**DEFERRED COMPENSATION ADVISORY COUNCIL MEETING**

**Thursday May 25, 2023 @ 9:00 am**

**Microsoft Teams Meeting**

Burton M. Cross Building

111 Sewall Street

3rd Floor, Room 300

Augusta, ME 04330

Council members in attendance: Rebekah Koroski, Lindsey Mattson, Heather Perreault, Shonna Poulin-Gutierrez, Mark Roberts, and Stuart Turney

(Total = 6)

Council members absent: Alex Burnette, Kristopher Kennedy, Markayla Morris, and David Parent

*(Council seat 3 vacant)*

Others Present:

CAPTRUST: Michael Pratico

VOYA: Jennifer George and Greg Miller

Empower: Brenden Walsh and David Hanson

Corebridge: Anthony Durak

Employee Health & Wellness: Devon French, Roberta DuPont, Emma-Lee St. Germain, and Charles Luce

Other:

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| Agenda Item | Discussion | Action/Next Steps |
| I. Call to Order (9:00 am) | Shonna Poulin-Gutierrez called the meeting to order |  |
| II. Introductions |  |  |
| III. Approval of Minutes  *(May 25, 2023)* |  | Lindsey Mattson made a motion to approve the May 25, 2023, minutes, seconded by Rebekah Koroski. Motion passed. |
| IV. Plan Management & Investment Report   1. *Michael Pratico – CAPTRUST*   2nd Quarter 2023 Performance | Information contained in written report. Discussion highlights below:   * Total Plan Assets: Total plan assets for Q2, 2023 increased from Q1 2023 at $549M to $565.3M. * Total Participants: During Q2 there were 6,335 participants with a balance greater than $0, 3,475 participants actively deferring, and 2,812 participants terminated with a balance. * Empower Plan Activity Update - *Brenden Walsh*: The average member balance was $98K, with 1,633 participants actively deferring. The provider balance as of 6/30/2023 was over $287.7M.   Withdrawals and cash flow contributions were significent. Contributions were $2.1M and the distributions were 9.9M. Someone is rolling the money out to a clearing agency or to a fidelity or vanguard. Empower will be reaching out to these members to see why they are moving funds. There were 431 engagements of that 138 were regarding retirement planning. In addition, Empower is looking to get more employees active on the website.   * Corebridge (Formally AIG) Plan Activity Update – *Anthony Durak*: The average member balance was $71K, with 770 participants actively deferring. The provider balance as of 6/30/2023 was over $116M. There are 1,632 participants with a balance and 862 participants with a terminated balance.   There have been 259 participant meetings and calls, and 66 employee enrollments. There was a PBI data issue which generated more calls in the call center. October is National Retirement Security Month and Corebridge will be sending 2-touch dynamic emails.   * VOYA Plan Activity Update – *Jennifer George:* During Q2 the average member balance was $90K, with 1,072 participants actively deferring. The balance as of 6/30/2023 was over $160.6M. There was a high participation call volume during Q2, however there were 730 calls fielded by reps. There have been 56 employees who have increased their savings rates this year. | Shonna Poulin-Gutierrez asks: Is someone being aggressive in their recruitment? Maybe we can see trends.  Brenden Walsh responds: We can look into this.  Shonna Poulin-Gutierrez asks: Have you seen a drop in the response time? You’ve noted a two-minute wait for August and September.  Anthony Durak responds: I haven't seen September's numbers yet, so I can let you know what September looks like once I get that. |
| 1. Market Commentary | Information contained in written report. Discussion highlights below:   * The Secure Act: The Secure Act did go into play and one of the issues that we talked about previously at the last quarterly meeting was a provision with contributions was going to be required to be made via the Roth feature. The year in which someone turns age 50, they're eligible to make catch-up contributions into a retirement plan that increases the amount of money that a person can put into a retirement plan, whether it be 401K,403B, or 457. * Market Commentary: Through June 30th, labor markets have remained strong despite the Fed’s actions to slow the economy to combat inflation. This labor market strength has given consumers the confidence to continue spending, and the economy has continued expanding in response. In the second quarter, this economic resilience received an artificial-intelligence-fueled tailwind, sending stocks upward. * Stocks and Bonds Q2: Bond investors have been forced to raise their interest-rate expectations, putting downward pressure on bond prices. Inverted yield curve has 10-year treasury yields at 3.84% and 1-year U.S. Treasury Yields at 5.42%. * Headwinds and Tailwinds: In 2023 recession predictions have failed to materialize, with labor markets and consumer strength expanding the economy instead. Looking forward, tighter lending standards, higher debt burdens, the Federal Government committed to 2% inflation that may present the hard-landing potholes the country has avoided so far. Given economic uncertainty, investors should remain vigilant, diversified, and prepared for ongoing volatility. * Fund Line Up: We continue to think that the find lineup is well structured. State of Maine is giving employees the opportunity to invest across all significant asset classes on both an active and a passive basis, and your default investment option, the American funds target date fund, is a very good target date series as well. There are no recommended changes to me made to the fund lineup as of right now. * Assets & Holdings: Plan assets have grown and were about $565M in overall across the three different record keepers which is largely the result of market performance for a year. While you're getting that 4% yield, the assets went from $130M, to about $136M to $127M over the first six months of the year. You can also see Vanguard Institutional index has gone from $49M to $55M. * Score Card Snapshot: We're looking at a little bit more yellow on the scorecard than we generally have seen over the last few quarters and maybe even in the last couple of years. Any time you see a period of significant market rotation, whether it be from growth to value or from value to growth, you're generally going to see some short-term underperformance of funds. Vanguard Social Index Fund is actually in the top decile, outperforming 93% of the large cap blend peer group. |  |
| V. Other Business  a. Open Discussion | Discussion Highlights:  Shonna Poulin-Gutierrez asks: I will just offer up one item internally that we've been discussing and that is the events that we've helped coordinate for advisors to go out into the work sites which Roberta DuPont is coordinating. We may put a pause on the October dates based on feedback that we've received. |  |
| VI. Adjourn (10:17 am) | Roberta DuPont responds: I did communicate out that the meeting for October has been cancelled, to give us time to allow it to reassess the structure. | Lindsey Mattson made a motion to adjourn, seconded by Rebekah Koroski. Motion passed. |

**Next Meeting: December 07, 2023**