**DEFERRED COMPENSATION ADVISORY COUNCIL MEETING**

**Wednesday September 24, 2019 @ 9:00 am**

**Room 400, Burton Cross Building**

Council members in attendance: Seth Blodgett, Tracy Bonnevie, Rebekah Koroski, Lindsey Mattson, Wayne Morrow (via phone), Heather Perreault, Stuart Turney

(Total = 7)

Council members absent: Alex Burnett (appointment pending) Terry James, Robyn Saucier, Ricky Welton

*(Council seat 15 vacant)*

Others Present:

CAPTRUST: Michael Pratico

VOYA: Greg Miller, Jennifer George

Mass Mutual: David Hanson, Anthony Verdile

AIG: Mike Carter, Greg Libutti

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

Public Guest: Shirley Ezzy

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| Agenda Item | Discussion | Action/Next Steps |
| I. Call to Order (9:02am) | Kurt Caswell called the meeting to order |  |
| II. Introductions |  |  |
| III. Approval of Minutes *(May 16th, 2019)* |  | Seth Blodgett made a motion to approve the amended minutes, seconded by Rebecca Koroski. Motion passed.  |
| IV. Plan Management & Investment Report *Self-review* | 2nd Quarter 2019 Plan Activity Review. Information contained in written report. Discussion highlights below:* Total assets as of 6/30/19 over $491M, stable
* Total accounts decreased from 6,568 to 6,451
* Average age of participant 56.
* Cash flow (contributions-withdrawals was negative by almost $10M but positive investment gains still met a net gain in assets for the period.)
* Total number of employees contributing has remained stable over the past 5 years.
* Increases in participation levels are tied to higher salary levels.
* Each vendor’s population contains at least 30% of terminated employees who can withdraw from the plan at any time.
* MassMutual consistently attracts the highest level of rollover contributions.
* Heavier activity from AIG and Voya than in prior periods.
* Develop strategies to increase participation to population with less the 10 years of State service.
* Participation levels rise with age, approximately age 40.
* MassMutual holds half of overall plan accounts.
* Asset Allocations consistent.
* Voya and AIG’s tracking information has improved. David Hanson asked how meeting attendees should be reported. Kurt Caswell stated touch points rather than attendees reflect the true number.
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| V. Introduction to Michael Pratico CAPTRUST *Kurt Caswell – Employee Health & Benefits and Michael Pratico - CAPTRUST*  | * Kurt Caswell introduced Michael Pratico - CAPTRUST to the Advisory Council.
* CAPTRUST would like to update the investment policy statement following the same guidelines as ERISA and go over it with the Advisory Council.
* David Hanson asked if the FSO’s should still do education reporting to CAPTRUST. Michael Pratico answered yes.
* CAPTRUST would like to provide custom videos to participants by recording a series of 5 to 7 minute long videos on how to enroll, target date funds and how they work. CAPTRUST will record in their studios then send the link to the State of Maine to upload on their website as a learning center. Can track quarterly reporting of usage.
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| VI. Investment Report *Michael Pratico - CAPTRUST* | Defined Contribution Quarterly Review: 2nd Quarter 2019 Summary. Information contained in written report. Discussion highlights below:* Topical spot lights: Morningstar recently divided the intermediate-term bond peer group into two individual peer groups: intermediate core bond and intermediate core-plus bond. This change impacts investment policy statements and reporting and scoring for fixed income strategies. The division of the intermediate-term bond peer group into intermediate core bond and intermediate core-plus bond will be reflected in CAPTRUST’s Investment Policy Monitoring (scoring) System Methodology.
* Tailwinds/Headwinds (page 13): A look at the positive and negative points of the market. Consumer spending trending high. Headwind trade uncertainty with China. Pollical uncertainty, slowing global growth.
* Fund line up (Page 22): Asset classes – CAPTRUST would like to see more diversity for members with mid cap and small cap funds in the future.
* Goal: To increase the number of members in target date funds. Compare American target date funds to other target date funds to be sure the funds are appropriate.
* Lindsey Mattson asked what are frozen funds (page 26)? Michael Pratico responded participants money stays in one place and have not been mapped. Members may choose not to map funds.
* All asset classes moved higher in the second quarter. Despite a bout of volatility in May, stocks, bonds, and real estate have posted excellent returns this year. U.S. stocks were approaching record highs at quarter end, thanks to an accommodative Federal Reserve and a temporary trade truce with China.
* CapTrust score card (page 29-30): One way to review fund line up. Scores between 79-70 are watched funds. Scores between 80-100 in are in good standing. High 90’s to 100 are top quality. Over all scoring of current fund line up is in good shape. Scoring team may look at a top scoring fund and market it down, an example of why, manager change. Proper fiduciary management is the approach taken when scoring funds.
* Target date funds (page 42): Equity and fixed income exposure. Participates can sit with an advisor to understand the equity exposure and what this means. Target investment replace personal advice. CAPTRUST Can create a custom video on this topic.
* Advisory Council members will receive a login and passcode to CAPTRUST’s meeting notes.
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| VII. Other Business *Kurt Caswell – Employee Health & Benefits* 1. Securing Future DCAC Plan Meetings
2. MaineSaves457.com website
3. WorkDay Update
4. Other discussion – All
 | Discussion highlights:* Secure meeting time frame for 2020, consistent per quarter: Morning block on the third Thursday following the close of the quarter Feb, May, Aug and Nov.
* MaineSaves457 website: Content was moved to EH&B site www.maine.gov/bhr/oeh.
* WorkDay: on schedule for go live date(1/1/2020). Self-service for employees to access/update their 457B accounts. All enrollments will go through Workday. Employees will not be able to choose what investment they enroll in within Workday, funds will go into a default option. Notification will be set out. Employees will be able to enter a percentage or a dollar amount.
* Stuart Turney asked about exploring auto enrollment. Heather Perreault stated has not been addressed yet.
 | Michael Pratico would like to entertain Roth options at the next meeting. Seth Blodgett requested Roth option be added to the November’s agenda.  |
| **IX. Adjourn (10:42 am)** |  | Seth Blodgett made a motion to adjourn, Tracy Bonnevie seconded. Motion passed.  |

**Next meeting: November 12, 2019**