



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 February 25, 2021 @ 9:00 am**  
**Microsoft Teams Meeting**

Council members in attendance: Alex Burnett, Rebekah Koroski, Wayne Morrow, Robyn Saucier, Stuart Turney  
(Total = 5)

Council members absent: Seth Blodgett, Tracy Bonnevie, Lindsay Mattson, Heather Perreault, & Ricky Welton  
(Council seat 6 vacant)

Others Present:

CAPTRUST: Michael Pratico

VOYA: Greg Miller & Jennifer George

Empower: David Hanson & Anthony Verdile, Tom O'Hare

AIG: Anthony Durak & Gregg Libutti

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

Other: Shirley Ezzy

Agenda Item	Discussion	Action/Next Steps
<b>I. Call to Order (9:02 am)</b>	Shonna Poulin-Gutierrez called the meeting to order	
<b>II. Introductions</b>		
<b>III. Approval of Minutes (December 3, 2020)</b>		Rebekah Koroski made a motion to approve the amended minutes, seconded by Wayne Morrow. Motion passed.
<b>IV. Plan Management &amp; Investment Report</b> <i>Michael Pratico - CAPTRUST</i> a. Market Commentary	Information contained in written report. Discussion highlights below: <ul style="list-style-type: none"> <li>Total assets for Q4 over \$582M. Increase from Q3 2020.</li> <li>Total participants with a balance decreased slightly from 6,482 to 6,480.</li> <li><u>Empower:</u> Average member balance \$94K, with 1642 participants actively deferring. Balance as of 12/31/20 over \$298M. Tough year for 2020, but tremendous financially \$307M end of day 2/24/21. Q4 19 new enrollments. Continue to invite members virtually to learn more about the program.</li> </ul>	



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- AIG: Average member balance \$77K, with 1544 participants actively deferring. Balance as of 12/31/20 over \$119M. Continue to use virtual approach, WebEx. Q4 15 new enrollments. \$123M as of yesterday. Current initiative America Saves Week, providing a video a day series.
- Voya: Average member balance \$94K, with 1740 participants actively deferring. Balance as of 12/31/20 over \$164M. Over 170M with 175 accounts in 2020. Focused on reinforcing proper divarication when investing. Savings increased and deductions reduced in 2020. 12 distribution totaling \$135K.
- 2021 Predictions & Industry Updates/SECURE ACT AND SECURE 2.0: Expected SECURE Act provisions to gain traction in the new year, particularly an increased uptake of retirement-income-oriented products and services and open multiple employer plans (MEPs). New bill includes a focus on, Auto-enrollment, use of collective investment trusts by 403(b) plans, increase the required minimum distribution age to 75 and tax credit for lower-income savers.
- Fiduciary Update/Duty to Diversify: under ERISA 404(a)(1)(C) serves several different purposes. On one hand, it is meant to protect assets by providing individuals the ability to avoid large losses. On the other, it seeks to allow for participation in various investments by encouraging different asset classes with different risk and return characteristics. CAPTRUST offers an online fiduciary training, each quarter they topic is updated to meet all requirements.
- Living the Mission (page 9): CAPTRUST CEO put out 2 initiatives, launched four employee resource groups (ERGs) and the women’s initiatives.
- Market Commentary: Despite 2020’s historic ups and downs, stocks and bonds posted strong returns this year, with U.S. stocks closing out the year at all-time highs. Fiscal and monetary stimulus from governments around the world boosted households, economies, and markets even as many countries struggled to contain the COVID-19 pandemic.



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	<ul style="list-style-type: none"> <li>• <u>Stocks and Bonds</u>: Growth continues to out perform value. U.S. stocks up 12.1% in Q4, 18.4% YTD. – US Stock represent the S&amp;P 500 stock up 18.4%. Core international fund closed up over 25% for 2020. Strong year from Bonds. Optimistic for 2021.</li> <li>• <u>Economic Outlook Headwinds/Tailwinds</u>: Following a tumultuous year, investors face a tug-of-war between short-term risks and uncertainties and longer-term opportunities as we await the impact of widespread vaccinations for Covid-19 pandemic.</li> <li>• <u>U.S. Equity Markets</u>: S&amp;P 500 earnings growth estimates continue to rise. Big tech companies, Facebook, Amazon, Microsoft &amp; Google ending strong for 2020.</li> </ul>	
<p><b>b. 4<sup>th</sup> Quarter 2020 Performance</b></p>	<p>Discussion highlights:</p> <ul style="list-style-type: none"> <li>• <u>Fund Line Up</u>: Strong fixed account options. One of the best actively managed plans offering unique interest rates of 3 and 4 percent.</li> <li>• <u>Plan Investment Review/Asset Summary</u>: Empower continues to dominate by 45% in the guaranteed interest account. Voya 32% in the fixed account. Overall assets of \$164M, nice jump in plan assets. AIG 36% in the fixed interest option.</li> <li>• <u>Score Card (100-point scale developed by CAPTRUST)</u>: Yellow flags are marked for review; performance falling below 70%. 50% of the score is driven by the work being done by the investment team. Majority of the funds are in the top 90's with some scoring 100. PGIM Total Return Bond R6 scored 90, due mostly to the quantitative style, not a concern at this time. American Fund Target Date scoring the lowest of 87 due to qualitative fund management. Average score over all is 98, supporting the funds are strong overall for the plan.</li> <li>• <u>Performance Summary</u>: Comparison summary from 2015 to 2020. Showing the work, the Advisory Council has done over the years to grow and stabilize the plan.</li> <li>• Shonna Poulin-Gutierrez asked if the tech companies will stay consistent into 2021. Michael Pratico stated he believes technology may decrease some but continue to do well overall.</li> </ul>	



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<p><b>V. Other Business</b>  <b>a. Empower Update – Anthony Verdile, Mass Mutual</b></p>	<p>Discussion highlights:</p> <ul style="list-style-type: none"> <li>• <u>Empower Acquired MassMutual!</u>: Officially on 1/4/21. New Empower logo, Service contacts, websites and logins will remain the same. Participant outreach scheduled for Q1.</li> <li>• <u>Participant Website</u>: Has Empower logo with a message stating the change.</li> <li>• <u>Key Points to Migration</u>: State of Maine scheduled for wave 4, 1<sup>st</sup> quarter 2022, weekend transition with no blackout, retain extensive plan and participant history, legacy MassMutual contracts honoring pricing, funds and interest rate floor guarantees. Extend call center hours, digital and personal one on one fiduciary advice, upgrade participant analytics on website and industry leading mobile app. 300 associates assigned to the transition.</li> <li>• <u>Sponsor Clients</u>: MassMutual had 26,000, Empower had 41,000 combined at 67,000. With over \$834B.</li> <li>• Shonna Poulin-Gutierrez asked when the mobile app will be ready for SOM employees. Anthony Verdile stated 1<sup>st</sup> quarter 2022 it will be ready for members to use.</li> <li>• Shirley Ezzy asked what is happening to the Mass Mutual representatives. Anthony Verdile stated they will stay on the plan.</li> </ul>	
<p><b>b. Open Discussion</b></p>	<p>Discussion highlights:</p> <ul style="list-style-type: none"> <li>• Rebekah Koroski stated she likes the idea of auto escalation, but suggest the increase be tied to an overall pay increase.</li> </ul>	<p>Shonna Poulin-Gutierrez stated if anyone has next quarter meeting suggestions to please email Employee Health &amp; Wellness to be added to the agenda.</p>
<p><b>VI. Adjourn (10:21 am)</b></p>		<p>Wayne Morrow made a motion to adjourn, seconded by Rebekah Koroski. Motion passed.</p>

**Next meeting: March 27, 2021**