



Janet T. Mills  
Governor

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

Vacant  
*Labor Co-Chair*

Heather Perreault  
*Management Co-Chair*

**DEFERRED COMPENSATION ADVISORY COUNCIL MEETING**  
**Thursday September 29, 2022 @ 9:00 am**  
**Microsoft Teams Meeting**

Council members in attendance: Alex Burnette, Cheryl Dugal, Rebekah Koroski, Lindsey Mattson, Heather Perreault, Shonna Poulin-Gutierrez  
(Total = 6)

Council members absent: Tracy Bonnevie, Stuart Turney  
(*Council seat 14 vacant*)

Others Present:

CAPTRUST: Michael Pratico

VOYA: Greg Miller & Jennifer George

Empower: Anthony Verdile, Brenden Walsh

Corebridge: Anthony Durak & Gregg Libutti

Employee Health & Wellness: Devon French, Paige Lamarre, Emma-Lee St. Germain

Other:

Agenda Item	Discussion	Action/Next Steps
<b>I. Call to Order (9:01 am)</b>	Shonna Poulin-Gutierrez called the meeting to order	
<b>II. Introductions</b>		
<b>III. Approval of Minutes (February 24, 2022)</b>		Rebekah Koroski made a motion to approve the amended minutes, seconded by Lindsey Mattson. Motion passed.
<b>IV. Plan Management &amp; Investment Report</b> <i>Michael Pratico - CAPTRUST</i> <b>a. Market Commentary -</b>	Information contained in written report. Discussion highlights below: <ul style="list-style-type: none"> <li><u>Total Plan Assets:</u> Total plan assets for Q1 2022 continue to be strong at over \$605M between Empower, AIG and Voya. Total assets for Q2 2022 over \$541M - decreased from Q1 2022.</li> <li><u>Total Participants:</u> Total participants with a balance remained the same for both Q1 and Q2 at 6,448.</li> <li><u>Secure Act:</u> We are still waiting to hear on the secure act. Indications are that the Secure Act will pass in 2022 with a compromised version between the State and the Senate. It has</li> </ul>	



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	<p>currently passed the House – and we expect it to pass the Senate with very little changes.</p> <ul style="list-style-type: none"> <li>• <u>Market Commentary Q2</u>: As the uncertainty that surrounded the start of 2022 began to clear, investors realized the tense times were likely to be followed by more difficult times going forward. The result was a broad-based repricing of risk, sending stocks and bonds lower during the second quarter.</li> <li>• <u>Department of Labor Guidance on Crypto Currency</u>: This topic has received a lot of attention in the press, and the Department of Labor has come out and expressed a lot of caution about the use of crypto currency in self-directed brokerage accounts. We do expect more guidance on this in the coming months.</li> <li>• <u>Self-Directed Brokerage Accounts</u>: Over 60% of 403(b) plans offer self-directed brokerage accounts. Participants can access a wider range of investments, which may better cater to their preferences, risk profiles, and ethical or religious objectives, while permitting the plan sponsor to limit the core lineup.</li> <li>• <u>Q1 Market Performance</u>: Through March 31<sup>st</sup>, all asset classes were down. U.S. Large-cap stocks declined 4.6% during the first quarter despite a strong March rally, as the Standard and Poor's 500 delivered its first quarterly decline since the first quarter of 2020. International markets were hit harder with developed market stocks slipping by 5.8%. The aggregate bond index closed 1.5% in 2021 and is very unusual for the aggregate bond index to close for an entire year. On a year-to-date basis the aggregate bond index is down almost 14% as of today's date. Bonds will close in the negative for two consecutive years this year.</li> <li>• <u>Score Card Snapshot</u>: The score card has not changed dramatically from Q1 to Q2. Compare and contrast – all our core actively managed funds are in good standing. The Intermediate Core-Plus Bond scored an 85. The average plan score, through the close of the first quarter, is 95. On a relative basis, funds have held up well in the first and second quarter.</li> </ul>	
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	<ul style="list-style-type: none"> <li>• <u>Empower</u>: The average member balance was \$100K, with 1,832 participants actively deferring. The balance as of 03/31/2022 was 313M. The average member balance is \$90K, with 1,589 participants actively deferring and the balance as of 06/30/2022 is 282M.</li> <li>• <u>Empower Migration – Anthony Verdile</u>: State of Maine went through a migration from the old Mass Mutual system back in mid-February to the new Empower platform with a relatively smooth transition. The new experience is “world class,” and participants can go in daily and look at their rate of return as well as link outside accounts and assets and look at their entire financial picture. The plan sponsors side offers more data and report availability. There are also full online enrollment capabilities as well as “real time” updates when changes need to be made.</li> <li>• <u>Q2 Empower Statistics – Brenden Walsh</u>: We saw 62 increases in salary deferrals in the plan, 26 first time deferrals, and conducted 23 site visits. In terms of counseling, there have been over 1300 counseling sessions (some multiple contacts) with the majority being done via Zoom or by phone as well as through e-mail correspondence.</li> <li>• <u>Empower Communications</u>: There have been calls regarding the look and feel of the new Empower statements. The transition from Mass Mutual to Empower generated a two-statement quarter which caused confusion with members. This should not be an issue going forward as all statements will be generated under the Empower umbrella. Statements should still be received by the members preferred method, either email or by mail. Statements can be reviewed online, but on the new Empower website.</li> <li>• <u>Corebridge</u>: The average member balance was \$79K, with 706 participants actively deferring. The balance as of 03/31/2022 over \$124M. The average member balance was \$69K, with 726 participants actively deferring. The balance as of 06/30/2022 was over \$110M.</li> </ul>	
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- AIG to Corebridge Name Change: On September 15<sup>th</sup> AIG issued the initial public offering and have been actively trading on the exchange under a new ticker symbol called "CRBG". What this means for our AIG members is there has been a name change to Corebridge – everything else, the people and the contacts stay the same. Nothing but the name needs to be revised. Over the next 6-9 month we will see the branding change slowly from AIG to Corebridge. VALIC advisors will continue to service the Corebridge accounts.
- State of Maine 457(b) Plan Snapshot – Anthony Durak: The total plan assets as of 6/30/2022 totaled \$107.2M. Year to date there were 102 new enrollees, and 1,641 participants with a balance on average of \$65K. Quarterly activity includes 236 completed virtual employee meetings with employee engagement reaching 60% with financial professionals over the last 12 months. An additional 20% engaged electronically via the website, workshops, or mobile app.
- VOYA: The average member balance was \$95K, with 975 participants actively deferring. The balance as of 03/31/2022 was over \$167M. The average member balance was \$85K, with 952 participants actively deferring. The balance as of 06/30/2022 was over \$148M.
- Voya Snapshot – Greg Miller: Members in the plan continue to invest. Voya has added about 60 accounts through August 2022 and about 950 accounts are activity contributing to the plan. Through Q2, we have seen an 11.5% increase in recurring contributions when we compare that to what State of Maine employees were saving last year, which means employees are making the decision to increase what they are saving. Over the past five years we've seen total active contributions increasing – to date, there are 950 active contributing members and should close the year at \$5.7M in contributions. The total assets in fixed stands at \$54M, representing about 36% of total plan assets – up from 30% in 2021, due to the variable assets declining significantly.



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<p><b>b. 1st Quarter 2022 Performance</b></p>	<p>Information contained in written report. Discussion highlights below:</p> <ul style="list-style-type: none"> <li>• <u>Q1 Market Performance</u>: Through March 31<sup>st</sup>, all asset classes were down. U.S. Large-cap stocks declined 4.6% during the first quarter despite a strong March rally, as the Standard and Poor's 500 delivered its first quarterly decline since the first quarter of 2020. International markets were hit harder with developed market stocks slipping by 5.8%. The aggregate bond index closed 1.5% in 2021 and is very unusual for the aggregate bond index to close for an entire year. On a year-to-date basis the aggregate bond index is down almost 14% as of today's date. Bonds will close in the negative for two consecutive years this year.</li> <li>• <u>Stocks and Bonds Q1</u>: Bond prices retreated as interest rates rose, leading to a 5.9% decline in the first quarter, the largest quarterly loss for the Bloomberg U.S. Aggregate bond Index in more than 40 years.</li> </ul>	
<p><b>c. 2nd Quarter 2022 Performance</b></p>	<p>Information contained in written report. Discussion highlights below:</p> <ul style="list-style-type: none"> <li>• <u>Qualified Default Investment Alternatives (QDIA)</u>: Qualified Default Investment Alternatives is the default choice for investments. 95% of CAPTRUST plans have a QDIA. 88% of CAPTRUST plans use Target-Date Funds (TDF) as their QDIA. 55% of CAPTRUST plans use passive Target-Date Funds. Going forward we will see Target-Date Funds start to evolve and will incorporate a direct income stream right into the Target-Date Fund as part of its design. We will continue to see a lot of product developments in this area.</li> <li>• <u>CAPTRUST Plan Design Review - Then Vs. Now</u>: We have about 4000 institutional retirement plans that we represent. Auto- enrollment is an important plan feature. Of the plans surveyed, 37% did not offer auto-enrollment as of 2021. 63% of plans do offer auto-enrollment with the most common level at 3% in contributions. Auto-escalation is when you are</li> </ul>	



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	<p>enrolled at a certain level and each year your contributions continue to get bumped up until you've reached your cap.</p> <ul style="list-style-type: none"> <li>• <u>U.S. Equity Markets</u>: Through 6/30/2022 – U.S. large cap stocks, the Standard and Poor's 500 (S&amp;P) is down -20.0%. We did see a bounce back. In July, the S&amp;P was up about 15%. August started off strong as well. Since then, new economic data has come out that has impacted the S&amp;P and drive those interest rates up. Through the close of the second quarter, we are down about 19% with the benchmark for international markets down about 27.5%. Through the second quarter, bonds were down about 10.5% - year to date about 14%. Commodities are up 18% overall.</li> <li>• <u>Stocks and Bonds Q2</u>: Value as continued to fair better than growth. Growth continues to underperform at -21.1% in the second quarter. Also, in Q2, U.S. Stocks saw a loss of -16.1%.</li> <li>• <u>Economic Outlook Headwinds/Tailwinds</u>: From a forward-looking perspective, we think that there's certainly a lot of headwinds that we're dealing with the first and most important one clearly being inflation. We continue to think that 2022 is going to be a challenging year given the issues with COVID. Geopolitical tensions greatly affected inflation as well as COVID-19 and demand driven needs.</li> <li>• <u>The State of Maine Plan</u>: The five-year numbers continue to look strong from a style perspective, it's a little bit out of line with what we're seeing for the typical total return bond fund, however the PGIM total return bond is down about 17%.</li> <li>• <u>Plan Investment Asset Summary</u>: We have no concerns regarding the PGIM Total Return bond fund however, it may be in that "mark for review" category as soon as next quarter but we don't think that now is the right time to be making necessarily changes in that bond portfolio.</li> <li>• <u>Target Date Funds</u>: The American funds target date funds continue to do well and score well. In near term numbers, the 2020 fund is operating in the top 5% peer relative.</li> <li>• <u>Score Card (100-point scale developed by CAPTRUST)</u>: From a scorecard perspective - scorecard really looks consistent. The</li> </ul>	
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	most important take away is all your funds continue to be in good standing based on the CAP trust scoring methodology.	
<b>V. Other Business</b>	Discussion Highlights:	
<b>a. Introduction of Brenden Walsh, Client Relationship Manager, Government Markets – Empower (Anthony Verdile)</b>	<ul style="list-style-type: none"> <li><b>Brenden Walsh Introduction:</b> Most of Brenden’s career was spent as a Relationship Manager, as well as an Operation’s Manager and some time as a Financial Advisor. His last role was with TIAA as a General Manager for the New England region where he serviced the retirement funds for The University of Maine system.</li> </ul>	
<b>b. Open Discussion</b>	<p>Discussion Highlights:</p> <ul style="list-style-type: none"> <li><b>In-Person Connections:</b> Shonna Poulin-Gutierrez states that recently and it came up in the overview from each of the vendors that there's been some questions around connecting to our members in person and I think it was alluded that the Department of Transportation has resumed some of their Health and Safety fairs and they make it a full agenda for their employees. There's educational opportunity and they like to have some benefits reps available for this.</li> <li><b>Tele-Work Policies:</b> October 3rd was the deadline for telework policies. Supervisors are working with their employees to carve out permanent tele-work schedules for their offices which does vary between different departments.</li> <li><b>Webinars:</b> There has been talk about webinar type of events that could be a nice introduction to the vendors for State of Maine employees.</li> </ul>	<p>Lindsey Mattson requests an executive session today.</p> <p>Shonna Poulin-Gutierrez requests they check the bylaws to see if public notice is required.</p> <p>Heather Perreault responds - We don't require public notice for an executive session.</p> <p>Lindsey Mattson proposes a vote for executive session, seconded by Rebekah Koroski.</p> <p>Vote passed.</p>
<b>VI. Adjourn (10:46 am)</b>		Rebekah Koroski made a motion to adjourn, seconded by Lindsey Mattson. Motion passed.

**Next meeting: December 01, 2022**