



Janet T. Mills  
Governor

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

Wayne Morrow  
Labor Co-Chair

Heather Perreault  
Management Co-Chair

**DEFERRED COMPENSATION ADVISORY COUNCIL MEETING**  
**Tuesday November 12, 2019 @ 1:00 pm**  
**Room 600, Burton Cross Building**

Council members in attendance: Seth Blodgett, Rebekah Koroski, Lindsey Mattson, Wayne Morrow (via phone), Stuart Turney  
(Total = 7)

Council members absent: Tracy Bonnevie, Alex Burnett (appointment pending) Terry James, Heather Perreault, Robyn Saucier, Ricky Welton  
(Council seat 15 vacant)

Others Present:

CAPTRUST: Michael Pratico

VOYA: Greg Miller, Jennifer George

Mass Mutual: David Hanson (via phone), Anthony Verdile (via phone)

AIG: Mike Carter, Greg Libutti

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

Public Guest: Shirley Ezzy

Agenda Item	Discussion	Action/Next Steps
<b>I. Call to Order (1:20pm)</b>	Kurt Caswell called the meeting to order	
<b>II. Introductions</b>		
<b>III. Approval of Minutes</b> <i>(September 25th, 2019)</i>		Lindsey Mattson made a motion to approve the minutes, seconded by Rebekah Koroski. Motion passed.
<b>IV. Plan Management &amp; Investment Report</b> <i>Michael Pratico - CAPTRUST</i>	3rd Quarter 2019 Plan Activity Review. Information contained in written report. Discussion highlights below: <ul style="list-style-type: none"> <li>Total assets as of 9/30/19 over \$488M.</li> <li>Total participants balance decreased from 6,451 to 6,437.</li> <li>Savings of 15% is needed to replace 70% of income (chart on page 8).</li> <li>Market commentary, most asset classes added to their 2019 gains in the third quarter. 2019 closing out strong. Optimistic</li> </ul>	Michael Pratico will send information to Kurt on adding small cap/mid cap options to distribute to the Advisory Council. Nov 2019



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	<p>about 2020. Consumer strength positive with low unemployment, and rising wages. Interest rates low, housing market strong, due to lower mortgage rates. In packet of energy independence, US is now leading producer of oil in the world. Lingering trade disputes leads to global uncertainty.</p> <ul style="list-style-type: none"> <li>• Fund line up snap shot (page 23). Stable value or fixed income bonds. Recommended changes to the plan, not to expand the fund line up, but add an option or two in the small cap/mid cap blend index. Gap in the small cap mid cap area currently. Adding an option or two in the small cap/mid cap area could give growth and value exposure as the plan evolves.</li> <li>• Target date funds designed to provide a simple investment solution through a portfolio whose asset allocation mix becomes more conservative as the target date approaches. Target date funds will never replace advisors. Target date funds are good for someone new to the plan. Controlled by American funds in spans of years 50 years, correspond with someone's work life. Every 5 years a target date fund drops off. All fund changes have to be communicated to all participants. Communications are regulated.</li> <li>• Benefits of auto enrollment – default into age appropriate fund.</li> <li>• One part of a comprehensive process that CAPTRUST follows is watching funds by using a scoring system to assure that funds are in good standing. 80 or above in good standing 70-79 watching under 70 consider replacing. Newberger Berman, large cap blend fund scoring a 78. CAPTRUST is not recommending a change but will continue to watch.</li> </ul>	
<p><b>V. Other Business</b>  <i>Kurt Caswell – Employee Health &amp; Benefits &amp; Michael Pratico - CAPTRUST</i>  <b>a. Update on Wrap Fee decrease</b>  <b>b. Update on Roth Funds</b></p>	<p>Discussion highlights:</p> <ul style="list-style-type: none"> <li>• There will be a reduction in advisor fees. Negotiated MM 24% reduction, AIG 23% reduction and Voya 21% reduction. Totalling \$177k in total fee reduction.</li> <li>• Understanding the difference between Roth Savings and Tax Deferred Savings. Roth accounts allow you to contribute port-tax dollars that won't be taxed upon distribution. savings are post tax savings. Roth feature can be added to the plan. Tax</li> </ul>	<p>Vote on fee reduction. Kurt will send out an electronic vote to all Advisory Council members. The approved communication will be sent to members by the end of year.</p>



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	<p>deferred accounts allow you to contribute pre-tax dollars and pay taxes only when you take withdrawals.</p> <ul style="list-style-type: none"> <li>• CAPTRUST recommended adding a ROTH to the plan. This could be an option in the future with Workday. The system the State currently has will not allow this addition. Can vote on at next meeting, once the go-live date of Workday is confirmed.</li> <li>• Loan capabilities may also be an option with Workday.</li> <li>• Fiduciary training program was sent out to all Advisory Council members. Training needs to be completed before the end of calendar year.</li> </ul>	
<b>VI. Adjourn (2:41 pm)</b>		Seth Blodgett made a motion to adjourn, seconded by Lindsey Mattson. Motion passed.

**Next meeting: February 27, 2020**