

# **MINUTES**

## **Louisiana Deferred Compensation Commission Meeting April 19, 2011**

The Monthly Meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, April 19, 2011, 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, Participant Member  
Robert Henderson, Participant Member  
Andrea Hubbard, Co-Designee of the Commissioner of Administration  
Len Riviere, Designee of Commissioner of Financial Institutions  
Troy Searles, Participant Member

### **Members Absent**

Whit Kling, Vice-Chairman, Designee of the State Treasurer  
Steven Procopio, Designee of Commissioner of Administration

### **Others Present**

Connie Stevens, Regional Director, Baton Rouge GWRS  
Lindsey Hunter, Louisiana Attorney General's Office  
Jo Ann Carrigan, Lead Office Coordinator, Baton Rouge GWRS

### **Call to Order**

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

### **Approval of Commission Meeting Minutes of March 15, 2011**

The minutes of March 15, 2011 were reviewed. Mr. Riviere motioned for acceptance of the minutes. Mr. Henderson seconded the motion. The Commission unanimously approved the minutes.

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**Acceptance of Hardship Committee Reports of April 1, 2011**

Ms. Burton motioned for acceptance of the Hardship Committee Report of April 1, 2011. Ms. Hubbard seconded the motion. The Commission unanimously approved the report.

**Administrator's Report**

**Plan Update** as of March 31, 2011 was presented by Ms. Stevens. Assets as of March 31, 2011: \$1.092 billion. Asset change YTD: \$41.2 million. Contributions YTD: \$26.17 million. Distributions YTD: \$16.58 million. Net Investment gain YTD: \$31.61 million. Distribution history: 2008 and 2009, \$46 million in distributions; 2010, \$60 million; 2011, tracking for about \$66 million. This increase in distribution probably relates to employment activity within the State of LA (lay-offs and early retirement).

**Participation by Asset Class and Investment Option:** The LifePath Index Funds were added in November of 2010 and is now the default. These funds have stayed right at 8% of the total of Plan assets. An estimated ten percent of new participant enrollments come into the Plan as "default" into LifePath Funds. In the first quarter of 2011, contributions to LifePath Funds were \$2.8 million. The Plan lost about 2% of total assets in LifePath in the first quarter primarily due to distributions. Ms. Stevens will continue to watch activity in LifePath Funds in the future. When there is a default investment, the expectation is for growth in assets in that category.

**Securities Sold in the Louisiana Stable Value Portfolio in February and March, 2011:** Report reviewed.

**Update on Fund Expenses:** On April 1st, there was a reduction to zero revenue sharing on the four index funds (BlackRock) as well as a revenue sharing reduction on the Stable Value on April 3rd. On May 23-24, ten mutual funds will be mapped to lower cost share classes. Mutual funds are normally traded on a platform. This means that at the end of the day, providers like Great West will take one buy and one sell of a fund and net it altogether. American Funds saw the amount of dollars being transferred from R4's to R5's and decided they did not want their portfolio managers going in and selling R4's for the scheduled May 23<sup>rd</sup> transaction and buying the same thing in the R5's. The trade must be completed "off-platform," and the procedure is somewhat manual for Great-West and could possibly cause a delay of a few hours in the re-opening of the Plan on May 24th.

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Participants have been advised that access to the Plan would be closed after the market closes on Monday, May 23<sup>rd</sup> (3:00 p.m.) and would reopen on the morning of May 24<sup>th</sup>. In reality, the Plan will probably reopen sometime in the afternoon of May 24<sup>th</sup> because of the manual process. Great West did not anticipate American Funds' not wanting to handle this via a platform. Great West is prepared to address any phone calls in Baton Rouge and Key Talk (Denver). The Plan will reopen on May 24<sup>th</sup> in the afternoon instead of in the morning. The Plan closes when mapping occurs and participants are mandatorily notified 30 days in advance of the anticipated closure.

**Commission Activity Fund (CAF):** December 31, 2010: \$2,346 million; As of March 31, 2011: \$2.542 million. The only new item to report relates to Tarca legal fees of 3/17/11.

**Marketing Report**

New participants added to the plan in March, 2011: 143; YTD: 478. March was a light month in participants added and average deferral per application. April is enrollment/benefits fair time so these numbers should increase in the next report. Increases and restart activities still show very strong. The new enrollment report from March reflects DHH at the top of the list in activity. This is the agency that has participated in two to three "lay-off" meetings with an emphasis on distributions not contributions.

**National Save for Retirement Week (October 18-20, 2010) Results:** Five meetings were held with a total of 289 attendees. Pre-retirees, ages 45-55 years old, were the targeted audience. Survey results received from participants: 171 requested an email copy of the Ron Nichols' presentation; 140 requested a "pre-retirement review" meeting which were conducted by phone and in person; 15 participants were added to Reality Investing in the 4<sup>th</sup> quarter; 84 incoming transfers took place in the 4<sup>th</sup> quarter vs. 252 for the entire year. Total assets on incoming transfers in the 4<sup>th</sup> quarter: \$3.25 million vs. \$7.5 for the entire year. Thirty-eight participants increased their contributions. Participants adding their names to the Great West email database for contacting related to future meetings totaled 124. Two group meetings with employers were scheduled requesting a visit with employees. Overall, attendance was light but results were very good primarily because of the focus of the attendees. These results were generated from the surveys distributed at each meeting and had a substantial impact on the 4<sup>th</sup> quarter activity in the Plan.

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**Other Business:**

**NAGDCA 2011 Annual Conference** will take place in Albuquerque, NM, September 10-14, 2011. The conference will be held at the Albuquerque Convention Center. Attendees will be staying at the DoubleTree Hotel as it is the closest hotel to the Convention Center as well as the least expensive. Commission members were encouraged to submit registration paperwork so that rooms can be reserved.

**Site Visit:** The last site visit was August, 2010. Discussion for a future site visit was tabled for a later date (mid-year). It takes one month to plan a site visit.

**Cooperative Endeavor Agreement Renewal between Louisiana Deferred Compensation Commission and The Louisiana Attorney General's Office:** Ms. Burton made a motion to approve the renewal. Mr. Searles seconded the motion. The renewal was approved with no further discussion.

**Great West Service Enhancements:** Great West is updating the company website. The site will be updated to reflect visual icons and it has the capacity to "remember/track" what field the participant visits most and will begin there. The Louisiana dcp.com site will be updated later this year as it is a customized site. Ms. Stevens is in discussion with the home office to assure that items that are unique to the LA Deferred Comp Plan (Plan Document and Plan Audit) will remain on the site.

Great West is "beefing up" rollover assistance by adding a call center in Andover, Massachusetts that deals exclusively with distribution counseling. Also, assistance is available for incoming transfers.

Great West call center personnel will be adding prompts to participant consultation calls related to increasing contributions, catch-up provisions and reaching retirement goals.

Fee disclosures are coming. Performance pages are changing substantially as fees are being disclosed more than ever before due to Department of Labor-driven legislation.

**Adjournment**

With there being no further items of business to come before the Commission, Chairman Emery Bares declared the meeting adjourned at 10:30 a.m.

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Virginia Burton, Secretary