



**MINUTES FROM MEETING OF
THE DEFERRED COMPENSATION COMMITTEE
OCTOBER 4, 2016**

A meeting of the Deferred Compensation Committee was held on October 4, 2016
At 9:00 AM in the Conference Room of the Office of the State Treasurer (OST)
Located at 820 Silver Lake Blvd., Suite 100, Dover, DE 19904

Committee Members Represented or in Attendance:

Mr. Charles Campbell-King, Chair
The Honorable Ken Simpler, State Treasurer
Ms. Valerie M. Watson (on behalf of Secretary Thomas J. Cook, Department of Finance)
Mr. Robert Scoglietti (on behalf of Director Brian Maxwell, Office of Management & Budget)

Committee Members Not Represented or in Attendance:

The Honorable Karen Stewart, Insurance Commissioner
Mr. Ralph Cetrulo, Public Member At-Large

Others in Attendance:

Ms. Ann Marie Johnson, Deputy Attorney General
Ms. Nora Gonzalez, Deputy State Treasurer, Office of the State Treasurer
Mr. John Meyer, Director of Contributions and Plan Management, Office of the State Treasurer
Mr. Mike Green, Financial Investment Program Manager, Office of the State Treasurer
Mr. Dan Kimmel, Financial Investment Program Manager, Office of the State Treasurer
Ms. Martha Sturtevant, Office of the State Treasurer
Ms. Kasi Boyles, Voya Financial

CALLED TO ORDER

Mr. Campbell-King called the meeting to order at 9:07 AM and introductions were made around the table.

APPROVAL OF THE MINUTES

Mr. Campbell-King led a discussion regarding the minutes of the Committee. Minutes for the meeting held on August 2, 2016 were tabled.

UPDATE ON TRANSITION PROJECT

Ms. Boyles provided an update on the transition project including the implementation of the master aggregator for the 403b Plan and the upcoming technology developments to enhance the participants' experience and the administration of the Plans. Additionally, she presented current participant engagement statistics, plan demographics and the concentration of assets in each tier of the investment structure.

Ms. Boyles stated that as of 9/30 there had been 72 group transition meetings with approximately 1,922 attendees, 15,227 views on DelawareDefer.com, 4,782 accounts setup for online access, 3,563 phone calls received, and 568

requests for in-person appointments. She reported \$602,561,751 in aggregate Plans' assets with 85% concentrated in the Tier I of the investment structure. Total contributions and withdrawals were \$4,160,494 and \$740,611 respectively.

The Committee inquired about the withdrawals and requested Voya reach out to the participants to receive feedback. Ms. Boyles said it was possible. Mr. Kimmel indicated that he reviewed the transactions for the 403(b) and 457(b) Plans and suggested that some of the withdrawals were initiated by participants 59½ years of age or older.

Ms. Boyles provided an update on Voya IT initiatives. She said Voya IT is in the process of responding to OST's request to build an auto-sweep option to improve the experience of participants with self-directed accounts. She also provided an update on the customization intended to improve the presentation of the investment structure in the participants' website.

Ms. Boyles announced the launch of planwithease.com® (PWE) an aggregation platform to facilitate the administration of the 403(b) Plan. She said initially PWE would process specific participant transactions from legacy vendors' accounts and eventually the service would also be used to produce consolidated reporting for the Plan. She said a single sign-on option to improve the experience of participants with multiple accounts is under development. She asked the Committee for clarifications regarding contract exchanges from legacy vendors. The Committee entered into a discussion. Mr. Campbell-King asked Ms. Boyles to prepare more information for further discussion with legal counsel.

Mr. Campbell-King asked for an update on the integration of individualized pension data. He was concerned that income replacement calculations in the My Orange Money tool, absent of pension data, would be confusing for participants. Ms. Boyles acknowledged the concern and stated that Voya is committed to integrate the pension data by the first quarter of 2017. Mr. Meyer said that OST is working with the Pension office. Ms. Boyles suggested adding a message in the website to remind participants that pension data is not included in the calculations yet and the Committee members agreed.

Mr. Scoglietti asked about the challenges of the transition thus far. Ms. Gonzalez stated that adequate reporting for the Plans is not available yet and Voya is working on specific items. Ms. Boyles indicated that Voya is committed to fully address reporting needs from the Committee and OST. She also stated that standard operating procedures for the Plans are being developed to ensure consistency and compliance.

The Committee discussed their personal interactions with Voya, as well as feedback from participants. Ms. Watson added that she would like to implement a survey to capture feedback related to the in-person meetings between participants and Voya representatives. Mr. Meyer added that he was currently working with Voya on a survey. Mr. Kimmel suggested to set up the scheduling tool to trigger an email after the meeting has taken place to remind participants about rating their experience.

Ms. Boyles described the preliminary analytics report for the Plans that Voya is preparing. She said the report presents information regarding engagement, plan transactions, investment usage, number of participants and amount of contributions into specific funds. She invited comments from the members regarding the data to be included and the presentation format. Mr. Simpler stated that he would like Voya to inform the Committee about what information other Plans Sponsors find most valuable to review. Ms. Boyles indicated the topic will be discussed at the strategic session.

DISCUSSION OF RULES OF ENGAGEMENT FOR VOYA REPRESENTATIVES

Mr. Meyer asked for feedback on the Service Guidelines for Voya Representatives. Mr. Simpler asked Ms. Boyles if the guidelines were consistent with other state plans, and Ms. Boyles confirmed. The Committee entered into a discussion and directed Ms. Johnson to assist OST with the review of the document. Mr. Campbell-King requested that the Service Guidelines be completed and signed within a week. Mr. Simpler clarified that the Service Guidelines can continue to evolve over time.

REPORT FROM DEPUTY ATTORNEY GENERAL

Ms. Johnson stated that she engaged ICE Miller to perform a comprehensive review of the 457(b), 401(a) and 403(b) Plan Documents. She mentioned that legal counsel from Voya reviewed them and suggested some updates. She added that the process is anticipated to be complete by the end of this calendar year. Mr. Campbell-King asked if the recommendations would need to be approved by the Plans Management Board (PMB). Ms. Johnson clarified that PMB could delegate the authority to approve the recommendations.

REVIEW OF BUDGET FOR THE PLANS

Ms. Gonzalez provided the members with a Budget vs. Actual report as of 8/30/2016. Additionally, she circulated the preliminary draft for the 2018 budget and stated that a further discussion would take place at the upcoming meeting.

DISCUSSION OF INVESTMENT CONSULTANT ENGAGEMENT

Ms. Gonzalez led a discussion regarding the engagement of the Investment Consultant, Cammack Retirement Group (Cammack). Cammack would serve as subject matter expert. The Phase II Scope of Services included the review of the Investment Policy Statement (IPS), the evaluation of investment performance and the preparation of due diligence reports.

The Committee discussed the value previously added by Cammack and agreed that the evaluation, selection, monitoring and replacement of Tier I and II funds require the engagement of a consultant. The Committee inquired if the estimated cost for Phase II of the engagement was already included in the approved 2017 fiscal budget. Ms. Gonzalez confirmed.

OLD BUSINESS

Mr. Simpler contacted the Office of the Governor regarding the vacancy on the Committee. He indicated that they were actively seeking to make an appointment.

NEW BUSINESS

Mr. Gonzalez solicited the Committee for volunteers on the RFP for Compilation Services of the Plans. She requested interested Committee members to contact her directly.

Mr. Scoglietti expressed concerns regarding the limited level of understanding some HR representatives may have on the deferred compensation benefit. He stated that he had received feedback regarding separated employees who were given erroneous information regarding how to effect specific deferred compensation transactions. There was a discussion regarding the need to provide training to HR and Benefits Managers. Mr. Meyer added that OST is on the agenda to speak to the Roundtable in November.

The Committee discussed the need to re-engineer the Sick and Vacation process and forms. Ms. Watson suggested the development of a deferred compensation training module for HR managers. She stated that the module could

be added to the learning center and be pushed by DTI to ensure distribution to and track completion by the HR managers. A potential collaboration with the Office of Pension to utilize the pre-retirement workshops was also discussed.

Mr. Meyer stated that OST is holding a strategy meeting with Voya on November 3, 2016 and the next Committee meeting on January 3, 2017.

PUBLIC COMMENTS

No members of the public present for comment.

ADJOURNMENT

A MOTION was made by Mr. Scoglietti and seconded by Mr. Simpler to adjourn the meeting at 11:07 AM.
MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

Charles Campbell-King
Chair, Deferred Compensation Committee