



STATE OF HAWAII
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
235 S. BERETANIA STREET
HONOLULU, HAWAII 96813-2437

March 23, 2009

TESTIMONY TO THE
SENATE COMMITTEE ON LABOR
For Hearing on
Tuesday, March 24, 2009
2:45 p.m., Conference Room 224

BY

MARIE C. LADERTA, DIRECTOR

Senate Concurrent Resolution No. 67 and Senate Resolution No. 41,

**Requesting the House and Senate Committees on Labor to
Conduct Joint Hearings to Assess the Performance of
the Board of Trustees of the Deferred Compensation Plan and
Plan Administrators, and to Recommend Appropriate Means
To Resolve Complaints by Plan Members**

And Senate Concurrent Resolution No. 68,

**Requesting the State Auditor to Conduct a Management and Performance
Audit of the Board of Trustees of the State Deferred Compensation
Plan and Plan Administrators Contracted by the Board**

TO CHAIRPERSON DWIGHT TAKAMINE AND COMMITTEE MEMBERS:

DHRD and the Board strongly oppose these Resolutions.

My name is Marie Laderta, and I am the Director of the Department of Human Resources Development ("DHRD"). I am also the Chairperson of the Board of Trustees ("Board") for the State of Hawaii Deferred Compensation Plan ("Plan"). I would like to address the major concerns raised in the proposed Resolution regarding the Board and the Plan's Third Party Administrator ("TPA"), ING.

In general, the Resolutions allege that there has been a lack of communication with participants, a lack of easy access to information regarding the Plan and

participants' accounts, and an inability to access the Plan's Third Party Administrator. These allegations are completely unfounded.

1. Communication with participants.

The Board and Plan's TPA, ING, have always stressed the importance of communicating openly with participants about the Plan and changes to the Plan and investment products. The Board and TPA have done this through quarterly newsletters; specialized mailings on important changes to the Plan; a "state-of-the-art" Plan website that posts important features and changes to the Plan and investment products; holding on average approximately 658 group employee meetings or prescheduled workshops per year; holding on average approximately 1,992 individual employee/participant meetings per year; holding employee Benefits Fairs twice per year since 2004 (which were attended by more than 9,000 participants); holding Board meetings approximately once per month that are properly noticed and open to the public and participants; and holding semi-annual Board meetings twice per year at various locations throughout the State and at which the Plan's TPA and investment product providers make presentations to the Board. If the meetings are held on the neighbor islands, the Board always invites County administrators to attend.

In all of these methods of communication, the Board and TPA fully disclose all important features of the Plan and investment products, as well as the applicable fees assessed to participants. These efforts clearly demonstrate that there is no lack of communication on the part of the Board and TPA to employees and participants.

2. Easy access to information regarding the Plan and participants' accounts.

As stated above, employees and participants can easily access information regarding the Plan and participants' accounts through the Plan's website (www.islandsavings.ingplans.com) that is available 24/7 and is simple to navigate. In 2008, there were 180,077 hits to the Plan website with an average of 15,000 hits per month. Employees and participants can also access this information through the Plan's automated voice response system (1-888-712-5642) that is available 24/7 (i.e., participants can access their account information through a touch tone telephone). In addition, this information is available by calling the Plan's information line (1-888-712-

5642) and speaking directly with a Plan representative (this service is available Monday through Friday, 6:00 a.m. to 5:00 p.m. (HST), and Saturday, 6:00 a.m. to 12:00 p.m. (HST)). Furthermore, employees and participants can obtain this information by calling or visiting the TPA's local office in Honolulu that is staffed with five (5) Plan consultants. Notably, the local office staff has contact with 87 participants on an average business day. Finally, participants can obtain information about their accounts by calling the Plan's new investment advice service.

All of these methods clearly demonstrate that information about the Plan and participants' accounts is easily accessible and abundantly available.

3. Access to the Plan's TPA.

As previously discussed, the Plan's TPA can be contacted either by telephone (locally or on the mainland), via e-mail (locally or on the mainland), or visiting the local office in Honolulu. The Plan's TPA is very proactive at educating employees and participants about the Plan, its investment products, and applicable fees, and is more than willing to answer any questions or concerns that employees or participants may have. Thus, there is no merit to the allegation that there is an inability to access the Plan's TPA.

4. Final comments.

As indicated in the foregoing testimony, we strongly believe that the concerns the Resolutions are intended to address are without merit. We welcome an opportunity to meet with Chair Takamine and any of its committee members to further discuss this matter. Rest assured that the Trustees take their fiduciary responsibility to the Plan and its participants very seriously. The Board themselves in their decisions and through its TPA have always strived to act prudently and in the best interest of the Plan and its participants.

Thank you for the opportunity to address this matter.



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The Twenty-Fifth Legislature, State of Hawaii
Hawaii State Senate
Committee on Labor

Testimony by
Hawaii Government Employees Association
March 24, 2009

S.C.R. 67 – REQUESTING THE HOUSE AND
SENATE COMMITTEES ON LABOR TO
CONDUCT JOINT HEARINGS TO ASSESS
THE PERFORMANCE OF THE BOARD OF
TRUSTEES OF THE DEFERRED
COMPENSATION PLAN AND PLAN
ADMINISTRATORS, AND TO RECOMMEND
APPROPRIATE MEANS TO RESOLVE
COMPLAINTS BY PLAN MEMBERS.

The Hawaii Government Employees Association **strongly supports** the purpose and intent of S.C.R. 67. Many public employees depend upon the deferred compensation program to achieve a secure retirement, especially those who remain in the non-contributory retirement plan. Therefore, it is of critical importance that the Board of Trustees and the Plan Administrator provide timely, accurate and easily accessible information to employees about their account.

Employees should also be able to get some assistance in allocating their funds between different investment alternatives. The current recession and the volatile financial markets make these types of problems for participants even worse and warrants prompt corrective action. Considering the magnitude and seriousness of the problems brought forth by plan participants, it deserves legislative oversight by both labor committees.

Thank you for the opportunity to testify in support of S.C.R. 67.

Respectfully submitted,

Nora A. Nomura
Deputy Executive Director