower will send a form that the State of Maine can sign to opt out of the Super Catchup Provision. Corebridge will check with their record keeper to see if they will need to send a form as well. Captrust also asks that the record keepers be advised so that we do not send the wrong message.</p> |



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Federal Reserve messaged the move as proactive, with risks now balanced against a slowing, but overall solid, economic backdrop. Rate reductions are expected to continue at a moderate pace, but economic complexity remains elevated. With the next Federal Reserve meeting occurring just after the federal election, the market is likely to be focused, at least temporarily, on the political stage.

- Stocks and Bonds Q3: U.S. stock markets ascended, with rate-sensitive stocks like utilities and real estate leading the way. Bond yields moved considerably lower ahead of a more accommodative Federal policy stance, a solid tailwind for fixed income in the quarter. In Q3 U.S. bonds are at 5.2%, 4.4% year to date. U.S. large cap stocks are at 5.9% in Q3, and 22.1% year to date.
- Headwinds and Tailwinds Q3: With inflation near its 2% target and economic growth trending upward, early signs of labor market softness came to the forefront. After 9 months of anticipation, this was the catalyst the Federal Reserve needed to pivot. In September, a new chapter began, dropping the federal funds rate by 0.5%. With monetary policy now in an easing cycle, the economic backdrop should be more favorable to future growth. However, the forward path of policy action remains unsettled.
- Fund Line Up: The State of Maine continues to have a strong fund line up with all the asset classes covered that Captrust believe should be. There is a full suite of passive funds and best in class active funds. The State of Maine is in the least expensive share class across each one of the funds. Captrust, however, would have loved to see more money going into target date funds.
- Assets & Holdings: We continue to see growth in the equity funds. There is 21% in the Vanguard Institutional Index, with



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| | <p>another 10% in Harvard Capital Appreciation. Year to date, Vanguard Institutional is up 29% and Harvard Capital is up 35%. The growth from the start of the year to the close of Q3 has been significant.</p> <ul style="list-style-type: none">• <u>Score Card Snapshot</u>: We continue to have a couple of funds that are marked for review; however, Captrust has no concerns about either of these funds and continue to have a hold recommendation. | |
| V. Other Business | | |
| d. Open Discussion | <p>Discussion highlights below:</p> <p>Labor Member, Mark Roberts, asks whether we have the option as participants to make an in-plan ROTH conversion for a portion or all of our balance?</p> <p>Captrust responds it has never been addressed because ROTH has never been a part of the State of Maine plan; however, when the plan document is updated, an in-plan ROTH conversion can easily be added.</p> <p>Management Member, Shonna Poulin-Gutierrez, states we have been looking at how ROTH would fit into the new system, and as the build continues, that is in the mix and will make note of this specific question.</p> <p>Management Member, Jenny Boyden, asks whether we would need to implement or request any statutory changes to allow for a ROTH option?</p> <p>Management Member, Shonna Poulin-Gutierrez, states that we do not have language that prohibits us from being able to offer a ROTH option.</p> | |



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| | <p>Management Member, Jenny Boyden, states that we need an opinion from an Attorney so that we are not implementing something that is not contrary to our statute provisions.</p> <p>Captrust states, even with the ROTH, it would still fall under the umbrella of 457b, so you are not reclassifying the assets. It's just a different way to save under the 457b umbrella.</p> <p>Management Member, Shonna Poulin-Gutierrez, thanks Management Member, Jenny Boyden, and Labor Member, Rebecca Koroski, for being part of the Request for Proposal Review Committee. Captrust was the winning bidder and will continue to work with the State of Maine.</p> <p>Devon Frech and Roberta DuPont continue to look at information for filling seats on the committee. Management Member, Jenny Boyden, will look at the legislative language. As those seats are finalized we will add them to website.</p> | |
| VI. Adjourn (10:15 am) | | Management Member, Lindsey Mattson , made a motion to adjourn, seconded by Labor Member, Mark Roberts . Motion passed. |

Next Meeting: February 27, 2025