



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
Thursday April 2, 2020 @ 9:00 am
Skype Meeting

Council members in attendance: Tracy Bonnevie, Alex Burnett, Rebekah Koroski, Wayne Morrow, Heather Perreault & Stuart Turney
(Total = 6)

Council members absent: Seth Blodgett, Terry James, Lindsay Mattson, Robyn Saucier & Ricky Welton
(Council seat 15 vacant)

Others Present:

CAPTRUST: Michael Pratico & Kevin Fieldman

VOYA: Greg Miller & Jennifer George

Mass Mutual: David Hanson , Anthony Verdile & Michelle Baldisseri

AIG: Mike Carter, Gregg Libutti & Tony Durak

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

Agenda Item	Discussion	Action/Next Steps
I. Call to Order (9:02 am)	Kurt Caswell called the meeting to order	
II. Introductions		
III. Approval of Minutes (November 12th, 2019)		Rebekah Koroski made a motion to approve the amended minutes, seconded by Tracy Bonnevie. Motion passed.
IV. Plan Management & Investment Report <i>Michael Pratico & Kevin Feldman- CAPTRUST</i> <i>a. 4th Quarter 2019 results</i> <i>b. Current Market</i>	Information contained in written report. Discussion highlights below: <ul style="list-style-type: none"> Total assets as of 12/31/19 over \$510M. Strong finish to 2019. Total participants with a balance increased from 6,437 to 6,464. Fund lineup construction/Gap analyst (page 21). Small gaps in small to mid-cap growth. No change recommendations at this time. When things normalize, CapTrust would like to fill some gaps to help improve retirement for participants. Kurt Caswell stated some concern on revamping portfolio, review of 	



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	<p>overlapping investments within funds overlapping need to be taken into account. Michael Pratico will get more granular with the index structure, before making any changes. In fund removal process, no changes would take place for over a year. Exception, the default target date fund.</p> <ul style="list-style-type: none"> • Score card (page 28). Scoring above 80 are in good standing. Core fund lineup in exceptional shape. One fund market is in review, scoring a 78. Once funds become in review status this creates a conversation with the Council on what steps should be taken next. PGIM is an exceptional fund scoring 100. Bond funds can and do loose money. Kurt Caswell asked is CapTrust expected to make any modifications on how they score funds due to the current market. Michael Pratico responded no. CapTrust has used the same scoring system for over 20 years. During 2008-2009's great recession a 3-5-year confidence rating was added. Information ratio looking at performance and volatility. • Target date series (page 29). American funds target date apply a higher qualitative score. Series doing well scoring 95 out of 100. 	
<p>V. Other Business Kurt Caswell – Employee Health & Benefits & Michael Pratico - CAPTRUST</p> <ol style="list-style-type: none"> Fee Benchmark Report Gap Analysis Report Target Date Fund Comparison CARES Act Overview Workday HRMS Update 	<p>Discussion highlights:</p> <ul style="list-style-type: none"> • Fee benchmark report. Offing the right funds and paying the right price. Fees a crossed each record keeper were competitive when thier full-service model and high fixed account yields were taken into consideration. • Target date series (page 8) glide path. Overlay of American fund series. Equities reduce over time. 90% of this portfolio is equity based at onset. Equity reduces over time and fixed income increases. Lesser equity percentage members are close to retirement. • Up and down-market capture (page 10). American funds do better in all of the tiers in volatile markets. AF target date series is appropriate for plan. Would like to see more money going into target date funds from members. Kurt Caswell would like to see our members diversify more out of fixed 	<p>Anthony Verdile will look into all SOM members to confirm the correct based points are being applied and report back to the Council.</p> <p>Anthony Verdile will send out Michelle Baldisseri contact information.</p> <p>Wayne Morrow made the recommendation move from current harbor cap appreciation instl class to harbor capital share class fund for all 3 vendors. Tracy Bonnevie seconded the motion. Motion passes.</p>



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	<p>accounts. Re: COVID-19 period, Michael Pratico stated this is not the time to panic, it's time to focus on good target funds.</p> <ul style="list-style-type: none"> Expense analysis – 12/31/19 (page 9). Breakdown of Mass Mutual's pricing. Total cost and recordkeeper cost, average of .36%. Cost is important, but just one factor. How funds are actively managed (page 10). 45% of participant assets are in guaranteed accounts. Mass Mutual is more complex based on how they structure fees. Stuart Turney asked if and when the proposed 20 basis points for fees went into effect. Michael Pratico replied that 20 basis point went into effect retroactive to May 1st, 2019. Stuart Turney shared a personal story questioning if Mass Mutual is charging the correct basis points to their members. Extension conversation ensued. Anthony Verdile introduced Michelle Baldisseri, Mass Mutual's new executive sponsor. Michelle will attend one meeting in person to introduce to the Council. CARES ACT allows participants under the age 59½ to withdraw early up to \$100k from a retirement plan. Qualified life event if the member or spouse is diagnosed with COVID-19. Plan loan dollar limits increased from \$50k to \$100k. SOM does not have loan options. Allows for the plan to be amended and update before 2024. Greg Miller stated Voya is waiving fees on hardship withdrawals and participants can opt to stop RMD's. Members should call Voya's 1-800 number for more information. Workday update. Go live date for March 23rd was moved. New go live date is being determined in quarterly increments . (e.g may be July 1st, Oct 1st · Jan.1) but is unknown at this time. Loan Pros and Cons provided by Stuart Turney. Would like to attract participants by having more options for members by offering loans and auto enrollment. 	<p>Rebekah Koroski Put into place CARES Act provision on withdrawals Tracy Bonnevie seconded. Motion passes.</p>
<p>VI. Adjourn (11:21 am)</p>		<p>Wayne Morrow made a motion to adjourn, seconded by Tracy Bonnevie. Motion passed.</p>

Next meeting: May 28, 2020