



Janet T. Mills
Governor

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

Wayne Morrow
Labor Co-Chair

Holly Pomelow
Management Co-Chair

DEFERRED COMPENSATION ADVISORY COUNCIL MEETING
Thursday May 16, 2019 @ 9:00 am
Room 600, Burton Cross Building

Council members in attendance: Seth Blodgett, Tracy Bonnevie (via phone), Alex Burnett (appointment pending), Terry James, Rebekah Koroski, Lindsey Mattson, Wayne Morrow (via phone), Holly Pomelow, Robyn Saucier (via phone), Stuart Turney
(Total = 10)

Council members absent: Ricky Welton
(Council seat 15 vacant)

Others Present:

Buck: Tom Coughlin (via phone), Rebecca Kuzemchak, Alan Vorchheimer (via phone), Elizabeth Woodburn

VOYA: Greg Miller, Jennifer George

Mass Mutual: David Hanson, Anthony Verdile

Valic: Mike Carter, Greg Libutti

Employee Health & Benefits: Heather Albert, Kurt Caswell, Roberta Leonard, & Shonna Poulin-Gutierrez

DAFS: Heather Perreault

Public Guest: Shirley Ezzy

Agenda Item	Discussion	Action/Next Steps
I. Call to Order (9:06am)	Kurt Caswell called the meeting to order	
II. Introductions		
III. Approval of Minutes <i>(February 20, 2019)</i>		Rebekah Koroski made a motion to approve minutes, seconded by Wayne Morrow. Motion passed.
IV. Report Highlights <i>Alan Vorchheimer, Tom Coughlin, Elizabeth Woodburn, Rebecca Kuzemchak- Buck</i>	1st Quarter 2019 Plan Activity Review. Information contained in written report. Discussion highlights below: (page 2-7) <ul style="list-style-type: none"> • Total assets as of 3/31/19 \$488M • Total accounts increased from 6,554 to 6,568 • Average age of participant 56. • First quarter total assets up approx. 7%. 	



Janet T. Mills
Governor

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

Wayne Morrow
Labor Co-Chair

Holly Pomelow
Management Co-Chair

	<ul style="list-style-type: none"> • State of Maine employees contributing 27%. • Mass Mutual trends well at capturing rollovers. Voya's total dollars increase slightly more with member contribution. Valic is now AIG Financing, the change has no impact on employee accounts. • Fund changes implemented on May 1st, one VALIC fund was not mapped to the target date, but corrected shortly after. Total asset transfers were rather small. • A national study of State and local Government employees found employees receptive to automatic enrollment in voluntary savings plans. • Federal Reserve has placed interest rate-hiking plans on hold. • Trade issues during the first quarter were driven by positive economic trends. • Results were mixed for active managers. 	
<p>V. Plan Management Update <i>Alan Vorchheimer, Tom Coughlin, Elizabeth Woodburn, Rebecca Kuzemchak- Buck</i></p>	<p>Plan Activity Update: 1st Quarter 2019 Summary (See pages 9-27 of Buck's report.) Discussion highlights:</p> <ul style="list-style-type: none"> • Reviewed plan participation, demographics, account balances, transaction activity, contribution rates, provider activities, etc. • Plan balances increased over 6% due to positive investment returns. • As population ages more, members are pulling from their accounts. Efforts to increase participation on younger generation and population with less than 10 years of State service is the focus. Very clear that participation is tied to age. • Overall 27% of members are in their 50's and may be retiring in the next 10 years. The goal is to replace participation at the same level. • Participation is also tied to salary. Employees with salaries below \$40,000 make up less than 10% of the population. • Target date funds investment fund mix is based on members Date of Birth. Glide path from equity investments is consistent with number of years until retirement date and post-retirement pay-out periods. Members may change funds at any time. Normal retirement age within funds is based on age 65. Best practice used when making fund changes. 	



Janet T. Mills
Governor

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

Wayne Morrow
Labor Co-Chair

Holly Pomelow
Management Co-Chair

	<ul style="list-style-type: none"> • Overall asset allocation had little impacted by the fund mapping. Over time the Target Date Funds should see a steady increase. • A new webpage was built to reflect changes to the plan. The page outlined what target date funds are, how fees are handled going forward and where members can get more information. • Stuart Turney asked if financial calculators can be added to MaineSaves457 website. Kurt Caswell responded, will look at an outside source, upkeep would be needed to maintain. Vendors do have calculators on their site. • In October 2018 there was a large spike in visits to the MaineSaves457 website, reflecting the response to an employee meeting campaign. • Result of a survey conducted during MaineSaves employee meetings: members wanted to see more information on the difference between MaineSaves/MEPERS and assistance on how/what investments to choose. 50% of employee's surveyed said they would enroll and/or increase their existing contribution. • Elizabeth Woodburn spoke on effective trends and how other States are communicating to their employees: <ul style="list-style-type: none"> • Keep the message simple. • Use multiple communication channels, home mailings and online communication • Show members how they can benefit. • Interactive one on one meetings and webinars. • Oregon conducted a "Retirement Expo" partnering the savings plan with retirement the plan. • Texas targeted communication by gender. • Florida choose to target by age. • Email blitz emails going out several times a week. To focus attention. 	
<p>VI. Plan Investment Report <i>Tom Coughlin, Buck</i></p>	<p>Plan Investment Review March 31, 2019 (see pages 56-79 of Buck's report.) Discussion highlights:</p> <ul style="list-style-type: none"> • Review of plus/minus and risk return charts 	



Janet T. Mills
Governor

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

Wayne Morrow
Labor Co-Chair

Holly Pomelow
Management Co-Chair

	<ul style="list-style-type: none"> • Across all vendors the funds outperforming • Growth out-performing Value funds in the 4th quarter. • US equities had their highest first-quarter return since 1988. • Growth stocks had the strongest returns, led by 20% gain in the information technology sector. • International stocks rose in the first quarter. • Banks across Europe willing to keep rates low to keep growth moving. • Federal Reserve kept the fed funds rate at 2.5%. Based on January and March meetings said no further increase in fed rate for the rest of 2019. • Corporate bonds rallied, with investment-grade bonds and high yield gaining 5.1% and 7.3%, respectively. • Barclay's Capital US Aggregate index returned 2.9%. • Active managers posted a positive return in Q1 2019. Each of the fixed income managers posted positive returns and beat their respective benchmarks. • Interest rate sensitivity. Have allocation to high yield bonds, slightly lower. 	
<p>VII. Other Business <i>Kurt Caswell, Employee Health & Benefits</i></p> <p>a. Update on May 1st transitions</p> <p>b. Secure Transactions</p>	<ul style="list-style-type: none"> • Update from each vendor on May 1st transactions: • Mass Mutual: 33,000 letters were sent out. Overall operations went smoothly. Call centers were prepared and will continue to be. May see a spike in calls once the quarterly statement in July goes out. • AIG – Overall very quiet. A hiccup with Oppenheimer Global not mapping on May 1st occurred; mapping omission has been corrected. Communication went out to any members impacted. • Voya mapping went smoothly. Very little feedback, mainly from members separated from service thinking the change did not apply to them. As a result, this generated a lot of one on one meetings. • Fair to say we should expect more questions will occur in the future. • Rebekah Koroski received a call from a member with concerns on fixed account fees. Stating Mass Mutual told her the State of Maine is collecting the fee. Anthony Verdile said this will be 	



Janet T. Mills
Governor

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

Wayne Morrow
Labor Co-Chair

Holly Pomelow
Management Co-Chair

	<p>corrected and will be used as a training opportunity in the future.</p> <ul style="list-style-type: none"> Shirley Ezzy asked Voya if they will be discontinuing mailing paper statements in June? Greg Miller replied: Voya notified members they are converting to paperless statements, but members may opt to receive paper statements by logging on to their accounts or calling the call center. Mass Mutual and AIG are considering paperless statements. No effective date for this yet. 	
<p>VII. Other Business cont. <i>Kurt Caswell, Employee Health & Benefits</i> c. Executive Session</p>	<ul style="list-style-type: none"> Executive Session conducted. 	
<p>VIII. Adjourn (12:00am)</p>		<p>Lindsey Mattson made a motion to adjourn, Rebekah Koroski seconded. Motion passed.</p>

Next meeting: September 25, 2019