

**MINUTES**  
**Louisiana Deferred Compensation Commission Meeting**  
**January 10, 2023**

The monthly meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, January 10, 2023 in the office of the Service Provider, 9100 Bluebonnet Centre Blvd, #203, Baton Rouge, LA, 70809 at 10:00 a.m.

**Members Present**

Virginia Burton, Chairman, Participant Member  
Stewart Guerin, Designee of the Commissioner of Insurance  
Beverly Hodges, Participant Member  
Andrea Hubbard, Vice Chairman, Co-Designee of the Commissioner of Administration  
Scott Jolly, Co-Designee of Commissioner of Financial Institutions  
Julius Roberson, Designee of the LA State Treasurer  
Laney Sanders, Secretary, Participant Member

**Members Not Present**

Representative Lance Harris, Designee of the Speaker of the LA House of Representatives  
Senator Ed Price, Designee of the President of the Louisiana State Senate

**Others Present**

Craig Cassagne, State of Louisiana Attorney General's Office, Baton Rouge  
Marybeth Daubenspeck, Vice President, Government Markets, Empower, Denver-*via video conference*  
Karen Scott, Sr Client Services Manager, Empower, Denver-*via video conference*  
Michela Palmer, Communications Strategist Participant Mktg Comm Gov, Empower, Denver-*via video conference*  
Shannon Dyse, Relationship Manager, Empower, Baton Rouge  
Rich Massingill, Manager, Participant Engagement, Empower, Baton Rouge-*via video conference*  
Beau Bordelon, RPA, North Louisiana-*via video conference*  
Patrick Hannie, RPA, Baton Rouge-*via video conference*  
Will Parrie, RPA, New Orleans-*via video conference*  
Jo Ann Carrigan, Sr. Field Administrative Support, Empower, Baton Rouge

**Call to Order**

Ms. Burton called the meeting to order at 10:01 a.m. Ms. Carrigan called roll of Commission members.

**Public Comments**

Ms. Burton stated that the meeting is accessible to the public and invited anyone who had joined the meeting to participate in the call. There were no public comments.

**Approval of Commission Meeting December 13, 2022**

The minutes of the December 13, 2022 Commission Meeting were reviewed. Ms. Sanders motioned to accept the minutes as presented. Mr. Jolly seconded the motion. The Commission unanimously approved the motion.

### **Plan Document Updates**

Mr. Cassagne reported that he has spoken with James of Bob Tarcza's office regarding making necessary changes to the Plan Document. Mr. Cassagne stated that amending the Plan Document will probably be a six-month process which will include the following steps:

- A public notice of intent must be published once a draft of the proposed changes are completed.
- The public notice must be available for 90 days.
- There will likely be a public hearing and there could be a Legislative Oversight Committee hearing.

Steps to amend the Plan Document are included in the administrative code and will not require legislation – it is a lengthy process, however. The process will begin, and Mr. Cassagne is hopeful that this can be completed by year-end. Ms. Burton announced that Ms. Hubbard has agreed to take the lead on this effort for the Commission and will advise if the Commission must take future action.

Mr. Cassagne presented the Tarcza & Associates letter of January 6, 2023 regarding the issue of loan defaults. Factors to consider in relation to 'credit-worthiness' for the purpose of taking out future loans are not available. Creditworthiness will be the responsibility of the Commission to determine. The final paragraph of the letter confirmed that, once a Plan loan has defaulted, there is nothing that can be done to "reverse" that default, even in instances where a loan has defaulted due to administrative error in payroll deduction. The Plan and defaulting participant can take corrective measures to avoid any negative impact from the loan default, but the default cannot be reversed. Mr. Cassagne stated that ultimately, it is the participant's responsibility to make sure that the loan is being paid back. Mr. Dyse stated that there were zero loan defaults in 2022. Ms. Cassagne stated that there does not need to be a change made to the existing Plan Document as there is already verbiage that states that the Commission can allow a second loan after a defaulted loan on record if they determine that the participant is "credit worthy." For participants wanting a new loan (not to remove the default), the requests will be brought before the Commission on a case-by-case basis.

### **Strategic Partnership Planning**

Mr. Dyse and Mr. Massingill presented the second portion of the Strategic Partnership Plan that began at the December, 2022 meeting. Mr. Dyse stated that the Plan is 98% optimized – taking advantage of the Plan's design features and services. Ms. Hodges asked for clarification on the efforts related to adding small, political subdivisions to the Plan. Ms. Hodges asked if more effort should be made in increasing participation from existing employers. Ms. Burton stated that the Plan is available to more than just State of LA employees. Mr. Dyse confirmed that there is effort being made to invite other employers into the Plan to participate. Mr. Dyse stated that the participation rate has increased over the past few years. Mr. Dyse shared that "Wellness Review" sessions are being conducted, by division, encouraging support of the Plan. Mr. Massingill confirmed that most of the new agencies requesting to join the Plan are initiating contact with Empower or are the result of referrals from existing agencies. Most of the time spent by Retirement Plan Advisors is in servicing existing agencies. Mr. Dyse pointed out highlights that included the number of beneficiaries on file, the contribution rate compared to the internal benchmark and the number of participants taking advantage of Target Date Funds and the Managed Accounts option. Mr. Dyse introduced the possibility of improving the "Lifetime Income Score" by adding a data feed with the assistance from LASERS. There would be a cost for this of \$15,000/year that would be paid by the UPA. Ms. Sanders questioned whether LASERS is allowed to share data. Another option to be considered is Empower's full, comprehensive financial planning services that would be separate from Retirement Plan Advisor activity. Mr. Dyse listed three priorities for review in 2023 which included fees, an updated Investment Policy Statement and formal fiduciary plan training. Mr. Dyse reviewed highlights of the Secure 2.0 Act of 2022 noting that some of the provisions are mandatory and some are voluntary. Mr. Dyse stated that he will share the processes that will be developed once they become available. Mr. Cassagne stated that there is a provision in the Emergency Rule that gave the Commission the authority to implement any provision of the CARES and Secure Act, however, something like the Secure Act 2.0 would require assistance from Tarcza and Associates for adoption into the Plan. Ms. Scott reported that system updates

are required by Empower to accommodate the many provisions of Secure 2.0. Ms. Hubbard offered to have State Payroll technical representatives meet with Empower personnel to assist with needed changes especially as they relate to the payroll calendar.

Mr. Massingill reviewed characteristics of the participant population which included account balance, age, assets, and equity exposure. Mr. Massingill explained that RPA's focus on the "Do It Yourself" population using "equity at risk" or "inflation at risk" as indicators. The "equity at risk" population is over the age of 50 with greater than 75% equity exposure. The "inflation at risk" population is over the age of 50 with less than 10% equity exposure or under the age 50 with less than 25% equity exposure. Mr. Massingill reported that 63% of the "Do It Yourself" participants are at risk today which is a change from 67% in 2021. Ms. Sanders asked Mr. Massingill to research and report back on the industry norm. Emphasis is placed on adding new participants into the Plan in addition to focusing on those near to or already retired. The near retiree/retiree population is generally 50 years of age or older and 83% of the Plan's assets are for this group. Terminated participants hold 39% of Plan assets. Employer engagement in 2022 included 4,223 total meetings which was comparable to 2021 totals. There was a 49% positive action rate resulting from one-on-one meetings with Retirement Plan Advisors. Currently, there is not a valid way to evaluate the taking-action rate resulting from group meetings. Efforts are being made to get the right people to the right meetings and covering the right topics. Webinars are being offered throughout the state covering new employee orientation, retirement and three financial wellness topics. In 2023, webinars will be promoted to employers to pass down to their employees. Tracking of activity from webinars will be easier to monitor. Ms. Hodges asked if there is a possibility to offer joint meetings held at centralized locations available to multiple employers on a quarterly basis. Mr. Massingill stated that most RPA meetings are individual to the employer but noted that Ms. Hodges' idea was a good one. There were 2,019 new enrollees across the Plan in 2022 as compared to 2,500 in 2021. The Net Promoter Score is 73 as determined by 279 respondents who answered surveys as part of their online appointment booking. A Net Promoter Score of 73 is considered world-class in the industry. From a staffing standpoint, another Baton Rouge area RPA is soon to be added to the staff. There is an administrative staffing position open in the Baton Rouge office.

#### **Communications Presentation – Survey**

Ms. Palmer thanked the Commission for their warm welcome and reception at the December 2022 Retreat. Ms. Palmer brought additional demographic detail from the participant survey completed in 2022. The 4<sup>th</sup> Quarter Newsletter was presented noting that articles included some the topics of interest that survey respondents requested. Ms. Palmer reviewed the 2023 communication focus by quarter but commented that the newsletter is customizable. Ms. Hodges suggested that articles should be included related to the value of Target Date Funds. Mr. Roberson suggested that articles include an explanation that Target Date funds in the Plan are based on "to retirement dates" instead of "through retirement dates."

#### **Service Provider's Report**

**Plan Update as of December 31, 2022:** Mr. Dyse reviewed the Plan Update as of December 31, 2022. Assets as of December 31, 2022: \$1982.57 Billion; Asset Change YTD: -\$304.16 Million representing a 13.3% decrease since end of year, 2021. Contributions YTD: \$111.84 Million; Distributions YTD: \$144.50 Million. Net Investment Difference YTD: -\$271.50 Million.

**UPA – December, 2022:** Mr. Dyse reported that the December UPA report was not available for the January meeting but will be presented at the February meeting.

**UEW Report – December 2022:** Mr. Dyse presented the UEW Report for the month of December, 2022. Eight requests were submitted and all eight were approved.

**Election Invoice:** The 2022 Election Ballot Mailing invoice was submitted for review. Duplantier Hrapmann Hogan & Maher, LLP submitted a proposal to offer 2023 election verification services to the Plan at the rate of \$105 per hour. Duplantier Hrapmann Hogan & Maher, LLP, will offer information related to the possibility of changing to an electronic election process to cut election costs in the future. Ms. Hodges motioned to accept the proposal from Duplantier Hrapmann Hogan & Maher LLP Ms. Hubbard seconded the motion. The motion passed with no objection.

**Commission Nominating Committee -2023**

Ms. Carrigan reported that the 2023 Nominating Committee met on January 6, 2023. The Committee consisted of Ben Huxen, Kent LaPlace and Afranie Adomako. Ms. Sanders' current term expires on June 30, 2023. The Nominating Committee unanimously voted to nominate for re-election as a Participant Member, Ms. Laney Sanders who has expressed her interest and willingness to serve a three-year term if nominated and elected. Ms. Hodges motioned to accept the Nominating Committee nomination of Ms. Laney Sanders for the Participant Member seat commencing on July 1, 2023. Ms. Hubbard seconded the motion. The motion passed with no objection.

**Commission Meeting Agenda Calendar**

Mr. Dyse introduced a preliminary draft of the 2023 Commission Meeting Agenda Calendar for review. The calendar also includes Wilshire topics.

**Adjournment**

With there being no further items of business to come before the Commission, Chairman Burton declared the meeting adjourned at 11:40 a.m.

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Laney Sanders, Secretary