

**MINUTES**  
**Louisiana Deferred Compensation Commission Meeting**  
**June 15, 2021**

The monthly meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, June 15, 2021 via video conference at 10:00 a.m.

**Members Present** *via video conference*

Whit Kling, Chairman, Participant Member  
Virginia Burton, Vice Chairman, Participant Member  
Stewart Guerin, Designee of the Commissioner of Insurance  
Andrea Hubbard, Co-Designee of the Commissioner of Administration  
Scott Jolly, Co-Designee of Commissioner of Financial Institution  
James Mack, 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** *via video conference*

Marybeth Daubenspeck, Vice President, Government Markets, Empower Retirement, Denver  
Shannon Dyse, Relationship Manger, Empower Retirement, Baton Rouge  
Rich Massingill, Manager, Participant Engagement, Empower Retirement, Baton Rouge  
Karen Scott, Senior Client Service Manager, Empower Retirement – Denver  
Jennifer Bailey, Lead Strategist Participant Mktg Comm Government – Denver  
Jo Ann Carrigan, Sr. Field Administrative Support, Empower Retirement, Baton Rouge

**Call to Order**

Mr. Kling called the meeting to order at 10:01 a.m.

**Public Comments**

Mr. Kling stated that the meeting is accessible to the public and invited anyone who had joined the video conference to participate in the call. There were no public comments.

**Commission Election Results**

Mr. Kling reported that the Participant Member election ballots were counted by Duplantier Hrapmann Hogan & Maher, LLP on Monday, June 7, 2021. Mr. Kling attended the entire virtual ballot count session and a certification letter from the CPA firm has been received reflecting Virginia Burton as the winner of the election. Mr. Kling notified each candidate of the results of the election prior to today's Commission Meeting. Mr. Kling thanked Beverly Hodges for running and invited her to attend the Commission Meeting if she chose to do so. Mr. Kling congratulated Ms. Burton on her re-election to the LA Deferred Compensation Commission. Mr. Dyse also congratulated Ms. Burton and reported that Ms. Hodges received 557 votes and Ms. Burton received 1,345 votes. Mr. Dyse stated that the election had a 5.5% response rate noting that this is a high percentage for a mailout election campaign.

### **Approval of Commission Meeting Minutes of May 18, 2021**

The minutes of the May 18, 2021 Commission Meeting were reviewed. Mr. Jolly motioned for acceptance of the May 18, 2021 minutes. Ms. Burton seconded the motion. The Commission unanimously approved the motion.

### **Administrator's Report**

**Plan Update as of May 31, 2021:** Mr. Dyse reviewed the Plan Update as of May 31, 2021. Assets as of May 31, 2021: \$2,195.91 Billion; Assets increase YTD: \$114.19 Million; Contributions YTD: \$44.09 Million; Distributions YTD: \$59.49 Million. Net Investment Difference YTD: \$129.59 Million. The change in asset value is almost a 5.5% positive change compared to year-end 2020. Distributions continue to outpace contributions into the Plan.

**UPA – May 31, 2021:** Mr. Dyse reviewed the UPA report for the month of May, 2021. Additions included gains on contribution corrections, Blackrock Credit Allocation and interest for the month of May. Deductions included the State of LA-Dept of Justice, Tarcza and Associates and Great West Financial. The closing balance as of May, 2021 was \$1,155,290.22.

**UEW Report – May, 2021:** Mr. Dyse presented the UEW Report for the month of May, 2021. Nine requests were submitted and all nine were approved.

### **Participant Complaint – Office of Administration**

Ms. Hubbard reminded the Commission that in February of 2020, Rachel Abbott of Empower's Retirement Solutions Group (RSG) presented an overview of services available that would assist in keeping assets in the Plan. Ms. Hubbard noted that each month the reports reflect that more distributions are being processed than contributions coming into the Plan. When members call or are directed to RSG, they are offered an Empower IRA as an option. When the RSG service is turned on, participants with a certain balance are prevented from withdrawing funds via their online account and are instead, instructed to call RSG. Participants and the Commission can opt out of the RSG service. In November of 2020, a member tried to withdraw funds online, as he has done in the past but was instead directed to contact RSG to process his distribution. The participant voiced his displeasure and accepted Mr. Dyse' offer to turn RSG services off from his account so that the next time he wanted to withdraw funds; he could do so online. The participant also contacted the Commissioner of Administration complaining that Empower had created an impediment to accessing his money. He also stated that he felt like RSG's service amounted to a sales pitch. A couple of weeks ago, the same participant contacted the Commissioner of Administration voicing his displeasure that he experienced the same issue when attempting to withdraw funds in June. The participant stated that he knows another person who is experiencing the same frustration with this service. Ms. Hubbard and Mr. Dyse discussed this situation in a meeting with the Commissioner of Administration on June 3, 2021. The Commissioner of Administration asked that the Commission discuss the situation/RSG services at the upcoming meeting and then report back to him on the discussion. Ms. Hubbard stated that there are benefits to RSG services but she wanted the Commission to consider any kind of improvement that may be done to avoid the perception that Empower is making it difficult for participants to withdraw

their money/making them listen to a sales pitch about the Empower IRA. Ms. Daubenspeck pointed out that RSG services are restricted to accounts totaling \$25,000 or greater. The RSG conversation, as it stands, is a three-part conversation that presents the options available to the participant at the time of termination from service. The options are presented in the following order:

1. The participant is invited to stay in the Plan with RSG highlighting the benefits of the Plan—including the negotiated price structure.
2. The participant may roll over funds to another financial institution.
3. The participant is asked to consider withdrawing only the amount of money needed and leaving the rest of the money in the Plan.

Mr. Dyse has spoken with this particular participant multiple times and confirmed that the RSG restriction was actually removed from his account in November of 2020. Unfortunately, unbeknownst to the participant and Mr. Dyse, for the service to be removed, the participant must “refresh” the cache on his computer which would delete the old credentials that were previously stored. The issue was resolved in addition to giving Empower a learning opportunity for similar situations in the future.

Mr. Dyse stated that it is a common misconception among State workers that they must withdraw their funds from the Plan at the time of retirement. A slide was presented that highlighted the results of RSG services by comparing the pre-RSG period of June 30, 2019-May 19, 2020 to the post-RSG period of May 20, 2020 – April 30, 2021. The “Cash Out” rate dropped 21% year-over-year and the “Roll-Out” rate dropped 38% over the same period of time. Mr. Dyse stated that the results show that RSG services are working. Mr. Dyse shared that issue is actually about managing perceptions as this participant felt that Empower was taking something away from him. Mr. Dyse reported that after the purpose of RSG services was explained to the participant, he actually understood. Ms. Daubenspeck stated that it is significant that almost \$68 Million stayed in the Plan as a result of RSG services being turned on in May, 2020. Should a participant choose not to speak with an RSG representative, the participant has the option of removing the restriction from his/her account. RSG services may be deactivated by Empower on a Plan level or on an individual basis. Ms. Burton stated that one of the key reasons that the Commission chose to implement RSG services was that participants were being taken advantage of by marketing representatives who were misrepresenting themselves and their offerings. RSG was implemented in hopes that it would serve as an extra educational step so that individuals could make informed decisions. Mr. Mack stated that he understood the purpose of RSG but can see how RSG conversations can be construed as restrictive by participants. Mr. Mack expressed concern related to how “hard” of a sell the participant is exposed to. Ms. Daubenspeck offered to include in the next Commission a walk-through of the RSG script call-flow. RSG brings up Empower’s IRA in the course of a conversation for the purpose of comparing fees. Empower cannot compare IRA fees of other companies. Ms. Daubenspeck pointed out that less than 2% of participants rolled their money to an Empower IRA which could serve as evidence that RSG’s approach is not a “hard sell”. Ms. Daubenspeck explained why the RSG service is offered only to participant with more that \$25,000 in their account noting that those with less that \$25,000 usually are intent on withdrawing all of their money. Ms. Sanders stated that the particular participant’s frustration may have been as the result of having to listen to an RSG conversation twice. Ms. Sanders suggested that perhaps the RSG restriction could be removed from participant accounts who have already experienced an

RSG conversation. Mr. Mack stated that sometimes members don't know what members don't know. Giving someone the ability to manage their account online and then being told they can't withdraw their funds without talking with someone is concerning. Mr. Mack suggested the possibility of adding information to the Empower website letting participants know that turning off the service is an option. Mr. Kling stated that decisions can more accurately be made about any revisions necessary after reviewing the script-flow of RSG conversations which will be available at the July meeting. Ms. Hubbard made follow-up comments that included:

- a. It was good to hear that the participant's issue was simply resolved by refreshing his cache.
- b. The participant was not attempting to roll his funds out of his account. The participant simply wanted access to some funds – he does not have a regularly scheduled withdrawal in place.
- c. When participants speak with RSG, they should not be “pushed” into keeping their funds in the account. Participants' wishes must be respected.
- d. Ms. Hubbard asked for a report of the number of participants who have had RSG services turned off.

Ms. Dyse stated that the information requested could be provided in advance of the July Commission meeting.

### **Audit Update**

Mr. Dyse reported that Mr. Cooper would normally be on the June Commission agenda to present his audit findings. Mr. Cooper sent an email to Mr. Dyse stating that the audit was not yet complete as he has been preparing for his peer review. Mr. Cooper was confident that the audit would be completed by the June 30, 2021 deadline. Mr. Kling stated that he is not anticipating any issues with the audit findings.

### **Other Business**

**Commission Meetings:** Mr. Kling reminded the Commission of their decision to resume meeting in person at the July 20, 2021 meeting. The meeting will be held in the offices of the Plan Administrator on Bluebonnet Centre Blvd.

### **Adjournment**

With there being no further items of business to come before the Commission, Mr. Kling adjourned the meeting at 10:44 a.m.

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Laney Sanders, Secretary