

**MINUTES**  
**Louisiana Deferred Compensation Commission Meeting**  
**March 15, 2022**

The monthly meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, March 15, 2022, in the LASERS CTV Conference Room, 8401 United Plaza Blvd., 1st Floor, Baton Rouge, LA, 70809 at 10:00 a.m.

**Members Present**

Whit Kling, Chairman, Participant Member  
Virginia Burton, Vice Chairman, Participant Member  
Stewart Guerin, Designee of the Commissioner of Insurance - *via video conference call*  
Andrea Hubbard, Co-Designee of the Commissioner of Administration  
Scott Jolly, Co-Designee of Commissioner of Financial Institution  
Laney Sanders, Secretary, Participant Member  
Philip Qualls, Designee of the LA State Treasurer

**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**

Julius Roberson, Office of the LA State Treasurer  
Stephen DiGirolamo, CFA – Managing Director, Wilshire Associates-*via video conference*  
Craig Cassagne, State of Louisiana Attorney General’s Office, Baton Rouge  
Marybeth Daubenspeck, Vice President, Government Markets, Empower, Denver-*via video conference*  
Jennifer Bailey, Lead Strategist Participant Mktg Comm Gov, Denver-*via video conference*  
Michela Palmer, Communications Strategist Participant Mktg Comm Gov, Denver-*via video conference*  
Karen Scott, Sr Client Services Manager, Empower, Denver-*via video conference*  
Shannon Dyse, Relationship Manager, Empower, Baton Rouge  
Rich Massingill, Manager, Participant Engagement, Empower, Baton Rouge  
Jo Ann Carrigan, Sr. Field Administrative Support, Empower, Baton Rouge

**Call to Order**

Mr. Kling called the meeting to order at 10:14 a.m. Ms. Carrigan called roll of Commission members.

**Public Comments**

Mr. Kling 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 Minutes of February 15, 2022**

The minutes of the February 15, 2022, Commission Meeting were reviewed. Ms. Burton motioned for acceptance of the February 15, 2022 minutes. Ms. Sanders seconded the motion. The Commission unanimously approved the motion.

### **Cybersecurity Incident – Wilshire**

Mr. DiGirolamo provided an update on the Wilshire Cybersecurity attack of Friday, March 4, 2022, which was a ransomware attack against Wilshire. Fortunately, Wilshire's IT Dept. addressed the problem immediately and was able to quickly shut down Wilshire internal programs and files. Work is being conducted around the clock to determine what data was hacked and if any systems were compromised. Participant data was not breached as Wilshire's internal system does not store participant data. The only plan information in the Wilshire system includes market values and performance of the funds. None of the Wilshire Outlook (emails), billing system or performance-type data were breached. As of today, performance systems are back online so that normal performance analysis can be conducted. The analytical systems used are also back up and running. Mr. DiGirolamo reported that all the functionality and files that he uses daily are accessible. Wilshire is back to normal in terms of how they service the Commission/Plan, and no delay is expected in providing Plan reports. Updates will be provided including any information related to how the breach occurred. Mr. Kling noted that Ms. Hubbard asked if the Commission would be responsible for making a recording of this incident. Mr. Cassagne replied that no recording of the incident is required as there was no confidential participant data involved in the breach. Mr. Kling stated that Mr. DiGirolamo provided email notification of the breach as soon as possible and the email was forwarded to Commission members for review. Mr. Dyse reported that as soon as Mr. DiGirolamo notified Empower and the Commission of the incident, Mr. Dyse passed the information on to Empower's Cybersecurity team so that they may be aware. Mr. Dyse also added that during the weekend of March 12-13, 2022, Empower conducted a disaster recovery operation. Mr. DiGirolamo stated that the Wilshire IT Dept is aware of the culprit and that it is a sophisticated group, but no announcement has been released to date regarding the name of the group. Further, specific information will be provided by Mr. DiGirolamo once available.

### **Economic Review**

Mr. Thornton stated that the economy continues to be robust. Jobs continue to come online in large numbers with an additional 678,000 in February. The unemployment rate dropped 1%. In February of 2019 (pre-pandemic), the unemployment rate was 3.5%. The GDP was at 2.3% in the third quarter of 2020 but rebounded to 7% in the fourth quarter. The big news item continues to be inflation which is at historic highs. The last time inflation was this high was the beginning of 1982. The CPI for February was a positive .08% which doesn't seem like a lot but when extrapolated over twelve months, the year-over-year percentage is 7% as of the end of December. The negative is that Americans are paying more for everything especially gas. The components of the CPI include gasoline, up about 40% year-over-year, used cars up 42%, food and transportation costs. The Federal Government initially thought inflation was the result of the pandemic and supply chain issues and would therefore be transitory. The consensus was that inflation would return to normal by the third or fourth quarter of 2020 which is clearly not the case. A big portion of inflation is somewhat attributable to the tremendous amount of economic stimulus that has come into the system over the past couple of years in response to the pandemic. Oil prices have come

down to \$94/barrel today. At the end 2020, the cost per barrel was \$75. The commensurate drop in gas prices for the consumer is not yet evident. India is one country that has announced that they will continue to purchase oil from Russia. There are some lockdowns in parts of China due to Covid numbers. Some resolution will occur the further away from the pandemic we get. Supply and demand issues can be mitigated quickly but wage inflation cannot. The “great resignation” of the past couple of years, is not a short-term issue. A positive to inflation is the effect it has on the Stable Value fund rate. There has been a dramatic rise in rates with the two-year rate at 181 vs. 73 and the 5-year rate at 206 vs. 26. The investment team noticed, in addition to the rise in rates, that spreads have started to widen which is certainly a positive. The spreads have been very tight for a long time.

### **LA CSVF 4Q21**

Mr. Thornton reported that there were no big changes in allocation. As rates rise, the opposite is the case for market value. At the end of 2021, there was a 2% market value cushion. It is now closer to a 1% cushion with the rise in rates. Market-to-book value probably has declined a little bit more than the portfolio yield has risen. It will come as no surprise to see the rate come down again next quarter. Assuming we see rates stay where they are, we will start to see the credit rate reverse in a positive direction.

No investments were downgraded. It is still the recommendation of the investment team to hold the Lehman Brothers Unsecured Note that was purchased in November of 2005. On April 1, 2021, the bankruptcy estate made its 22<sup>nd</sup> distribution to Class 3 noteholders. The distribution represented 0.282% of allowed claims. Cumulatively, LHBI Class 3 claimants have received 46.409% of their allowed claims. The recommendation is to hold the position to benefit from any future distributions. As of February 11, 2022, the date of the letter, there are no derivative securities being used within the stable value portfolio.

### **Administrator’s Report**

**Plan Update as of February 28, 2022:** Mr. Dyse reviewed the Plan Update as of February 28, 2022. Assets as of February 28, 2022: \$2,164.65 Billion; Asset Change YTD: -\$122.08 Million; Contributions YTD: \$18.51 Million; Distributions YTD: \$22.38 Million. Net Investment Difference YTD: -\$118.21 Million.

**UPA – February 2022:** Mr. Dyse reviewed the UPA report for the month of February 2022. Mr. Dyse explained the February 11, 2022 “Contract cost on deferred comp to switch providers” item as a refund of contingent deferred sales charges from the return of the Iberia Assessor to the Plan. The funds have since been moved from the UPA to the appropriate participant accounts. Additions included gains on contribution corrections and interest/dividends in February. Deductions included a loss in a contribution correction and Great-West Financial. The closing balance as of February 28, 2022, was \$1,086,042.15.

**UEW Report – February 2022:** Mr. Dyse presented the UEW Report for the month of February 2022. Four requests were submitted, and no requests were denied. Mr. Kling pointed out that the number of UEW requests were significantly less than previous months.

### **Securities Sold-January 2022**

Mr. Dyse reviewed the securities sold during the month of January 2022. Mr. Dyse stated that he continues to work on adding columns to the report that will support “Gain/Loss” column totals. The Gain/Loss totals are correct.

### **Commission Auditor Update**

Mr. Kling reminded the Commission that J. Aaron Cooper, Auditor, sold his CPA firm to Langley, Williams, and Company of Lake Charles. The LA Legislative Auditor’s office (which controls the contract) was notified that Mr. Cooper was terminating his practice. The options presented included contacting Langley, Williams, and Company under a new solicitation, to see if the company would want to continue with the audit or to refer to the original solicitation to see if the next rated company would be interested in the contract. No response was received from Langley, Williams, and Company. There was not enough time to go out on a new solicitation and still meet the audit deadline. So, Broussard & Company was contacted from the original solicitation. Mike DeFalco of Broussard & Company expressed interest in the remaining two engagements at the same fee contracted with J. Aaron Cooper. Mr. Kling concurred on the initiation of the contract. Mr. DeFalco was confident that he would be able to start work on the audit in April and meet the June 30, 2022 deadline. Mr. Kling signed a release for the working papers earlier this week. Mr. Dyse has spoken with Mr. DeFalco and provided him with a copy of Mr. Cooper’s most recent audit at his request.

### **Strategic Planning Presentation-Communication**

Mr. Dyse stated that this portion of the meeting would be dedicated to completing the Strategic Planning Presentation that began at the February meeting. Ms. Jennifer Bailey presented the marketing communication gameplan for 2022 in addition to reviewing 2021 communication highlights. Mr. Dyse began by making the Commission aware that Michela Palmer will be the Plan’s primary communication strategist going forward. Ms. Bailey will continue to work with Ms. Palmer in a support role. This change in the communication team at the Empower level is being made to enhance efficiencies. Instead of having two strategists, the Plan will now have one dedicated strategist. Ms. Bailey shared that it has been a pleasure working with the Commission over the years and that Ms. Palmer has been in the background making things work all along. Ms. Bailey went on to say that the Plan is in excellent hands with Ms. Palmer.

Ms. Bailey presented enhancements to the Empower Communications Engine. Ms. Bailey reminded the Commission that previously, automated emails were used to cover a range of topics such as, welcoming someone to the Plan, beneficiary information, saving more, etc. The emails were designed to relay to participants personalized information throughout their life cycle. Louisiana opted to turn this service off due to some of the verbiage in the My Total Retirement emails. The automated email program has been completely overhauled which now allows the Commission to pick and choose messages to be sent to participants. Messages can be turned off at the message level instead of turning off the entire program. We have found that personalizing messages works well for participants in that they are more likely to open and interact with the message. Ms. Bailey encouraged the Commission to turn the service back on. The messages are personalized based on participant data. Previously, messages were solely focused on email

distribution. Now, communication includes emails, direct mail, and website messaging. Ms. Bailey provided samples of the messages included in the automatic communication program. Ms. Bailey shared that Empower is developing text messaging capabilities and app-pushed notifications. The participant must opt into receiving this type of communication. Participants are also welcomed to turn the communications off if they choose to do so. Participant response has led Empower to add more message topics such as financial wellness, investment help and managed account profile assistance. Persons enrolling in Managed Accounts will receive a series of welcome messages. Messaging is spread out throughout the year so that participants do not feel bombarded. Great care has been taken in scheduling the cadence of the messages. Measurement of the communication is available and can be presented quarterly and/or annually at Commission Meetings. Mr. Kling wanted to make sure there was sufficient disclosure in terms of liability to the Commission itself. Empower provided a draft of the liability text and this was forwarded to Mr. Cassagne who made very minor changes to the wording. Mr. Kling stated that unless Empower has an objection to the liability limitation position revision, he sees no reason to prevent Empower from turning automated communications back on. Ms. Burton motioned to authorize Empower to turn automated communications back on. Ms. Hubbard seconded the motion. The motion passed with no discussion. Ms. Bailey thanked the Commission for their approval and noted that Ms. Palmer would bring results to the Commission on a regular basis.

Ms. Bailey reviewed 2021 accomplishments from a communication perspective:

First Quarter:

- “Meet your Retirement Plan Advisor Campaign”. The campaign yielded 198 meetings with participants.
- “Save More for Retirement Campaign” targeting participants saving less than \$100 or 4% per month. The campaign yielded 7.6% or 942 deferral increases and 36 RPA meetings. RPA meetings are being promoted in all marketing communication.

Second Quarter:

- “Enroll in the 457 Plan” – partnering with LASERS and Commissioner Dardenne who sent emails to employees. The campaign yielded 906 new enrollments representing a 269% increase of the previous year.
- “At Risk” focusing on a review of investments with the goal to encourage participants to meet with their RPA. The campaign yielded a total of 227 RPA meetings.

Third Quarter:

- “My Total Retirement” campaign yielded 281 new enrollments in My Total Retirement.
- “Stay in the Plan” targeting participants over age 50. The campaign yielded 101 RPA meetings.

Fourth Quarter:

- “National Retirement Security Month” which encouraged participants to review their online account for beneficiary information, save more and meet with an RPA. With LASERS, an email was sent to encourage participants to enroll in the 457 Plan. The campaign yielded 422 enrollments during the month, 17,980 unique users visited the website, 8% or 1980 participants updated their beneficiaries on file and 4% or 800 participants increased deferrals.

Ms. Palmer reported that there are just under 37,000 participants with a balance in the Plan. Thirty-three percent of these participants are enrolled in My Total Retirement and 18% are invested in

Target Date Plans. Seventy-seven percent of participants have email addresses on file, 88% have named beneficiaries on file and in total for 2021, 56% of participants visited the Plan's website.

Ms. Palmer reviewed the 2022 communications strategy with the Commission. Ms. Palmer pointed out that modifications can be made to the strategy throughout the year as things come up. The major focus is going to be on the lifetime income score. As Ms. Bailey mentioned, the "Save More" campaign was extremely successful last year. Communication will continue to encourage participants to go online, visit their account and check what their retirement income is estimated to be. We will also encourage participants to add in outside assets to make sure that they are getting an accurate depiction of what their retirement income is going to be, especially for those LSU employees who are contributing in lieu of Social Security. This campaign will be emphasized in an email, a mailer, and a web banner. Additionally, the Commission ballot mailing is in progress during the first quarter. The Empower print team is working on the ballot components making sure all the materials are printed ahead of time. The first quarter newsletter will be included in the ballot mailout. The newsletter is also going to be incorporating information about the participant survey, that will be running in the second quarter. The survey is being developed based on the Commission's desire for more feedback from participants in reference to how they feel about the Plan, what improvements can be made and what's working and what's not. The participant survey will be the focus of the second quarter along with introducing the new website experience. As Ms. Bailey mentioned earlier, the new website experience will go live toward the end of second quarter. There will be a concerted effort to make sure that participants are aware of what they can access now and that their experience will be changing, The new website experience communication will include multiple emails, videos that walk participants through the process, flyers, and web messaging. The focus for the third quarter is going to be on increasing participation in the plan. The focus will be on both LSU and state employees since Empower has eligible data on those participants. This campaign will include an email, mailer, and web banner. The emphasis of the fourth quarter will be the "National Retirement Security Month" with a focus on financial wellness. Ms. Palmer offered to report the progress of each campaign throughout the year.

Mr. Kling asked if new enrollments require beneficiary information be provided to complete the enrollment. Mr. Dyse stated that beneficiary information is not required to be able to enroll in the Plan. Mr. Dyse stated that Ms. Bailey and Ms. Palmer have previously targeted participants with no beneficiary on file and would be able to do so again, at the Commission's request. Mr. Kling stated that he is aware that Empower has been working on this for several years.

### **Participant Engagement Activity**

Mr. Massingill reviewed Employer Engagement Highlights which included:

- Quarterly plan enrollment code email to non-state agencies advising of enrollment procedures using the updated code.
- Quarterly email to state agencies offering the services of the Plan and reminding them of the IRS contribution limits.

From a Strategic Partnership perspective:

- Meetings are in progress with key contacts of agencies. The meetings have been instrumental in making the Plan aware of what is needed in relation to contact cadence and education.
- Key Meetings:
  - St Tammany Parish Coroner’s Office: New to the Plan and requested full virtual communication which led to enrollments and incoming transfers.
  - Florida Parishes Juvenile Detention Center: Joined the Plan in 2021 but requested representatives attend a Board Meeting to discuss offering a match of funds to employees.
  - Communication strategy meetings have been held with LASERS. Mr. Massingill is very pleased with the partnership with LASERS.
  - LSU Baton Rouge – Communication strategy meetings have been held to develop communications with employees. Patrick Hannie, RPA is on the LSU campus once a month. Will Parrie, RPA for the New Orleans area, has met with LSUHSC-New Orleans in relation to planning and visit cadence.
  - Sheriff’s Offices:
    - Avoyelles Sheriff Office had not been participating in the Plan. Shannon Wheeler, RPA, has re-engaged with this agency and attended two on-site meetings resulting in over a dozen new enrollments.
    - East Feliciana Parish Sheriff is joining the Plan.
    - Grant, LaFourche and St Charles: Strategy meetings have been held. Mr. Parrie is attending on-site meetings this week at the St Charles Parish Sheriff.
    - Bossier Parish Sheriff: Beau Bordelon, RPA, is in discussions related to when meetings can be held on-site.

Plan Adoptions and Deconversions:

- Florida Parish Juvenile Detention Center: Company match decision pending.
- St Tammany Parish Coroner’s Office: New to the Plan.
- Iberia Parish Coroner: Returning agency; on-site education meetings performed by Allen Berard, RPA.
- Avoyelles Parish Sheriff: Returning agency with on-site education performed by Shannon Wheeler, RPA.
- Teche-Vermilion Fresh Water: New Agency as of February 2022.

Potential Adoptions:

- Town of Sunset – Inquiry
- Pointe Coupee Parish Sheriff’s Office – Inquiry
- Claiborne Parish Sheriff’s Office – Inquiry

Retirement Plan Advisor Meeting Activity: Mr. Massingill stated that it has been a challenge getting meetings scheduled with agencies but anticipates an increase in meetings as RPA’s are

beginning to return to the field. Marketing pieces being developed will also assist in increasing meetings. Total meeting activity year-to-date is 613.

Mr. Massingill announced that Char Brooks has been hired as a plan administrator in the Baton Rouge office. The LADCP Baton Rouge office is under major renovation and the administrative staff is currently working from home until such time as the renovation is complete (approximately three weeks). Progress is being made on the RPA open requisition. Ideally, RPA candidates should be licensed (Series 6, 63 and 65) with some background in the financial services industry.

### **Management Structure of the Baton Rouge Office**

Mr. Kling reviewed the discussion item of allowing Mr. Massingill to work from Florida as he manages the Baton Rouge office. The proposal submitted late last year was that Mr. Massingill continue to function in the same capacity but be allowed to work from his Florida location. Mr. Massingill shared that the Baton Rouge office currently has two administrative staff members and there is a pending requisition to add a licensed representative to work from the Baton Rouge location. RPA candidates without licenses would take approximately 90 days to complete exams. Currently, Patrick Hannie, is scheduled in the Baton Rouge office once or twice a week. Ms. Hubbard stated that she is comfortable with the commitment made several months ago. Mr. Massingill stated that he will be in the Baton Rouge office at least once a month to attend the Commission Meeting. Mr. Kling stated that his seat on the Commission may change based on the election and the new Commission Chairman may have a different opinion on the proposal. Ms. Burton motioned to go forward with the Empower recommendation to be reviewed in six months. Ms. Sanders seconded the motion. There was no discussion and the motion passed unanimously.

Mr. Kling thanked LASERS for allowing the Commission to meet in their conference room. Neither Mr. Kling nor Ms. Hubbard will attend the April 2022 meeting. Mr. Rick McGimpsey will attend the meeting in Ms. Hubbard's place in April.

Ms. Carrigan shared that the Commission election ballot material has been printed and that the list of eligible voters should be available by mid-April so that ballots could be mailed.

### **Adjournment**

With there being no further items of business to come before the Commission, Chairman Kling declared the meeting adjourned at 11:32 a.m.

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Laney Sanders, Secretary