

# MINUTES

## **Louisiana Deferred Compensation Commission Meeting January 15, 2013**

The Monthly Meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, January 15, 2013, in the offices of the Plan Administrator, 2237 South Acadian Thruway, Suite 702, Baton Rouge, Louisiana 70808.

### **Members Present**

Emery Bares, Chairman, Designee of the Commissioner of Insurance  
Virginia Burton, Secretary, Participant Member  
Lela Folse, Designee of the State Treasurer  
Andrea Hubbard, Designee of the Commissioner of Administration  
Whit Kling, Vice-Chairman, Participant Member  
Len Riviere, Designee of Commissioner of Financial Institutions

### **Members Absent**

Troy Searles, Participant Member

### **Others Present**

Lindsey Hunter, Louisiana Attorney General's Office  
Connie Stevens, Director, Client Relations and Plan Consultants, Baton Rouge GWF  
Jo Ann Carrigan, Lead Office Coordinator, Baton Rouge GWF

### **Call to Order**

Chairman Bares called the meeting to order at 10:03 a.m.

### **Approval of Commission Meeting Minutes of December 11, 2012**

The minutes of December 11, 2012 were reviewed. Mr. Kling motioned for acceptance of the minutes. Ms. Hubbard seconded the motion. The Commission unanimously approved the minutes.

### **Acceptance of Hardship Committee Report of January 7, 2013**

Mr. Kling motioned for acceptance of the Hardship Committee Report January 7, 2013. Ms. Burton seconded the motion. The Commission unanimously approved the report.

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**Public Comments:** There was no one from the public in attendance.

**Installation of Commission Members**

Mr. Kling was sworn in by Ms. Hunter as participant member. Mr. Kling is completing the term previously held by Mr. Robert Henderson through June 30, 2013. Mr. Henderson resigned from the Commission in December, 2012. Ms. Folsie was sworn in as Designee of the State Treasurer.

**Administrator's Report**

**Plan Summary** as of 12/31/2012 was presented by Ms. Stevens. Assets as of December 31, 2012: \$1.210.78 Billion. Asset change YTD: \$118.27 Million. Contributions YTD: \$100.21 Million. Distributions YTD: \$86.94 Million. Net Investment gain YTD: \$105.00 Million. Ms. Stevens pointed out that distribution activity has significantly increased over the past five years. Distribution reasons include: loans, hardships, purchase of service requests and withdrawals.

**Participation by Asset Class and Investment Option** report was reviewed by Ms. Stevens. The three largest asset classes are: fixed, large cap and target dates.

**Archive Report 2012:** Ms. Stevens reviewed the history of the plan over the period of 1994 through 2012 highlighting significant changes/increases.

**Unallocated Plan Assets:** Ms. Stevens presented UPA Account activity for December, 2012. Beginning balance: \$3.10 Million, ending balance as of December 31, 2012 was \$3.01 Million including \$7,423.07 in interest. A Year to Date recap of additions and deductions for 2012 was also presented. Changes in 2013 effective January 1 include: a reduction in Great West Financial record keeping rates; the elimination of Stable Value revenue sharing, and a reduction in participant administrative fees. Some of the mutual fund operating expenses will be reduced by a fund change occurring in May.

**Focus on 457 – Section 457 Plan Roth Conversions Expanded As Part of the Fiscal Cliff Legislation** by Marilyn Collister, Senior Director, Legislative and Regulatory Affairs: Under the Taxpayer Relief Act (H.R.8), introduced an in-service conversion of money within the plan to a Roth 457. Prior to January 1, conversions required a

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distributable event (termination of service). The new rule would require a plan document amendment to accept in-service conversions. In-service conversions will be taxable with the amount due to be paid from an outside source. Outstanding issues noted include the amount of time it will take to put all the pieces in place and IRS guidance for implementation. The Commission was asked to review the Governmental 457(b) Roth In-Plan Rollover Election Form to determine what features should be added such as loans, rollovers, hardships and in-service distributions. Ms. Collister and Danette Rausch of Great-West Financial will be invited to participate in the February 19, 2013 via teleconference to assist Commission members in understanding how to implement the Roth In-Plan Rollover.

**Automation of Payrolls Update:** Ms. Stevens reported that six employers have submitted paperwork to automate payrolls since November, 2012. There are currently 225 non-automated payrolls. Ms. Stevens will draft a memo for Commission approval to send to all non-automated payrolls instructing them to convert to automated payroll procedures by year-end.

**Reality Investing Statistics:** A Commission member requested and received information about Reality Investing statistics separate from the Commission meeting and the knowledge of other Commission members. This information was presented in the January Commission Meeting. The information requested involved Managed Accounts with the implication that Great-West has tried to make up for the reduction in the recordkeeping fees by increasing efforts to encourage participants to sign up for Managed Accounts (fee driven). Ms. Stevens strongly disagreed with this conclusion. Mr. Kling motioned that inquiries from Commission members not specific to individual members be sent to the chairman who would determine if the item should be forwarded to Ms. Stevens for processing or if it should be placed on the Commission meeting agenda. Ms. Hunter referenced "Open Meeting Laws" which do not preclude Commission members from contacting Ms. Stevens for information outside of the Commission meeting. The Commission could, however, establish policy in how to handle requests in the future such as, handling Commission member requests the same way a public record request is handled. There was no second to Mr. Kling's motion and it was decided to defer the motion until the next meeting (February 19, 2013).

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**Plan Changes Effective January 1, 2013:** Recordkeeping fees went from \$66 to \$48 per participant. Loan origination fees were reduced from \$75 to \$50 and annual loan maintenance fees went from \$35 to \$25. Based on Wilshire's recommendation, the Stable Value revenue sharing was reduced to zero, the participant administrative fee was reduced and a fund change to reduce operating expenses will take effect in late May.

### **Marketing Report**

There were 102 new applications received during the month of December averaging \$3,850 per application. The total new applications received in 2012 were under 2011 totals. There were 294 increases and restarts at an average of \$12,086 – a significant increase over 2011. New enrollments came primarily from Ouachita Parish Sheriff, LSU-Baton Rouge, Lafourche Parish Sheriff and DOTD.

### **Other Business: Nominating Committee**

Mr. Bares reported that the Nominating Committee met on January 9, 2013 and unanimously elected Mr. Kling to serve on the Commission as participant member through June 30, 2013. Ms. Burton motioned that the Nominating Committee report be accepted. Mr. Riviere seconded the motion. The Commission unanimously approved the motion.

### **Adjournment**

With there being no further items of business to come before the Commission, Chairman Emery Bares declared the meeting adjourned at 11:09 a.m.

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Virginia Burton, Secretary