



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 December 3rd @ 9:00 am
Microsoft Teams Meeting

Council members in attendance: Seth Blodgett, Alex Burnett, Rebekah Koroski, Wayne Morrow & Heather Perreault
(Total = 5)

Council members absent: Tracy Bonnevie, Lindsay Mattson, Robyn Saucier, Stuart Turney & Ricky Welton
(Council seat 15 vacant)

Others Present:

CAPTRUST: Michael Pratico

VOYA: Greg Miller & Jennifer George

Mass Mutual: David Hanson & Anthony Verdile, Tom O'Hare

AIG: Anthony Durak & Gregg Libutti

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

Empower Retirement: Gary Plourde & Marybeth Daubenspeck

Other: Shirley Ezzy

Agenda Item	Discussion	Action/Next Steps
I. Call to Order (9:03 am)	Shonna Poulin-Gutierrez called the meeting to order	
II. Introductions		
III. Approval of Minutes (August 27, 2020)		Rebekah Koroski made a motion to approve the amended minutes, seconded by Heather Perreault. Motion passed.
IV. Plan Management & Investment Report <i>Michael Pratico – CAPTRUST</i> a. 3 rd Quarter 2020 results	Information contained in written report. Discussion highlights below: <ul style="list-style-type: none"> Total assets for Q3 over \$535M. Slight increase from Q2 2020. Total participants with a balance increased slightly from 6,456 to 6,482. <u>Mass Mutual:</u> Strong gains throughout the year. About 80 enrollees and 13 for Q3 enrolled. 292M at close of business yesterday. 	



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	<ul style="list-style-type: none"> • <u>AIG</u>: Remarkable 9 months and quarter. Advisors operating as usual. Enrollments at 54. \$164M as of last week for asset total. AIG has decide getting a new CEO and going to spin off on the life a retirement business. • <u>Voya</u>: \$161M in assets overall health of the plan up 55%. Have seen a 5% increase over the last year. Wonderful growth within the plan 91new enrollments in the plan. Over \$16M in target date funds. • <u>Industry Updates/Topical Spotlights</u>: SECURE act was passed before the CARES act to eliminated major barriers to the adoption of guaranteed retirement income investments in defined contribution plans, including fiduciary liability concerns for annuity provider selections and portability at the participant level. • <u>Fiduciary Update</u>: CAPTRUST offers an online fiduciary training. Reminder of what responsibilities the role of Council members. • <u>Recordkeeper Vendor Consolidation & Outsourcing</u>: Recordkeeping expensive has gone down in cost but have to increase technology. Mass Mutual sold their record keeping to Empower Retirement. • <u>Capital Preservation in a Low-Interest-Rate World</u>: Continue to operate in a low interest rate market and do not expect interest rates to rise anytime soon. • <u>Market Commentary</u>: S&P down over 30% and moving positive, fasted recovery in the history of the market. Strong 3rd quarter results. Bonds continue to have a strong market rate. The overall economy and market are 2 different things. • <u>Stocks and Bonds</u>: Growth continues to out preform value. U.S. stocks up 8.9% in Q3, 5.6% YTD. 	
<p>b. Current Market</p>	<p>Discussion highlights:</p> <ul style="list-style-type: none"> • <u>Headwinds/Tailwinds</u>: Overall economy 7% driven by consumer spending, downside small business devastating impact. Relief measures start to wind down, hope and expectation that another round of stimulus will take place. • <u>U.S. Equity Markets</u>: Overall S&P 500 performance choppy. • <u>Fund Line Up</u>: Strong fixed account options. 	



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	<ul style="list-style-type: none"> • <u>Socially Responsible Fund Removal</u>: Neuberger Berman Genesis R and replaced with Vanguard socially responsible • <u>Plan Investment Review</u>: American funds/target date funds are performing best in class, top tier target date fund on the market at low cost with active management with exceptional performance age appropriate access allocation with de-risking towards retirement. 95+% is not based on best fund, it's based on do you have the proper allocation of funds. • <u>Score Card (100-point scale developed by CAPTRUST)</u>: 70% of score quantitative by nature. Yellow flags are marked for review; performance below 50%. • <u>Target Date Investments</u>: 50% of the score driven by the work being done by the investment team. American Funds Target Dates funds scoring a 94. • <u>Performance Summary</u>: All target dated fund that fall into the moderate category. Showing the importance of staying invested in a volatile market. 	
<p>V. Other Business</p> <p>a. Status Update on Fund Change – Michael Pratico, CAPTRUST</p>	<p>Discussion highlights:</p> <ul style="list-style-type: none"> • Tony Durak from AIG stated the change went into effect last night, with a few hours of a blackout period. Voya and Mass Mutual change will take place on Friday, 12/4 with no blackout period. Market closes on the weekend. 	
<p>a. Empower Update – Anthony Verdile, Mass Mutual</p>	<p>Discussion highlights:</p> <ul style="list-style-type: none"> • Mass Mutual has entered into an agreement with Empower. The agreement is expected to close during the 4th quarter. Business as usual for now. Mass Mutual's 26k customers will join Empowers 41k customer totaling 67k members at \$834B dollars under management. • Empower deals in retirement, that is all that they do. They are a custom to these types of transitions. • Looking at a 24-month transition process starting in May of 2021. Larger plans such as the SOM will be towards the end of the transition process. • Empower will be honoring all contracts, pricing, investment options and agreements though transition. • State of Maine service team will stay intact. 	



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<p>b. Workday Update – Kurt Caswell, Employee Health & Wellness</p>	<p>Discussion highlights:</p> <ul style="list-style-type: none"> • <u>Workday Update</u>: Workday will eliminate the manual process the State of Maine has in place now. Giving the opportunity to add potential features to the deferred compensation 457b plan. Such as employees may contribute a percentage, auto enrollment, auto escalation feature, a loan feature and a possible Roth feature. Overall the 457b plan will be more visible. • Possible implantation date of Workday is 7/1/2021, currently. Heather Perreault stated 7/1/21 most likely off the table but go-live will be before the end of 2021. 	
<p>c. Open Discussion</p>	<p>Discussion highlights:</p> <ul style="list-style-type: none"> • Shonna Poulin-Gutierrez asked the council's thoughts on auto enrollments. Michael Pratico stated the implementation feature along with a default investments option has a great impact on the plan. 97% of auto enrolled members stay in the retirement plan. Would like to see implemented. Heather Perreault likes the idea but need to be cautious, may need to bargain this option. May want to consider auto escalation feature as well. 	
<p>VI. Adjourn (10:49 am)</p>		<p>Heather Perreault made a motion to adjourn, seconded by Seth Blodgett. Motion passed.</p>

Next meeting: February 25, 2021