



## Board Report 20-42

Date: October 20, 2020  
To: Board of Deferred Compensation Administration  
From: Staff  
Subject: Deferred Compensation Plan Projects and Activities  
Report: September 2020

### Board of Deferred Compensation Administration

**Thomas Moutes**  
*Chairperson*

**Raymond Ciranna**  
*Vice-Chairperson*

**Robert Schoonover**  
*First Provisional Chair*

**Wendy G. Macy**  
*Second Provisional Chair*

**Hovhannes Gendjian**  
*Third Provisional Chair*

**Joshua Geller**

**Neil Guglielmo**

**Linda T. Ikegami**

**Baldemar J. Sandoval**

### Discussion:

Following are Deferred Compensation Plan (DCP) project and activity updates for September 2020:

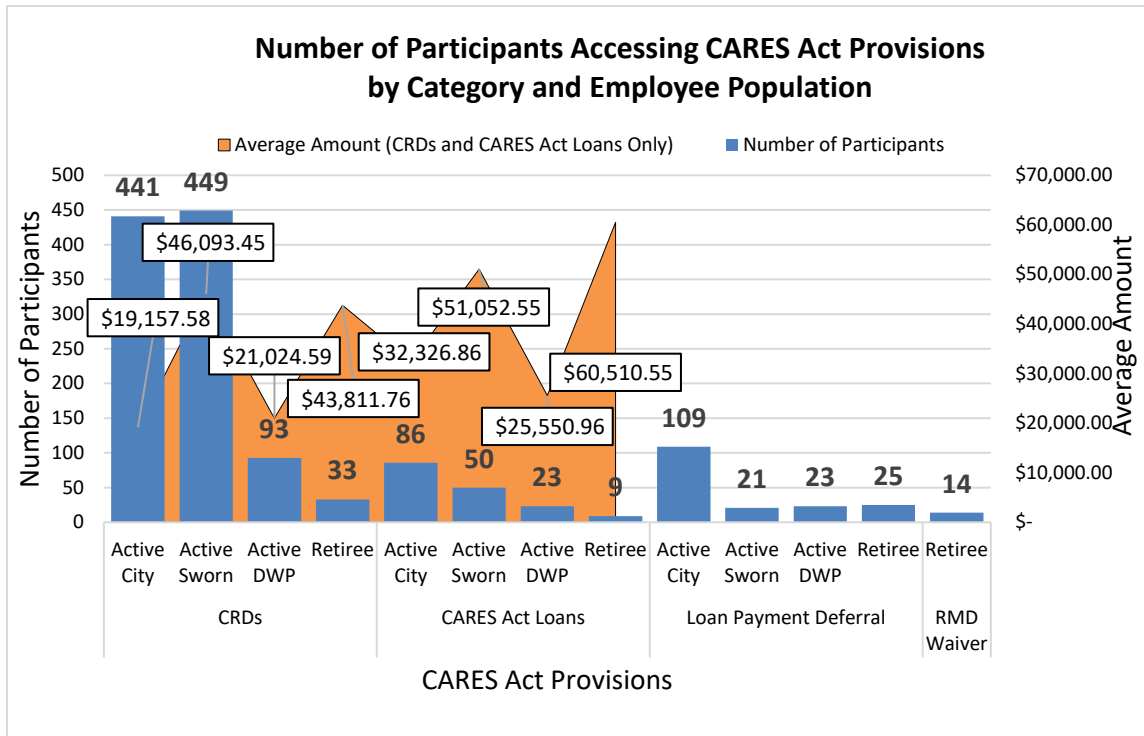
#### A. Board Member Updates

Board member Linda T. Ikegami has joined the Board effective September 21, 2020, replacing Linda Le as Retirement Plan Manager of the Water and Power Employees' Retirement Plan. Staff conducted an orientation with Ms. Ikegami on October 6, 2020; Board Chairperson Tom Moutes also participated in this orientation and helped welcome Ms. Ikegami to the Board.

#### B. Operations and Project Updates

- **Coronavirus Aid, Relief, and Economic Security (CARES) Act Update** – As of September 2020, Voya received 1,998 calls related to the CARES Act and processed 1,376 applications from DCP participants accessing the CARES Act distribution, loans, and Required Minimum Distribution (RMD) provisions. CARES Act transactions processed to-date are as follows:
  - 1) Coronavirus-Related Distributions (CRDs) – 1,016 participants; \$32.55 million total; \$32,033 average/participant.
  - 2) CARES Act Loans – 168 participants; \$6.47 million total; \$38,482 average/participant.
  - 3) Loan Payment Deferral – 178 participants.
  - 4) RMD Waiver – 12 participants suspended installment payments, and 2 participants returned funds previously taken out as an RMD.

The number of DCP participants accessing the CARES Act provisions and the average amount of CRDs and CARES Act loans are illustrated in the following chart, broken out by CARES Act category and DCP participant type.



- City Separation Incentive Program (SIP) Amendment** – On September 2, 2020, the City Council adopted an amendment to the SIP which removed the 1,300 participant minimum. Additionally, the amendment provided an additional 2-week SIP enrollment period offering an additional opportunity for eligible employees to apply for the SIP. The additional enrollment period ended on September 22, 2020. Staff continues to work with LACERS to provide DCP support for SIP participants and will report back to the Board with any updates on the SIP.
- DCP Loan Process Update** – The DCP instituted a new seven-business-day waiting period on paid-off loans. Once a loan is paid-off electronically or by personal check, a participant will need to wait seven business days before a new loan can be requested. This new process helps ensure loan payoff amounts have cleared the account before new loan funds are dispersed. Loan payoffs with certified checks are not subject to the waiting period. Notification of this loan process update will be included in the third quarter newsletter.
- Spanish Participant Website** – As previously reported to the Board at its September 15, 2020 meeting, Voya has been working on several new enhancements that will be launching in the fall of 2020 including a Spanish participant website. The Spanish participant website went live on September 20, 2020 and is now available to participants

to view their DCP account information in Spanish. Staff is currently working on preparing communications including blog and social media posts to advertise the availability of this new feature for participants.

**C. Communications Updates**

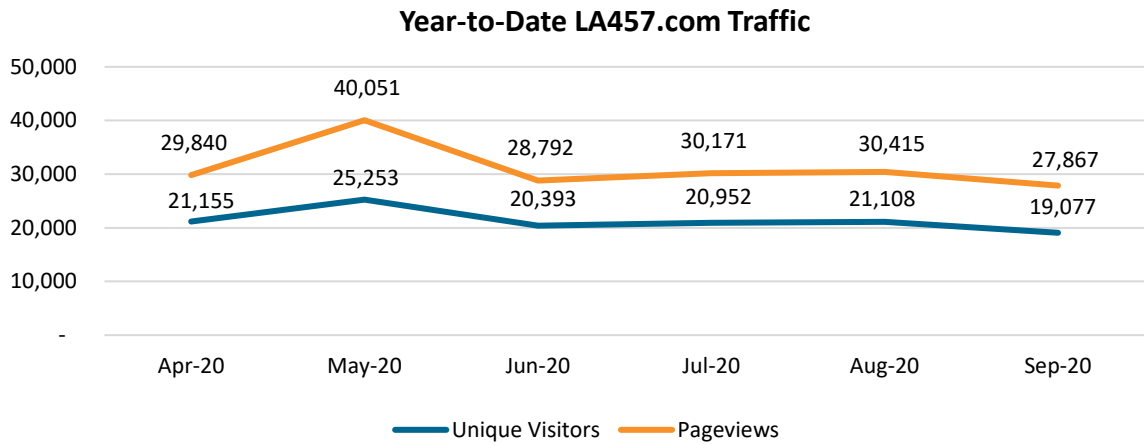
- Segal Communications Research on Physical Mail – At the Board’s September 15, 2020 meeting, Board member Ray Ciranna requested additional information from Segal regarding the effectiveness of physical mail campaigns. Per Segal, according to a neurophysiological study by market research firm Millward Brown, physical media can leave a “deeper neural impression” compared to their digital counterparts because physical materials stimulate sight and touch and are better at generating emotion and leaving a lasting impression on the human memory. The study also found that print may be the only way to reach employees who are not working on a computer or have access to mobile devices, outside of work hours. This is particularly important when communicating information about benefits as oftentimes, spouses and partners are influential in making decisions and driving behavioral changes. Finally, the study found that combining print and digital media helps to reinforce messages and that the more communication channels that are used, the greater chance that the message will make an impact on the recipient.
- National Retirement Security Month (NRSM) Campaign – The City’s NRSM campaign is currently underway for the month of October 2020. The goal of the campaign is to raise engagement with the DCP and increase awareness of DCP features and services. An overview of the NRSM campaign elements was presented at the Board’s August 4, 2020 meeting. Staff anticipates presenting the results of the NRSM campaign at the Board’s December 2020 meeting.

- LA457.com Engagement Statistics: September 2020

LA457.com saw 19,077 unique visitors and 27,867 pageviews. The table on the right provides a review of the top ten website topics accessed by participants during the month of September.

Top 10 LA457.com Pages in September 2020		Views
1.	Homepage	21,256
2.	Contact Us	930
3.	Board Meeting Materials	702
4.	CARES Act	561
5.	Investments Committee	358
6.	Separation Incentive Program	316
7.	Your Distribution Options	301
8.	Loans	252
9.	Investment Options	214
10.	Contributions	202

The following chart tracks LA457.com unique visitors and pages viewed since April 2020.



#### D. 2020 DCP Strategic Initiatives Update

**Attachment A** provides a status review of 2020 DCP Strategic Initiatives as adopted by the Board at its May 19, 2020 meeting.

#### E. Staffing

The following table provides a summary of staff positions supporting the DCP.

Position Authority	Incumbent Class	Function	Est. Percent Reimbursed by DCP	Staff Member
<b>Personnel</b>				
Chief Personnel Analyst	Chief Personnel Analyst	Executive Director	20%	Steven Montagna
Senior Personnel Analyst II	Senior Management Analyst II	Plan Governance	40%	Jenny Yau
Senior Personnel Analyst I	Senior Personnel Analyst I	Plan Administration	100%	Vacant
Management Analyst	Management Assistant	Communications	90%	Eric Lan
Management Analyst	Personnel Analyst	Operations	90%	Mindy Lam
Benefits Specialist	Benefits Specialist	Participant Services	90%	Claudia Guevara
Administrative Intern I	Vacant	Participant Research	100%	Vacant
<b>City Attorney</b>				
Assistant City Attorney	Assistant City Attorney	Board Counsel	25%	Curtis Kidder
Legal Assistant	Legal Assistant	Participant Legal Services	40%	Vicky Williams

## F. Committee Assignments

Following is the current Committee roster as designated by the Board Chairperson:

Plan Governance & Administrative Issues Committee	Investments Committee	Participant Engagement Committee	Ad Hoc Committee on DCP Autonomy
Joshua Geller, Chair	Raymond Ciranna, Chair	Neil Guglielmo, Chair	Thomas Moutes, Chair
Hovhannes Gendjian	Joshua Geller	Joshua Geller	Raymond Ciranna
Thomas Moutes	Hovhannes Gendjian	Hovhannes Gendjian	Joshua Geller
	Neil Guglielmo	Baldemar J. Sandoval	Neil Guglielmo


## G. Upcoming Board Meetings

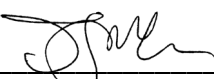
Following is a review of upcoming Board meeting agenda items:

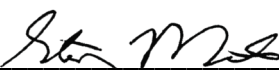
Meeting Date	Proposed Agenda Items
December 8, 2020 (Special Meeting)	<ul style="list-style-type: none"> <li>• Third-Party Administrator Quarterly Review – Third Quarter 2020</li> <li>• Quarterly Investment and Economic Review – Third Quarter 2020</li> <li>• Board Report: Board Election Policy and Procedures Review</li> <li>• Board Report: Deemed IRA Review</li> <li>• Board Report: Quarterly Reimbursements – Third Quarter 2020</li> <li>• Board Report: 2020 NRSM Campaign Results</li> <li>• Board Report: DCP Plan Projects &amp; Activities Report: October-November 2020</li> </ul>
January 19, 2021	<ul style="list-style-type: none"> <li>• Board Report: 2021 DCP Strategic Initiatives</li> <li>• Board Report: DCP Resource Review and 2021 Budget Adoption</li> <li>• Board Report: 2021 Board Elections</li> <li>• Board Report: 2021 Election of Officers</li> <li>• Board Report: 2020 Board and Committee Meeting Attendance Review</li> <li>• Board Report: 2020 Board Member and Staff Training Report</li> <li>• Board Report: DCP Plan Projects &amp; Activities Report: December 2020</li> </ul>

## H. Upcoming Committee Meetings

Committee	Meeting Date	Proposed Agenda Items
Investments Committee	October 30, 2020	<ul style="list-style-type: none"> <li>• Stable Value Fund Request For Proposals Update</li> </ul>
Plan Governance & Administrative Issues Committee	To Be Determined	<ul style="list-style-type: none"> <li>• Board Election Policy and Procedures Review</li> <li>• DCP Resource Review</li> </ul>

Submitted by:   
\_\_\_\_\_  
Mindy Lam, Personnel Analyst

Reviewed by:   
\_\_\_\_\_  
Jenny M. Yau, Senior Management Analyst II

Approved by:   
\_\_\_\_\_  
Steven Montagna, Chief Personnel Analyst

**2020 DCP Strategic Initiatives**

**1. Review and Update the Board’s Election Policies and Procedures**

Staff completed its preliminary review of the Board’s Election Policies and Procedures for possible refinements and improvements, particularly as those may relate to unusual contingencies. The proposed changes are currently being reviewed by the City Attorney. Staff anticipates the review of the proposed changes will be completed in October 2020 and be presented to the Plan Governance & Administrative Issues Committee in November 2020.

**2. Adopt Updated Fiscal Year (FY) 2020-21 Participant Goals and Outcomes**

Staff worked with the DCP’s Third-Party Administrator, Voya, to review the results of the FY 2019-20 participant goals and outcomes. Staff also thoroughly re-examined all DCP goals in light of some of the fundamental ways the current financial and economic backdrop has impacted participation, contribution, and distribution patterns. Staff’s analysis and recommendations of FY 2020-21 participant goals and outcomes are addressed in Board Reports 20-33 and 20-41.

**3. Design Participant Survey**

Staff has developed an option for surveying DCP participants using an approach involving shorter and ongoing outreach for participant feedback. The proposed survey approach including the type of information to be solicited from participants and its connection with participant goals and outcomes is addressed in Board Report 20-33.

**4. Create Defined Contribution Plan Manager Classification**

The Board of Civil Service Commissioners approved the creation of the new Defined Contribution Plan Manager classification at its June 25, 2020 meeting. Additionally, as part of the Personnel Department’s Fiscal Year 2020-21 Budget, the City Council approved one resolution position authority for the newly created Defined Contribution Plan Manager classification. The Ad Hoc Committee on DCP Autonomy met on September 8 to consider potential recommendations it may make to the Board with respect to establishing greater DCP autonomy and recruitment and salary considerations for the new DC Plan Manager position. The Committee’s recommendations to the Board are presented in Board Reports 20-39 and 20-40.

**5. Complete Investment Manager Searches**

The Stable Value Fund Investment Management Services Request for Proposal (RFP) was released to the vendor community on July 20, 2020. Staff received 14 proposals in response to the Stable Value Fund RFP. All proposals were evaluated by the Personnel Department’s Administrative Services Division (ASD) for compliance with the City’s general contracting

requirements and all firms were determined to have passed the compliance review. An Investments Committee meeting is scheduled for October 30, 2020 with the DCP's consultant, Mercer to begin the process of evaluating the proposals. Additional meetings will be scheduled as needed to complete the evaluation process.

The Investment Management Services RFP was released to the vendor community on August 17, 2020 with a deadline for proposers to submit a response by October 1, 2020. Staff received proposals from 65 firms. All proposals are being evaluated by ASD for compliance with the City's general contracting requirements.

#### **6. Complete Plan Document Review**

DCP and City Attorney staff are conducting a thorough review process to ensure that all language in the Plan Document is consistent with the Los Angeles Administrative Code, applicable state law (including the State of California Probate Code), and best practices related to DCP administration. Eight review sessions occurred between August 2019 and May 2020, the City Attorney review is complete, and the Plan Document has also been provided to outside tax counsel Ice Miller. Staff met with Ice Miller in early July and incorporated their additional feedback. As a last step, the Plan Document is being reviewed by Voya to ensure the revised provisions align with Voya's operational procedures. The Plan Governance & Administrative Issues Committee will be convened to review the revised Plan Document after Voya's review is completed and feedback fully addressed.

#### **7. Initiate DCP Financial Audit**

Staff was notified that the draft agreement with Crowe LLP has been approved by the Mayor's Office. Staff is working with ASD to receive the official approval from the Mayor's Office before proceeding to work with Crowe LLP to complete the final documents required to execute the contract. Once the contract is executed, staff will meet with Crowe LLP to initiate the financial audit.

#### **8. Complete an Investment Advisory and Financial Education Services Review**

Staff's evaluation of the responses to the Request for Information (RFI) for financial education and/or investment advisory services is addressed in Board Reports 20-34 and 20-38.

#### **9. Expand Automatic Enrollment Program (AEP) Participation**

Staff has developed a discussion document for the City's labor organizations with respect to designing a supplementary optional AEP model. Under this option, labor organizations could elect a model providing for a higher default contribution rate, higher and faster auto escalation of the contribution rate, and/or applying automatic enrollment to current non-participating employees (not just new hires). Staff will work with the Board's Labor Representative on the timing of engaging labor organizations on this topic.



## **10. Develop a Strategic Communications Plan**

In connection with designing the participant survey, staff is also working on developing a strategic communications plan to serve as a long-term plan for delivering effective and coordinated DCP messaging with the ultimate goal of increasing employee participation, engagement, awareness, and satisfaction. Staff will schedule review of the draft plan by the Participant Engagement Committee prior to bringing it to the full Board.

## **11. Conduct Deemed IRA Review**

At its June 18, 2019 meeting, the Board reviewed Board Report 19-21 providing a review of the Deemed IRA option. Staff is currently working with the City Attorney and outside tax counsel to develop a detailed set of Deemed IRA design features for consideration by the Board. Staff's review and analysis are scheduled to be presented as soon as the December 8, 2020 meeting.