



BOARD REPORT 18-24

Date: May 15, 2018

To: Board of Deferred Compensation Administration

From: Staff

Subject: Pilot Automatic Enrollment Program Implementation Update

Board of Deferred Compensation Administration

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Recommendation:

That the Board of Deferred Compensation Administration receive and file an update regarding pilot implementation of the Deferred Compensation Plan's Auto-Enrollment Program (AEP).

Discussion:

This report provides an update regarding pilot implementation of the Deferred Compensation Plan's Auto-Enrollment Program (AEP) with the Los Angeles Police Protective League (LAPPL). As the Board is aware, the Plan's AEP is currently designed to be administered by the DCP's Third-Party Administrator (TPA), Voya, through processing of the City's eligibility file. On a biweekly basis, the City securely transmits to Voya an eligibility file containing employee demographic information. The TPA can interpret specific data points within the eligibility file to confirm eligibility for the AEP. Once eligibility is confirmed, an employee can then be placed on the AEP track.

Under the provisions of the AEP, written notice must be provided to the employee informing him or her of impending enrollment. For confidentiality reasons, however, the eligibility file does not contain address information for sworn Police and Fire personnel, thus preventing Voya from executing the first communication step in the AEP process. However, Voya has communicated that it can accommodate a custom form-driven process to collect the address information necessary for initiating the auto-enrollment process for LAPPL members.

On April 25, 2018, staff discussed with LAPPL Director Corina Lee and provided her with an overview of the Plan's proposed automatic enrollment process. The proposed steps of this process include:

- To participate in the AEP as well as receive AEP related communications, a sworn employee would be required to complete a simple form providing only a name, SSN, and current address. This form can be made available to cadets entering, attending, or

graduating from the academy – at whatever point LAPPL feels it would be most effective to do so.

- After the form is submitted, the information can be submitted to the Personnel Department, which will then securely transmit it to Voya at the appropriate time.
- Once a cadet graduates and becomes a regular employee contributing to Los Angeles Fire and Police Pensions (LAFPP), he or she will appear on the bi-weekly eligibility file. Voya would then process the form with the address information and initiate the AEP track for that employee.
- Utilizing the address information obtained via the custom form, Voya will generate written communications to the new auto-enrollee, informing him or her of an impending auto-enrollment.
- The first communication includes important notifications regarding AEP features as well as the window of time in which a new employee may opt out of the program, both before and following the time the first contribution is taken.

Ms. Lee indicated to staff that she would discuss the proposal with LAPPL's Board of Directors at its May 16, 2018 meeting. Following feedback and approval from LAPPL, staff will (1) work with CAO to coordinate and execute the necessary agreements to establish LAPPL's participation in the AEP; and (2) work with Voya to formulate an appropriate timeline and plan for implementation. Further updates will be provided to the Board's June 19, 2018 meeting.

Submitted by:

Matthew Vong

Approved by:

Steven Montagna