



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 February 2/24/2022 @ 9:00 am**  
**Microsoft Teams Meeting**

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

Council members absent: Lindsay Mattson  
(*Council seat 8 vacant*)

Others Present:

CAPTRUST: Michael Pratico

VOYA: Greg Miller & Jennifer George

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

AIG: Anthony Durak & Gregg Libutti

Employee Health & Wellness: Lilianne Ford & Roberta Leonard

Other: Shirley Ezzy

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 (December 02, 2021)</b>		Rebekah Koroski made a motion to approve the amended minutes, seconded by Tracy Bonnevie. Motion passed.
<b>IV. Plan Management &amp; Investment Report</b> <i>Michael Pratico – CAPTRUST</i> a) <b>Market Commentary</b>	Information contained in written report. Discussion highlights below: <ul style="list-style-type: none"> <li>• Snapshot of fund line up: very positive in overall management of plan.</li> <li>• Best in class active fund lineup. All critical asset classes covered and in additional, people may want low-cost portfolio using index options.</li> <li>• Would love to see more young people investing and saving in the plan and more young people using target date investments with a high-quality low-cost option – overall it's well structured.</li> </ul>	



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	<ul style="list-style-type: none"> <li>• Empower: 4% guarantee is the only one on the market showing strength of its programs. Participation of other asset classes. \$298M to \$330M results in another outstanding year in the markets. A big jump considering the 40% of assets receiving a 4% return. Balanced overall.</li> <li>• VOYA: 30% in those fixed accounts, 3% guarantee is highly unusual to find as well. \$164M – \$176M doing well overall.</li> <li>• AIG: 35% in the fixed accounts with 3% guaranteed. \$119M – \$131M doing well.</li> <li>• SCORECARD: all funds are in good standing category and extremely strong.</li> <li>• Target date funds: scored 93 for American funds target date.</li> <li>• Scoring perspective: Average plan performance success rate 96%. Putting the plan in great position for 2022, although we still face some challenges.</li> <li>• Target date investments:</li> <li>• High fixed income exposure: Is being driven by high interest rates and guaranteed rates. If you’re in 30-40s that could be overly conservative for someone who has 20-30 years to go before retirement. Our average member is in their 50s.</li> </ul>	
<p><b>b) 4<sup>th</sup> Quarter 2021 Performance</b></p>	<p>Information contained in written report. Discussion highlights below:</p> <ul style="list-style-type: none"> <li>• High level snapshot of assets: over half billion in cash flow.</li> <li>• Empower: \$1.6M in the first quarter. The service team is working with the agency team to get digital material and campaign material in front of employees. An educational meeting for employees will be held next Thursdays March 3<sup>rd</sup> at 6pm. This is for all account holders to view the upgraded website and mobile application.</li> <li>• AIG: \$120 million assets with 1400 participants. In 2020 they developed a new website that has been live since December 2021.</li> <li>• Further efforts (AIG): looking to enhance participants experiences and assist with financial wellness by creating a new dashboard with plan metrics.</li> <li>• Couple of big national campaigns (AIG): two emails went out to all participants and second is going out tomorrow. The</li> </ul>	



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	<p>focus is on saving by increasing contributions to build and update members retirement plans.</p> <ul style="list-style-type: none"> <li>• Voya: 4<sup>th</sup> quarter overall contributions moving in the right directions \$170M in assets, added 80 new accounts in 2021 and 1000 participants actively contributing. That number has been consistent for last 5 years. 8% increase in recurring contributions increasing what they are contributing and focusing on retirement. Past 5 years, contributions went from \$4.2M to now almost \$5.3M with about the same amount of people. 66% of members are over the age of 50 and 42% over the age of 60. Distributions for VOYA were up almost 60% (\$13M) in 2021. Members are separating from service and taking their money. With all that money leaving, it's important to measure overall plan metrics.</li> <li>• Plan level: \$20M in market gains in 2021. Through the past couple years, increase in \$44M to participant accounts. Love to see that trend continue.</li> <li>• 2022 is proving to be challenging but members are saving and doing well. The challenge is getting new people into the plan.</li> <li>• 2022 predictions: That continues to evolve with higher catch-up limits, required minimum distribution age increasing.</li> <li>• Health savings accounts and student loan assistance programs are largely growing.</li> <li>• Cyber security: DOL has stepped in to lay out guidelines per the AIG Voya and Empower with security audits.</li> <li>• Ongoing fiduciary training: SOM isn't subject to ERISA, although following ERISA is best practice. It's incorporated as an importance of role of council and making sure we make recommendations in the best interest of plans and participants.</li> <li>• Recap of 2021: outstanding year in markets. 2019-2021 historically one of the best years in the markets. Interest rates were kept historically low and avoided collapse. When you look at 2021, this represents S&amp;P 500s up almost 29% in 2021, all positive.</li> <li>• One area of weakness is in bonds, down 150 basis points. This is directly connected to a rise in interest rates from start of</li> </ul>	
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	<p>year. Expecting the aggregate bond index will struggle in 2022, potentially close down bond markets. Overall, a really strong year in 2021.</p> <ul style="list-style-type: none"> <li>• In 2022: investors get back to the concept of returning to normal. We want people to have reasonable investment expectations in 2022. The FEDS are trying to keep markets healthy and is now trying to control inflation.</li> <li>• Headwinds and tailwinds : Wage inflation benefited consumers and economy, but the problem is very rare that they will go back down and is now imbedded.</li> <li>• Forward looking in 2022: will prove to have a lot of good. The economy is sound, purchasing power of consumer is sound, our economy is 70% + driven by consumers.</li> <li>• Headwinds: inflation, as well as Ukraine situation and we may likely see higher energy costs.</li> </ul>	
<p><b>V. Other Business</b>  <b>a. Remote Public Proceedings Policy</b></p>	<p>Discussion highlights:</p> <ul style="list-style-type: none"> <li>• Bill that was passed by legislative session requiring a policy be put in place to allow public meeting to take place remotely.</li> <li>• Written police were distributed to Council members prior to meeting for review.</li> </ul>	<p>Rebekah Koroski – move to accept the policy as presented and written, seconded by Tracy Bonnevie. Motion passed.</p>
<p><b>b. Migration Update – Empower – Anthony Verdile</b></p>	<p>Discussion highlights:</p> <ul style="list-style-type: none"> <li>• Migration has been completed. Members can sign up with a new online account. There is updated guidance on how new enrollees can create new username and password. Empower is also using a multi-factor authentication enhancement to protect members identification.</li> </ul>	
<p><b>c. Council Seat Vacancies – Shonna Poulin-Gutierrez</b></p>	<p>Discussion highlights:</p> <ul style="list-style-type: none"> <li>• 12 seats that consist of 6 management and 6 labor. There have been ebbs and flows with seats being filled. We have some vacancies within this council, and we will be working to try and fill those seats. The terms are a 3-year term for each seat with the option to renew; EHW is exploring that option.</li> <li>• The process is to be appointed by governor’s office as well.</li> <li>• EHW looks at the numbers when having meetings because there has to be enough for quorum to take place. It is on our</li> </ul>	<p>Heather Perreault asked Council members if they wish to go into Executive Session. Council members agreed. Meeting resume once Executive Session was adjourned.</p>



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	<p>radar for more robust discussion and fresh ideas moving forward.</p> <ul style="list-style-type: none"> <li>• We need to promote and spread the word for the deferred compensation option for our employees.</li> <li>• Alex Burnett stated he got on the board 5 years and still waiting for official appointment.</li> </ul>	
<b>d. Open Discussion</b>	<ul style="list-style-type: none"> <li>• No open discussion took place</li> </ul>	
<b>VI. Adjourn (10:27 am)</b>		Rebekah Koroski made a motion to adjourn, seconded by Tracy Bonnevie. Motion passed.

**Next meeting: September 29, 2022**