



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 May 28 @ 9:00 am
Microsoft Teams Meeting

Council members in attendance: Tracy Bonnevie, Alex Burnett, Rebekah Koroski, Wayne Morrow, Heather Perreault, Robyn Saucier & Stuart Turney
(Total = 7)

Council members absent: Seth Blodgett, Terry James, Lindsay Mattson & 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, Gregg Libutti

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

Agenda Item	Discussion	Action/Next Steps
I. Call to Order (9:01 am)	Kurt Caswell called the meeting to order	
II. Introductions		
III. Approval of Minutes (April 2, 2020)		Rebekah Koroski made a motion to approve the amended minutes, Wayne Morrow seconded by. Motion passed.
IV. Plan Management & Investment Report <i>Michael Pratico – CAPTRUST</i> <i>a. 1st Quarter 2020 results</i> <i>b. Current Market</i>	Information contained in written report. Discussion highlights below: <ul style="list-style-type: none"> Total assets for Q1 over \$452M. Slight decrease since Q4 2019. Total participants with a balance increased slightly from 6,464 to 6,473. Over all activity for all 3 FSO's (AIG, Mass Mutual and Voya) has been standard but incoming calls have increased March - May 2020. 	



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

	<ul style="list-style-type: none"> • <u>Evaluating Impact in Times of Crisis</u>: American target date funds have held up very well, especially for years that are further away from retirement. Stable value funds dramatically different than the last financial crisis, experienced 5-10% inflows. Core/Core-plus bond funds held up well. • <u>Cares Act Impact Retirement Plans</u>: A \$2T stimulus bill that is intended to help with a variety of economic issues resulting from Covid-19 provide much needed cash flow into the economy. Members may utilize up to 100K of their retirement in 2020 for a qualifying event, without a penalty but will be taxed. • <u>Market Commentary</u>: 2019 turned out to be an extraordinary year when both stocks and bonds performing well. Market has seen down turn for the first 3 months of 2020. Come-back in April 2020 driven by stimulus programs. This dramatic change has never happened before historically. • <u>Economic Outlook</u>: Moving towards a recovery with a stronger starting point than the last financial crisis. Starting to see positive news. The recovery is not expected to be the “V-shaped” curve as some hoped. More of a gradually recovery. • <u>Current Market</u>: Strength of the fixed accounts with guarantees of 4%, Mass Mutual and 3% AIG & Voya. The overall plan held up well during the recent market downturn given the high percentage of assets (nearly 50%) spread amongst the three fixed accounts. Would like to see more money rollover into the target date funds. • <u>Scorecard</u>: Scoring above 80 is in good standing, 70-80 represents funds to place on market watch. Neuberger Berman Sustainable Eq R6 fund is market for review for underperforming its benchmark, Large Cap, for four consecutive quarters. 	
<p>V. Other Business Kurt Caswell – Employee Health & Benefits a. SECURE Act Update b. Administrative Changes</p>	<p>Discussion highlights:</p> <ul style="list-style-type: none"> • <u>Secure & Care Act Highlights</u>: The age requirement for minimum required distributions will increase from age 70½ to 72. If you are retired and turn 70½ before 12/31/19 you must 	



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

	<p>take the RMD and again in 2020. If you turn 70½ in 2020 or later, you will not have to take the RMD until reaching age 72.</p> <ul style="list-style-type: none"> • Rebekah Koroski asked if the age change is permanent. Anthony Verdile replied yes. • <u>Distributions from an Inherited Retirement Plan</u>: Change in rules for an account that is inherited by a non-spouse from spreading distributions over a lifetime to a 10-year distribution limit, effective immediately. Up to \$5K per account per child. Updates are required to be made to the SOM's plan within the next 2 years. • <u>Withdrawing Money for Birth/Adoption Expenses</u>: Penalty-free withdrawal (waiver from 10% tax) from an IRA or defined contribution plan up to \$5K per child. • Stuart Turney asked if the SOM has to adopt these options. Kurt Caswell stated the SOM has the option to adopt and has indicated to the FSO's that the SOM does want to adopt all options. • Secure & Care Act Highlights will be provided on the EH&B website. • <u>Administrative Changes</u>: New hire files containing PII will no longer be sent to FSO's to create a "shell" account with a \$0 balance for members to enroll. All shell accounts that were created, but never utilized (\$0 balance) will be removed by each FSO. New enrollment instructions will be posted on the EH&B website per FSO on how to enroll. Once Workday is active employees will enroll through Workday • Stuart Turney asked when Workday will go-live. Heather Perreault replied there is no date yet, this is still being worked out. 	
<p>VI. Adjourn (10:23 am)</p>		<p>Wayne Morrow made a motion to adjourn, seconded by Rebekah Koroski. Motion passed.</p>

Next meeting: August 27, 2020