



Board Report 20-50

Date: December 15, 2020
To: Board of Deferred Compensation Administration
From: Staff
Subject: Deferred Compensation Plan Projects and Activities
Report: October to November 2020

**Board of
Deferred Compensation
Administration**

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Discussion:

Following are Deferred Compensation Plan (DCP) project and activity updates for October to November 2020:

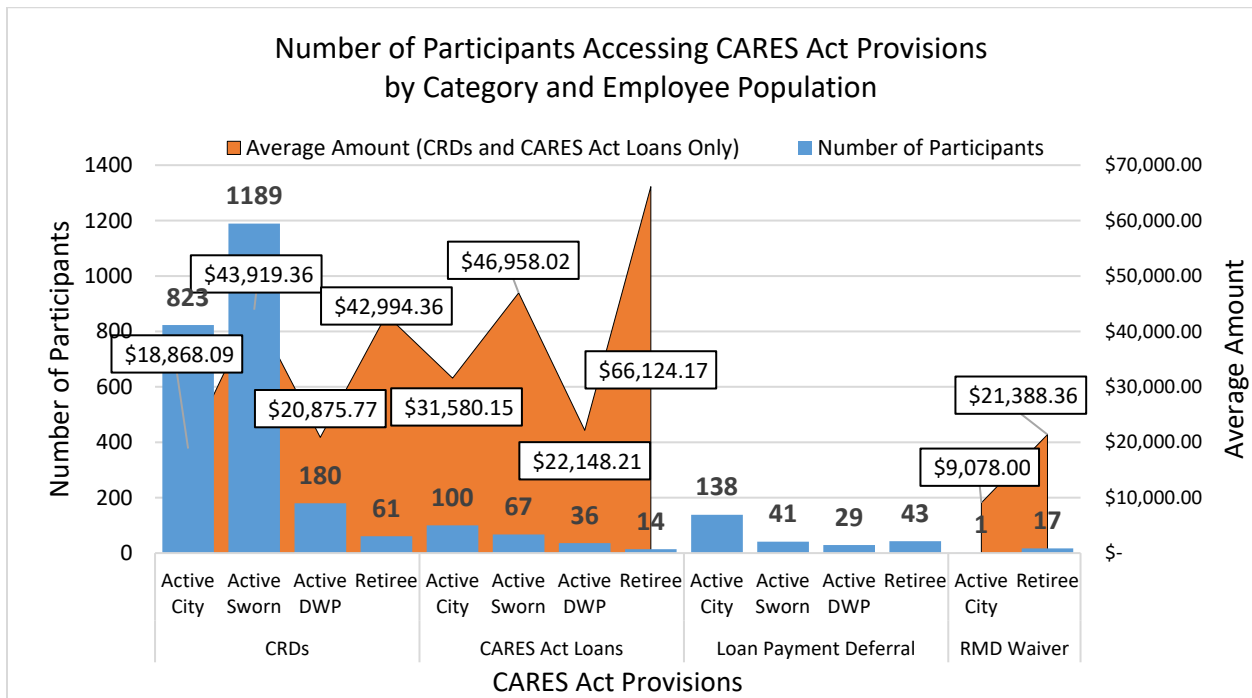
A. Operations and Project Updates

- Coronavirus Aid, Relief, and Economic Security (CARES) Act Update – As of November 30, 2020, Voya received 3,288 calls related to the CARES Act and processed 2,739 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) – 2,253 participants; \$74.1 million total; \$32,902 average/participant.
 - 2) CARES Act Loans – 217 participants; \$8.0 million total; \$36,992 average/participant.
 - 3) Loan Payment Deferral – 251 participants.
 - 4) RMD Waiver – 18 participants suspended installment payments, and 3 participants returned funds previously taken out as an RMD.

As of November 30, 2020, no additional legislation has been enacted to extend CARES Act provisions as they apply to Section 457 plans. Accordingly, unless the federal government takes action, the following deadlines as they apply to each of the CARES Act provisions adopted by the Board at its April 27, 2020 meeting terminated or will terminate as follows:

- 1) CRDs – The Board adopted CRDs of up to \$100,000 for qualified individuals in accordance with Section 2202 of the CARES Act. The CARES Act allows for CRDs to be taken between January 1, 2020 and December 31, 2020.
- 2) CARES Act Loans – The Board adopted an increased loan limit of up to \$100,000 for loans made to qualified individuals in accordance with Section 2202 of the CARES Act. The CARES Act allows these loans to be made to qualified individuals between March 27, 2020, and September 22, 2020.
- 3) Loan Payment Deferral – The Board also adopted an extension of loan repayment periods for qualified individuals in accordance with Section 2202 of the CARES Act. The CARES Act allows for loan repayments to be delayed by one year for any qualified individual who (1) has an outstanding participant loan balance on or after March 27, 2020, and (2) has loan payments due from March 27, 2020 through December 31, 2020.
- 4) RMD Waiver – RMDs are temporarily suspended in calendar year 2020. Unless otherwise provided by federal legislation, RMDs will resume in calendar year 2021.

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.



- Fiduciary Liability Insurance Update – At its October 20, 2020 meeting, the Board reviewed staff's report on fiduciary liability considerations related to the potential for offering financial education and investment advice services within the City's Deferred Compensation Plan (DCP). At that meeting, the Board requested staff to research and report back on fiduciary liability insurance options. Staff is currently working with the

DCP's consultant, Segal and the City Attorney to research this topic further and anticipates providing its review and analysis to the Board at its January 19, 2021 meeting.

- NAGDCA 2020 Annual Conference – NAGDCA concluded its month-long virtual conference, NAGDCA Connect, a virtual engagement and learning series on October 29, 2020. The virtual conference included a variety of topical sessions and small group discussions providing attendees the opportunity to learn and network with peers. A total of 16 Board members and staff attended the virtual conference. NAGDCA reports that it is planning to have its 2021 annual conference from September 12-15, 2021 in Phoenix, AZ. Currently, NAGDCA is planning for an in-person experience while also developing a virtual option for those who are unable or unwilling to travel. Staff will keep the Board updated on the status of the 2021 conference as additional information becomes available.
- Human Resources and Payroll (HRP) Project Update – At the Board's October 15, 2019 meeting, staff provided the Board with information regarding the City's pending transition of payroll systems. Staff advised the Board that in 2017 the City began the process of seeking a replacement for its custom-built payroll system, PaySR; had selected a new service provider, Workday in September 2019; and was expected to launch the conversion/implementation process for the change in payroll systems in 2020.

The City's contract with Workday was executed on April 9, 2020 and the conversion/implementation process commenced immediately afterwards. The current proposed timeline to go live with the new payroll system is January 2022. Discovery sessions with Workday to discuss eligibility and contribution processing for the DCP began in June 2020. As the project progressed into the Architect stage, discussions continued with the Workday staff and Personnel Department HRP team regarding configuration requirements and DCP business processes. In October 2020, staff also engaged the Voya implementation team to work directly with Workday on reviewing and finalizing requirements and business processes. The project will soon move into the Configure and Prototype stage, where all of the requirements defined in the prior Architect stage will be configured and confirmed through unit testing. Staff is awaiting additional information from Workday and the Personnel Department HRP team regarding the time commitment and resources required for this stage of the project and will provide regular updates to the Board on the status of the HRP project in the monthly projects and activities report on a go forward basis.

B. Communications Updates

- Third Quarter 2020 Statements and October 2020 Newsletter – DCP participant statements for the third quarter of 2020 (three-month period beginning July 1, 2020 and ending September 30, 2020) and the October 2020 newsletter were mailed to DCP participants on October 21, 2020. Participants who elected electronic delivery were sent an email notification on October 14, 2020, informing them that their individual statement

and the October 2020 newsletter were available to view and download via the Voya participant website.

- **New Enrollment Targeted Mail and Email Campaign** – As previously reported to the Board at its September 15th meeting regarding strategies for achieving FY 2020-21 participant goals and outcomes, staff will conduct mail and email campaigns throughout the fiscal year targeted at different categories of employees who are eligible but not enrolled in the DCP. In November, staff and Voya developed a custom postcard and email communication targeted towards eligible but not enrolled employees in the following categories: 1) eligible employees with less than three years of City service; 2) eligible employees in the five departments with the lowest participation rate. The postcards were mailed to 5,754 employees on November 23. Staff also sent a follow-up email reminder to these employees a week later. Staff will report back to the Board on the outcome of the campaign.
- **New DCP Email Address** – On October 2, 2020, the DCP transitioned to a new email address, LA457@lacity.org to coincide with the launch of National Retirement Security Month. The new email address provides staff with increased administrative flexibility and efficiency to manage incoming and outgoing emails and also better aligns with the DCP LA457 branding and name recognition. Staff has updated the contact information on the DCP’s website and is currently ensuring all DCP forms are also updated accordingly. Staff continues to monitor emails sent to the old email address, perdcp@lacity.org to ensure all emails are responded to timely.
- **Zoom with the DCP Virtual Meetings** – As previously reported to the Board, one of the strategies staff proposed for achieving FY 2020-21 participation goals and outcomes is to conduct DCP virtual meetings. As all in-person appointments and front counter services are cancelled until further notice, staff launched “Zoom with the DCP” virtual meetings for employees to interact with the local retirement counselors via Zoom. During these sessions, the local retirement counselors are available to provide education on various DCP topics and also discuss step-by-step instructions on how to enroll in the DCP.

Staff developed the following Zoom with the DCP virtual meetings schedule which will be held on the third Wednesday of every month from 12 noon to 1:00 pm. Special virtual meetings for employees participating in the Separation Incentive Program (SIP) have also been added to the schedule, occurring on the first Tuesday of every month from 12 noon to 1:00 pm. Attendance at the October and November virtual meetings is provided in the chart below.

Topic	Date	Attendance
SIP Q&A	October 21, 2020	22
SIP Q&A	November 3, 2020	42
Understanding the Difference between Pre-Tax and After-Tax Roth	November 18, 2020	83

Staff is currently developing the 2021 virtual meetings schedule and will post it on the LA457.com website once it is completed. Staff will also continue to monitor attendance and feedback from the virtual meetings and adjust the calendar accordingly, if necessary.

- LA457.com Engagement Statistics: October to November 2020

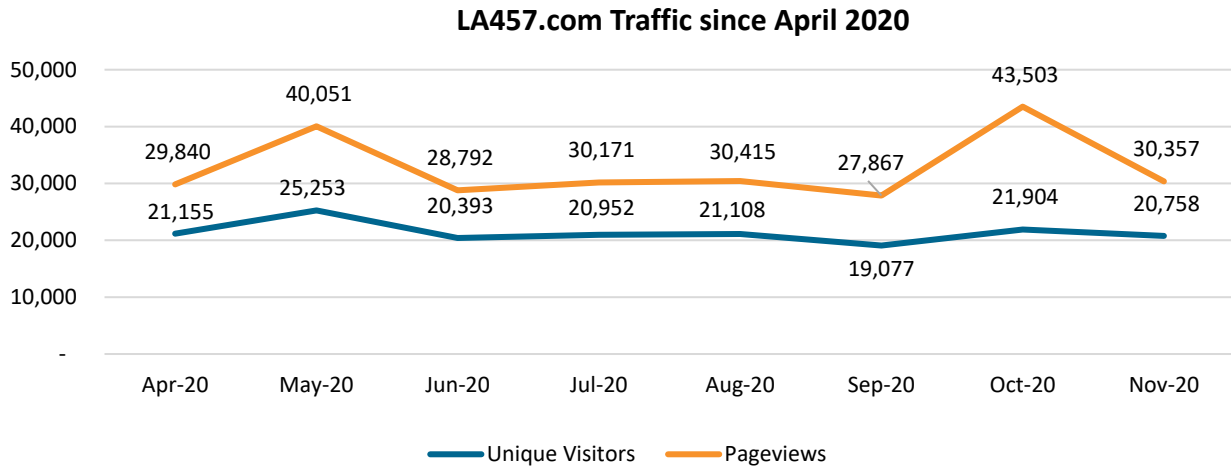
1) October 2020 – LA457.com saw 21,904 unique visitors and 43,503 pageviews. The table on the right provides a review of the top ten website topics accessed by participants during the month.

Top 10 LA457.com Pages in October 2020		Views
1.	Home	23,532
2.	NRSM 2020	10,278
3.	Contact Us	1,068
4.	NRSM 2020 Rules	1,008
5.	Board Meeting Materials	964
6.	CARES Act Provides Economic Relief to Deferred Compensation Plan Participants	514
7.	Investment Committee Materials	395
8.	Considering the City of Los Angeles Separation Incentive Program?	393
9.	Join Us for Zoom Virtual Group Meetings!	376
10.	Your Distribution Options	346

2) November 2020 – LA457.com saw 20,758 unique visitors and 30,357 pageviews. The table on the right provides a review of the top ten website topics accessed by participants during the month.

Top 10 LA457.com Pages in November 2020		Views
1.	Home	22,663
2.	Contact Us	872
3.	Board Meeting Materials	651
4.	Retirement Counselor Calendar	616
5.	Considering the City of Los Angeles Separation Incentive Program?	609
6.	CARES Act Provides Economic Relief to Deferred Compensation Plan Participants	408
7.	Investment Committee Materials	375
8.	Join the Plan	320
9.	Your Distribution Options	310
10.	NRSM 2020	291

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



C. 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.

D. 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
Personnel				
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	100%	Eric Lan
Management Analyst	Personnel Analyst	Operations	100%	Mindy Lam
Benefits Specialist	Benefits Specialist	Participant Services	100%	Claudia Guevara
Administrative Intern I	Vacant	Participant Research	100%	Vacant
City Attorney				
Assistant City Attorney	Assistant City Attorney	Board Counsel	25%	Curtis Kidder
Legal Assistant	Legal Assistant	Participant Legal Services	40%	Vicky Williams

E. 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
Linda T. Ikegami	Hovhannes Gendjian	Hovhannes Gendjian	Joshua Geller
Thomas Moutes	Neil Guglielmo	Baldemar J. Sandoval	Neil Guglielmo

F. Upcoming Board Meetings

Following is a review of upcoming Board meeting agenda items:

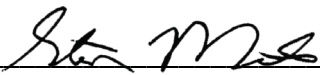
Meeting Date	Proposed Agenda Items
January 19, 2021	<ul style="list-style-type: none"> Financial Education and Investment Advisory Services Provider Presentation – GuidedChoice Board Report: 2021 DCP Strategic Initiatives Board Report: Fiduciary Liability Insurance Options Board Report: 2021 DCP Budget Adoption Board Report: Conflict of Interest (COI) Disclosure Board Report: 2021 Board Elections Board Report: 2020 Board and Committee Meeting Attendance Review Board Report: 2020 Board Member and Staff Training Report Board Report: DCP Plan Projects & Activities Report: December 2020
February 16, 2021	<ul style="list-style-type: none"> Third Party Administrator Quarterly Review – Fourth Quarter 2020 Quarterly Investment and Economic Review – Fourth Quarter 2020 Board Report: Quarterly Staffing Reimbursements – Fourth Quarter 2020 Board Report: DCP Plan Projects & Activities Report: January 2021

Submitted 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

In process. Staff completed its review of the Board’s Election Policies and Procedures for possible refinements and improvements, particularly as those may relate to unusual contingencies. Staff’s proposed changes were reviewed by both the City Attorney and Office of the City Clerk. Staff presented its review and evaluation of the proposed changes to the Plan Governance & Administrative Issues Committee on November 18, 2020. Staff and the Committee’s recommendations to the Board are presented in Board Report 20-46.

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

Completed. 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 were addressed in Board Reports 20-33 and 20-41.

3. Design Participant Survey

In process. Staff 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 was addressed in Board Report 20-33. Staff is now developing draft surveys and will present those to the Board at an upcoming meeting.

4. Create Defined Contribution Plan Manager Classification

Completed. 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 were presented and acted upon by the Board in Board Reports 20-39 and 20-40.

5. Complete Investment Manager Searches

In process. 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 was held on October 30, 2020 in which the DCP's consultant, Mercer provided an overview of its evaluation of the proposals. Staff and the Committee's recommendations to the Board are presented in Board Report 20-44.

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 were evaluated by ASD for compliance with the City's general contracting requirements and all firms were determined to have passed the compliance review. Staff is working with Mercer in evaluating proposals and ongoing meetings of the Investments Committee will take place to evaluate proposals for each of the DCP's unique investment manager mandates.

6. Complete Plan Document Review

In process. DCP and City Attorney staff have been 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. Voya has completed its review of Plan Document provisions as they related to operational procedures and their feedback is presently under review by Board counsel. Once that review is complete, the Plan Governance & Administrative Issues Committee will be convened.

7. Initiate DCP Financial Audit

In process. The draft agreement with Crowe LLP was approved by the Mayor's Office on November 13, 2020. Staff is working 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

In process. 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. A presentation by one of the firms, GuidedChoice that submitted a response to the RFI is scheduled for the Board's January 19, 2021 meeting.

9. Expand Automatic Enrollment Program (AEP) Participation

In process. 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 process. 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

In process. At its June 18, 2019 meeting, the Board reviewed Board Report 19-21 providing a review of the Deemed IRA option. Staff worked 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 is addressed in Board Report 20-45.