



BOARD REPORT 18-36

Date: July 17, 2018

To: Board of Deferred Compensation Administration (Board)

From: Staff

Subject: Plan Goals, Strategies, and Metrics

Board Members

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Recommendation:

That the Board (a) receive and file report regarding Plan goals, strategies, and metrics; (b) approve staff's proposed surveys of retired participants who take full distributions or full or partial rollovers; and (c) adopt goals related to participant outcomes for fiscal year (FY) 18/19 fiscal year including: (1) increasing new participant enrollments by 6%; (2) increasing contribution elections as a percent of salary by 0.5%, from 6.85% to 7.35%; (3) reducing the number of full distributions by 0.5%, from 3.1% of the retiree population to 2.6%; and (4) reducing the number of full rollovers by 0.5%, from 5.3% of the retiree population to 4.8%.

Discussion:

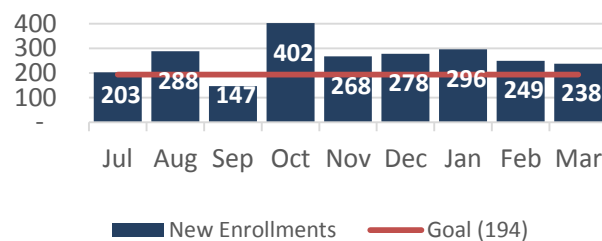
This report provides the Board with a final review of FY 17/18 goals and outcomes and proposed new goals for FY 18/19. As previously reported to the Board, these goals are established on a fiscal year rather than calendar year basis because they correspond to fiscal year goals/outcomes reporting to the Mayor's Office from the Personnel Department. This report also provides updates to staff proposals for accomplishing adopted goals. Staff is working closely with the Plan's Senior Communications Consultant to develop and implement outreach and communication strategies in support of meeting these goals.

A. Participation

Year-to-Date Progress

For FY 17/18 the Plan adopted a goal of increasing new enrollments by 6% over the prior year with targets customized for City departments based on size and participation rate. The goal was to enroll **2,325** new participants. The Plan exceeded this goal by enrolling **3,106** new participants. Guided by staff-compiled data, Local Retirement Counselors with the Plan's Third-Party Administrator (TPA), Voya, conducted targeted outreach

New Enrollments by Month



to the Department of Public Works Bureau of Sanitation, departments located at Figueroa Plaza, the Personnel Department, and to a variety of employees at the City Hall Farmers' Market. The team has also established an ongoing presence at Van Nuys in the Marvin Braude building with table service provided each month. The table below provides a review of each department and progress made toward enrollment goals for FY 17/18. The last column indicates the percent of the goal reached and is color-coded to change from red to yellow to green as progress increases from 0% to 100% or greater.

Department Name	17/18 Goal	FY 17/18 Enrollments	Percent of Goal Reached
Aging	2	2	100%
Airports	192	228	119%
Animal Services	8	46	575%
Building & Safety	86	92	107%
CAO	7	8	114%
City Attorney	51	78	153%
City Clerk	12	12	100%
LACERS	11	12	109%
City Ethics	-	2	100%
Economic & Workforce Development	4	7	175%
Controller	6	15	250%
Council	18	43	239%
Cultural Affairs	4	5	125%
ITA	20	17	85%
El Pueblo	-	1	100%
Emergency Management	4	1	25%
Employee Relations	-	0	100%
Fire - Sworn	146	219	150%
Fire - Civilian	33	29	88%
Finance	14	15	107%
General Services	50	86	172%
Harbor	40	64	160%
Housing & Community Investment	39	50	128%
Library	132	98	74%
Mayor	17	24	141%
Neighborhood Empowerment	-	5	100%
Convention & Tourism	2	3	150%
Fire & Police Pensions	5	12	240%
Department on Disability	-	0	100%
Personnel	28	31	111%
Planning	30	52	173%
Police - Sworn	396	505	128%
Police - Civilian	201	214	106%
Public Works - Board	6	4	67%
Public Works - Contract Administration	17	30	176%
Public Works - Engineering	38	57	150%
Public Works - Sanitation	121	246	203%
Public Works - Street Lighting	19	12	63%
Public Works - Street Services	25	83	332%
Zoo	8	17	213%
Recreation & Parks	97	148	153%
Transportation	71	118	166%
Water & Power	366	415	113%
	2,326	3,106	134%

Strategies Update:

- Local Counselor Outreach – Staff will continue to work with Local Retirement Counselors to conduct strategically targeted outreach leveraging existing networks of contacts established by those counselors.
- General Manager and Employee Labor Organization Outreach – Staff has drafted letters to the General Managers of City departments and to labor leaders of each employee labor organization (**Attachment A** and **Attachment B**, respectively). The intent of these communications is to remind department and employee labor organization leadership that the Deferred Compensation Plan is a valuable benefit and that resources are available to work in partnership in outreach to their respective populations. The letters will also provide key savings metrics related to their groups in comparison to Citywide averages. Staff proposes that these letters be sent to General Managers and union leadership on a semi-annual basis (with updated metrics data) during the months of January and July of each year. For the first communication in July 2018, staff will enclose a Plan 2017 Annual Report and a document which compares key City Plan-wide metrics to governmental peers (**Attachment C**).

Proposed FY 18/19 Goal

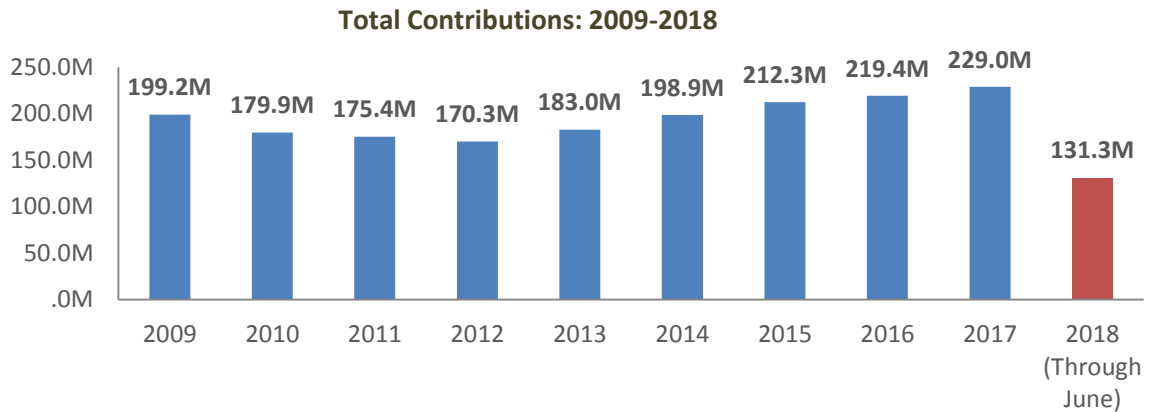
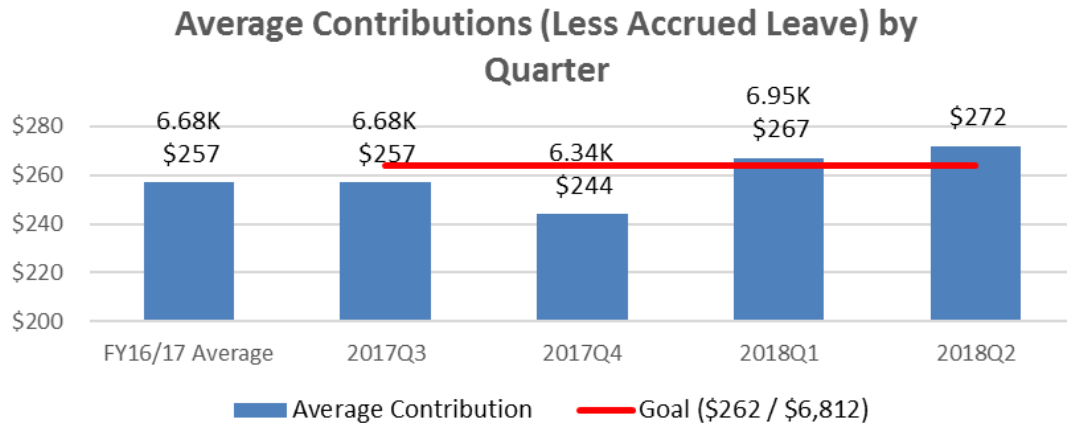
Staff proposes retaining the goal of a 6% year-over-year increase in new enrollments with higher targets focused on certain departments with lower participation rates. While the enrollment goals are somewhat aggressive, the Plan has found success by leveraging data analysis and population research to guide Local Counselor activities. As data analysis becomes more sophisticated, staff and the Local Counselors can more strategically allocate their outreach resources. For FY 18/19, staff identified, minimally, the following City departments as excellent prospects for outreach: Department of Recreation & Parks, Department of Public Works Bureaus of Street Services and Sanitation, Department of General Services, and the offices of the Mayor and Councilmembers. Local Counselors will reach out to these populations and partner with staff to create custom marketing/outreach initiatives for each group.

B. Contributions

Year-to-Date Progress

For FY 17/18 the Board adopted a goal of increasing average contributions year-over-year by 2% with the target refined to exclude accrued leave deferrals (large lump sum amounts contributed from unused sick and vacation payouts upon retirement). This translates to reaching an average annual contribution of \$264 per pay period (or \$6,870 annually) from \$259 per pay period (or \$6,736 annually) in FY 16/17.

The Plan did not meet this goal. Bi-weekly contributions averaged \$260 (\$6,760 annually). As previously reported to the Board, the decrease in average contributions is significantly impacted by the Plan's success at enrolling newer employees that have lower salaries and contribute smaller dollar amounts.



Strategies Update

- The Plan will continue to promote the use of the new percent of pay contribution feature. Through June 30, 2018, 710 participants have opted to contribute via the percent of pay feature, representing 1.76% of actively contributing participants. Of note, participants who have enrolled in the Plan since implementing the new feature utilize the percent of pay feature at a rate of approximately 20%. Messaging about this feature will continue to be included on the Plan website, newsletters, and other Citywide communications.
- Communications issued by the Plan will continue to market the new Retirement Calculator and provide information on how to get the most out of utilizing it.
- Local Retirement Counselors will conduct targeted outreach to employee populations with low contributions rates (as a percent of pay). Voya is now able to provide contribution rate data segmented by department and MOU population, which the Local Counselor team can incorporate into their outreach engagements.

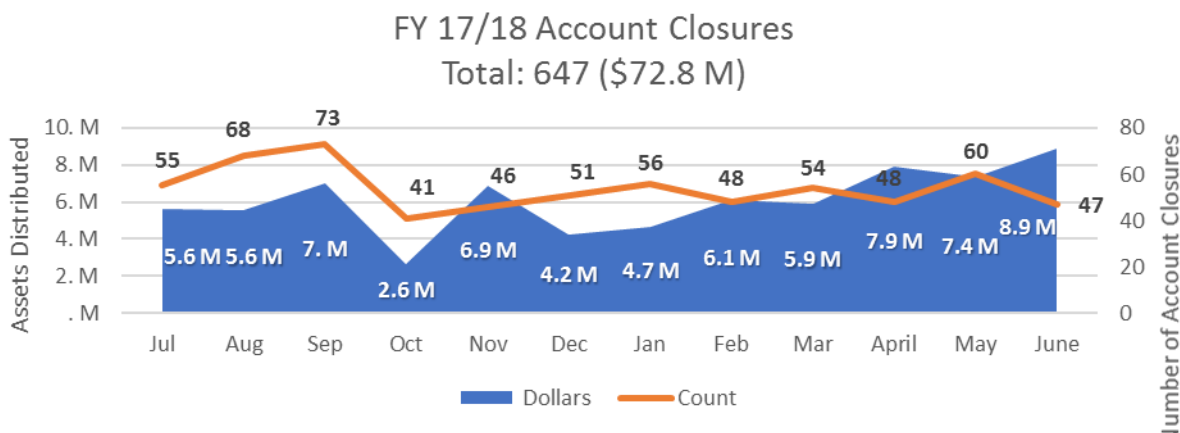
Proposed FY 18/19 Goal

To further refine and improve the goal of increasing participant contributions, staff proposes basing the goal on increasing the average percent of salary, rather than the average dollar amount. This would remove the distortion created by any success the Plan has at enrolling new participants. For the upcoming fiscal year, staff proposes establishing a goal of increasing ongoing salary deferral contribution amounts as a percent of salary by 0.5%. As of July 1, 2018, the average contribution is 6.85% of salary, meaning the FY 18/19 goal would be to reach 7.35%.

C. Distributions

Year-to-Date Progress

The Board adopted a goal of reducing account closures (including both full distributions and full rollovers) as a percent of retiree accounts from 7% to 6%. The Plan reached this goal with only 5.6% of retiree accounts being closed during the fiscal year, totaling 647 closures.



Strategies Update

- Staff is researching retiree behaviors to gain insights and find opportunities for outreach and increased education. One piece of this research involves compiling and analyzing financial transaction data, while the other aspect will rely on direct participant feedback. To that end, staff proposes issuing a feedback survey to each participant that closes their Plan account. Surveys would be distributed on a quarterly basis to all retirees who closed their account during that time period. The survey is included as **Attachment D** to this report. Staff recommends that the Board approve the proposed survey.
- The Plan's new engagement website is currently under development. It is anticipated to launch during the late summer or early fall 2018. The new site will feature, among other components, a prominently displayed section devoted to retiree resources and education.
- A "Stay in the Plan" communication was issued in June 2018 to all Plan retirees. The retiree communication provides an overview of the benefits of choosing to stay with the Plan in retirement and includes a worksheet for comparing the Plan's fees to an outside provider. The retiree communication is included as **Attachment E**.

Proposed FY 18/19 Goal

Staff proposes renewing the 17/18 goal of reducing account closures as a percent of retirees by 0.5%. However, staff recommends refining the target to include only account closures due to full distributions, rather than account closures due to full rollovers (since rollovers are addressed as a separate goal). Account closures due to beneficiary claims or establishment of Qualified Domestic Relations Order (QDRO) accounts would also not be counted, as these do not reflect upon the Plan's efforts to support participant retirement income security following separation from service. In FY 17/18, 361 individuals took full distributions of their accounts. In FY 18/19, the proposed goal would be to reduce the number of full distributions from 3.1% of the retiree population to 2.6%, or from 361 full distributions to approximately 299.

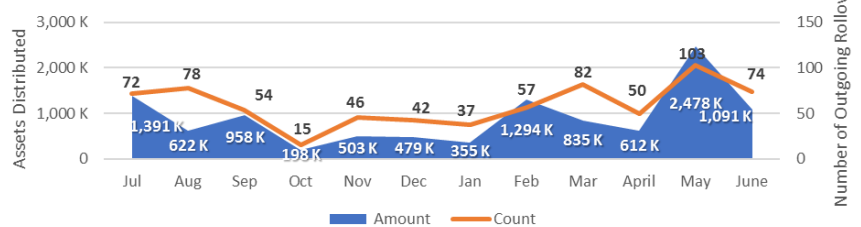
D. Asset Retention (Rollovers)

Year-to-Date Progress

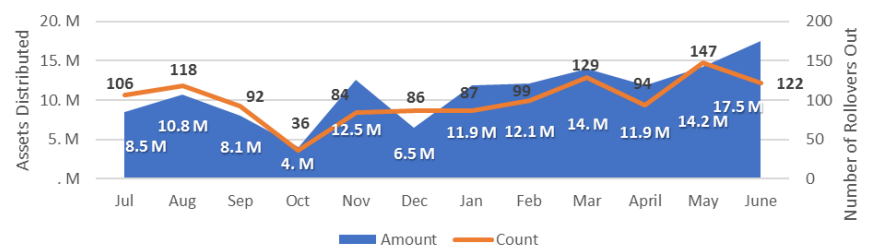
The Board adopted a goal of reducing the number of outgoing rollovers as a percent of retirees from 5% to 4%. The Plan did not reach this goal as there were 1,200 outgoing rollovers, representing 10.4% of the retiree population.

However, of the 1,200 outgoing rollovers, 710 (or 59%) were rollovers to one of the City's three pension systems. In addition, most outgoing rollovers during the fiscal year were partial distributions and did not reflect distributions of a participant's entire account balance.

FY 17/18 Outgoing Rollovers to City Pensions
Total: 710 (\$10.8 M)



FY 17/18 Outgoing Rollovers
Total: 1,200 (\$132 M)



Of the rollovers to retirement vehicles not including the City's pension systems, only **285** were full rollovers. Coupled with the **361** full distributions, in total, only **646** Plan participants closed their accounts due to full distribution or full rollover in FY 17/18. This represents a modest **5.6%** of retiree accounts. **Staff believes this data point is a key metric for measuring the Plan's success and will be looking to obtain comparable peer data from other governmental plans to better assess the City's performance.**

Strategies Update

- Staff recommends issuing a feedback survey to each participant that rolls funds out of the Plan. Surveys would be distributed on a quarterly basis to all retirees who closed their account during that time period. The survey is included as **Attachment F** to this report. Staff recommends that the Board approve the proposed survey.

- The new engagement website and “Stay in the Plan” letter referenced in the prior section are also intended to improve outcomes and reduce full outgoing rollovers.

Proposed FY 18/19 Goal

Staff recommends adopting FY 17/18 goal of reducing the number of retirees who choose to transact full or partial outgoing rollovers by .5% versus the prior year (excluding rollovers to the three City pension systems). Rollovers of beneficiary or QDRO accounts would also not be included. During the 17/18 fiscal year, 490 rollover transactions met these criteria, representing approximately 5.3% of the retiree population. The 18/19 goal would be to reduce this figure to 4.8%, or approximately 465 outgoing rollovers. While staff proposes adopting one goal for reducing outgoing rollovers, staff will track and report on both partial and full rollovers.

Conclusion:

The table below provides a summary of staff’s proposed FY 18/19 goals.

Category	Metric	Goal
Participation	Number of new enrollments and overall employee participation in one year	Increase total new enrollments by 6%
Contributions	The amount contributed by participants on an annual basis	Increase contribution amounts as percent of pay by 0.5%
Distributions	Number of closed accounts (full distributions) each year	Reduce number of full distributions by 0.5%
Rollovers	Number of outgoing rollovers each year	Reduce number of outgoing rollovers by 0.5%

Adoption of the goals detailed in this report will guide the Plan as it builds out new strategies for helping City employees achieve retirement income security.

Submitted by: _____
Daniel Powell

Approved by: _____
Steven Montagna



CITY OF *Los Angeles*

DEFERRED COMPENSATION PLAN

*Create and Live
Your Best Retirement*

July 2018

«First_NameP» «Last_NameP»,«Title»,
«Address_Line_1» «Address_Line_2»
«City_», «State_» «Zip»

A Retirement Readiness Update for <<Department>> Employees

On behalf of the Board of Deferred Compensation Administration, I am pleased to share with you certain information regarding <<Department>> participation in and contributions to the City's Deferred Compensation Plan (the Plan). As you are aware, the City's Plan provides a voluntary retirement savings vehicle to supplement an employee's defined benefit retirement/pension plan benefits. Our mission is to support our active and retired Plan participants in achieving and maintaining retirement income security. Retirement income security simply means being able to retire while maintaining an employee's working standard of living.

The City's Plan is one of the most successful state or local government programs nationally. Compared to our governmental peers, we have higher participation rates, higher average contributions, and higher average account balances, as well as lower administrative and investment management fees (see attachment). We've achieved this remarkable success with a relentless focus on innovation, evolving our products and resources, and providing excellent customer service.

A. Important Metrics Regarding Your Employees

As we reach for ever higher levels of success, we want to improve our dialogue with and support of departmental leadership regarding their employees' utilization of the Plan. To do so, we would like to begin with semi-annual updates regarding certain key participant metrics for your workforce: participation, contributions, and average account balance.

As of June 30, 2018, <<Department>> employees have a participation rate of <<Dept Participation Rate>>. Their average contribution rate is <<Dept Ave Contribution>>, and their average account balance is <<Dept Ave Account Balance>>.

Across the City's workforce, approximately **73%** of eligible employees participate in the Plan. Further, on average Plan participants contribute at a rate of **6%** of salary in the first five years of City service, rising to approximately **8%** at 25 years of service. The average account balance Citywide is **\$138,231**.



City of Los Angeles Deferred Compensation Plan

LA457.com // perdcp@lacity.org // 844-523-2457

200 North Spring Street, Room 867, Los Angeles, CA 90012

B. Support for Improving Employee Outcomes

The Plan has resources available to help support your employees. New electronic tools are available on the Plan website (la457.com) including:

- Simplified online enrollment
- Electronic distribution of loans and retiree payments
- Personalized retirement income projection calculator
- A new mobile application

In addition, we have a team of retirement counselors providing one-on-one assistance at our Local Service Center located in Room 867 City Hall. Our counselors are also available for onsite meetings and would be happy to participate in events, meetings, or other specialized outreach that may interest you. If you have questions or would like to discuss outreach strategies for your employees, please contact Daniel Powell of the Plan's staff at (213) 978-1586 or via email at Daniel.Powell@lacity.org.

We look forward to partnering with you to create improved retirement readiness outcomes for your employees. Thank you for your support of the City's Plan.

Respectfully,

John R. Mumma, Chairperson
Board of Deferred Compensation Administration

Enclosed: Plan Comparison Guide, Deferred Compensation Plan 2017 Annual Report



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July 2018

«First_NameP» «Last_NameP»,«Title»,
«Address_Line_1» «Address_Line_2»
«City_», «State_» «Zip»

A Retirement Readiness Update for <<Bargaining Unit>> Members

On behalf of the Board of Deferred Compensation Administration, I am pleased to share with you certain information regarding <<Bargaining Unit>> participation in and contributions to the City's Deferred Compensation Plan (the Plan). As you are aware, the City's Plan provides a voluntary retirement savings vehicle to supplement an employee's defined benefit retirement/pension plan benefits. Our mission is to support our active and retired Plan participants in achieving and maintaining retirement income security. Retirement income security simply means being able to retire while maintaining an employee's working standard of living.

The City's Plan is one of the most successful state or local government programs nationally. Compared to our governmental peers, we have higher participation rates, higher average contributions, and higher average account balances, as well as lower administrative and investment management fees (see attachment). We've achieved this remarkable success with a relentless focus on innovation, evolving our products and resources, and providing excellent customer service.

A. Important Metrics Regarding Your Members

As we reach for ever higher levels of success, we want to improve our dialogue with and support of our labor partners regarding their members' utilization of the Plan. To do so, we would like to begin with semi-annual updates regarding certain key participant metrics for your population: participation, contributions, and average account balance.

As of June 30, 2018, <<Bargaining Unit>> employees have a participation rate of <<MOU Participation Rate>>. Their average contribution rate is <<MOU Ave Contribution>>, and their average account balance is <<MOU Ave Account Balance>>.

Across the City's workforce, approximately **73%** of eligible employees participate in the Plan. Further, on average Plan participants contribute at a rate of **6%** of salary in the first five years of City service, rising to approximately **8%** at 25 years of service. The average account balance Citywide is **\$138,231**.



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200 North Spring Street, Room 867, Los Angeles, CA 90012

B. Support for Improving Member Outcomes

The Plan has resources available to help support your members. New electronic tools are available on the Plan website (la457.com) including:

- Simplified online enrollment
- Electronic distribution of loans and retiree payments
- Personalized retirement income projection calculator
- A new mobile application

In addition, we have a team of retirement counselors providing one-on-one assistance at our Local Service Center located in Room 867 City Hall. Our counselors are also available for onsite meetings and would be happy to participate in events, meetings, or other specialized outreach that may interest you. If you have questions or would like to discuss outreach strategies for your members, please contact Daniel Powell of the Plan's staff at (213) 978-1586 or via email at Daniel.Powell@lacity.org.

We look forward to partnering with you to create improved retirement readiness outcomes for your members. Thank you for your support of the City's Plan.

Respectfully,

John R. Mumma, Chairperson
Board of Deferred Compensation Administration

Enclosed: Plan Comparison Guide, Deferred Compensation Plan 2017 Annual Report



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How Does the City's Plan Compare to its Governmental Peers?



Participation

Peers	City of LA
52.6%	73.9%



Average Annual Contribution

Peers	City of LA
\$3,584	\$7,031



Average Account Balance

Peers	City of LA
\$48,416	\$138,231

Administrative Fee Comparison

Plan Cost Type	Peers	City of LA
Recordkeeping Costs	0.10%	0.03%
Professional Services Costs	0.01%	0.00%
Internal Costs	0.03%	0.02%
Total Recordkeeping & Administration Fees	0.13%	0.05%

Participation, contribution, and account balance data is as of December 31, 2016 and was provided by the National Association of Government Defined Contribution Administrators (NAGDCA) 2016 Perspectives in Practice benchmarking survey. Fee data was yielded by a 2018 study conducted by the State of California Savings Plus Program.



Retirees Survey 2018: Full Distributions

Purpose

To better understand the decision process that leads a Retiree to initiate a full distribution rather than stay in the Plan.

Objectives

1. Understand the principal reasons Retirees take full distributions
2. Identify improvements to process and communications that encourage participants to maintain their accounts to help support their future retirement readiness
3. Assess Retiree satisfaction with decision to take full distribution
4. Assess Retiree perceived retirement security since leaving the Plan

Plan

Beginning June 2018, an online survey will be sent to Retirees who have taken full distributions from their accounts within the last 90 days. Participants will be notified of the survey via email (or postcard for those without an email address on file). The process will run every quarter.

Survey Population

- Retirees that have taken full distributions from the plan within the last 90 days
- Account balances greater than \$50,000



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Text of Email:

The City of Los Angeles Deferred Compensation Plan is committed to supporting our retired participants in achieving and maintaining their retirement income security. In the last few months, our records indicate that you took a full distribution of your Deferred Compensation Plan account. We would appreciate a few minutes of your time to help us better understand your reasons for taking a full distribution so that we can better understand the needs of our retiree population and how we can best support them. The survey is completely anonymous unless you elect to share your contact information at the end. Please click on the link below to take the survey:

Online Survey Questions:

Q1. Why did you take full distribution from your Deferred Compensation Plan account? *Please select all that apply for each below.*

- ☐ I needed the funds for personal expenses
- ☐ I provided funds to family members, friends, or a charitable organization
- ☐ I wanted to decrease my debt
 - ☐ I decreased my consumer debt
 - ☐ I decreased my mortgage debt
 - ☐ Other _____
- ☐ I wanted to make a large purchase
 - ☐ I purchased a home
 - ☐ I purchased a vehicle
 - ☐ Other _____
- ☐ I needed to pay for medical expenses
 - ☐ I paid for medical expenses for myself
 - ☐ I paid for medical expenses for a family member
 - ☐ Other _____
- ☐ I needed resources for elder care for a family member
- ☐ I needed to finance a relocation
- ☐ I was under the impression I must cash out my funds upon retirement
- ☐ Other _____

Q2. Were you aware that the Plan allows retirees to take loans from their accounts?

- ☐ Yes
- ☐ No



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Please indicate the extent to which you agree or disagree with the following statement.

Q3. Overall, I am satisfied with my decision to take a full distribution of my account.

- ☐ Strongly Agree
- ☐ Somewhat Agree
- ☐ Neither Agree nor Disagree
- ☐ Somewhat Disagree
- ☐ Strongly Disagree

Please indicate the extent to which you agree or disagree with the following statement.

Q4. I am optimistic that I will have sufficient income to last through retirement.

- ☐ Strongly Agree
- ☐ Somewhat Agree
- ☐ Neither Agree nor Disagree
- ☐ Somewhat Disagree
- ☐ Strongly Disagree

Q5. How can we improve the Plan for all retirees?

Q6. May we contact you regarding this survey for follow-up or to participate in a focus group? (If “yes”, name, phone number, and email address will be collected)

- ☐ Yes
- ☐ No

We appreciate your feedback. If you have questions or would like to provide additional feedback, please contact Plan administration at (213) 978-1586 or by email at perdcp@lacity.org.

Thank you for completing this survey!



At your service throughout your retirement

Create and Live Your Best Retirement

Although you've separated from full-time City service, you can continue to benefit from the City's Deferred Compensation Plan. Our customer service team, investment options, and competitive fees are the same for participants still working and those who have left City service. Keeping your money in the Plan may provide you with better retirement opportunities than rolling your money into another plan or Individual Retirement Account (IRA).

Factors to consider before transferring your funds to another provider:

- 1. Yes, you can stay** - You do not have to move your money out of the City Plan when you retire or terminate employment. You can leave your money in the Plan and we can help you with your Required Minimum Distributions when you turn 70½.
- 2. Low fees** - You benefit from "strength in numbers" by being part of a large group plan. With \$6 billion in assets, the Plan is able to negotiate competitive investment and administrative costs, and there are no sales costs associated with any of the Plan's core investment options. This means that more of your money is working for you in your Plan account rather than going toward fees. To compare our fees against a competing provider, please use the worksheet on the other side of this page as a guide.
- 3. Consolidate your retirement savings** - You can roll over assets from other before-tax accounts into your Plan account making it easy for yourself by keeping all your assets in one place. Please carefully consider the benefits of existing and potentially new retirement accounts and any differences in features. Please note that assets rolled over from other non-457 plans (such as 401(a)/401(k), 403(b), a traditional IRA) may remain subject to the IRS 10% premature distribution penalty tax.
- 4. A wide range of investment options** - You have access to a variety of investment choices, including two savings investment options, a bond mutual fund, and stock mutual funds. You can also select from five investment Profile Portfolios based on your investor risk tolerance. For advanced investors we offer the self-directed brokerage option through Charles Schwab & Co., Inc. which provides access to invest in most New York Stock Exchange, American Stock Exchange and NASDAQ listed stocks, most ETFs, corporate and government bonds, and registered mutual funds including no transaction fee and no-load funds.
- 5. Flexible distribution and payout options** - The Plan provides a variety of distribution options to suit your financial needs, including installment payments and partial withdrawals. You can change your distribution option as many times as needed to meet your needs. You also have the option of taking a loan *à la* your account, helping you accomplish short-term or medium-term financial goals. So long as you pay back your loan, all interest paid goes back to your account!



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VOYA
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We're on your team

Our mission is to support you in achieving and maintaining your retirement income security. In addition to the representatives available via the Plan Information Line, we also provide you with a local **City Hall Service Center** staffed by retirement counselors you can trust to help you understand your distribution options, investment options, how to update your beneficiaries, and more.



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To contact the City Hall Service Center, call (213) 978-1601 or visit us at: 200 N. Spring St. | Room 867 | Los Angeles, CA 90012.

Plan administration services provided by Voya Institutional Plan Services, LLC. Information from registered Plan Service Representatives is for educational purposes only and is not legal, tax, or investment advice. Local Plan Service Representatives are registered representatives of Voya Financial Advisors, Inc. (member SIPC).

Fee Comparison Worksheet

The worksheet below can assist you when researching and comparing plan fees and options. The fees and features of your Deferred Compensation Plan are filled in for you, and space is provided for you to fill in the fees and features of any other plan or IRA you may be considering – providing you an at-a-glance comparison for simplified decision-making.

Distribution of Fees/Expenses	Your City of Los Angeles Deferred Compensation Plan	Other IRA or Plan
Annual Fee Also known as Trustee or Custodial Fee; typically, an administrative charge	0.09% of account balance (not to exceed \$115 annually)	
Sales Charges or Loads Usually in mutual funds, a charge assessed on the value invested at the beginning (front-end load) or at redemption (back-end load); there are other variations of loads	\$0 (Waived even if the retail version has a load)	
Mortality and Expense Fee (M&E) Assessed typically for variable and fixed annuities on investments issued by insurance companies	\$0	
Contingent Deferred Sales Charge (CDSC) Assessed for some mutual funds and variable annuities if in certain cases funds are withdrawn, rolled over, or transferred before the end of an established period	\$0	
Operating Expense Ratio Also known as an Investment Management Expense, an implicit mutual fund or variable annuity fee (netted from return so that you do not "see" it as a fee) that pays the fund company for its services	Varies depending on investment option; the Plan's average expense ratio is 0.18%	
Transfer or Exchange Fee A transaction-based fee for transferring to other funds, usually to another fund family	\$0	
Transaction Fee Assessed if you make fund transfers or other transactions, such as requesting a distribution	\$0	

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CITY OF *Los Angeles*
DEFERRED COMPENSATION PLAN

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Retirees Survey 2018: Rollout from the Plan

Purpose

To better understand the decision process that leads a Retiree to initiate an outgoing rollover rather than keeping assets in the Plan.

Objectives

1. Understand the principal reasons Retirees take rollouts
2. Collect feedback from Retirees on their experience leaving the Plan
3. Identify improvements to process and communications that increase retention
4. Assess Retiree satisfaction with decision to leave the Plan
5. Assess Retiree perceived retirement security since leaving the Plan

Plan

Beginning June 2018, an online survey will be sent to Retirees who have taken rollouts within the last 90 days. Participants will be notified of the survey via email (or postcard for those without an email address on file). The process will run every quarter.

Survey Population

- Retirees that have rolled money out of the Plan within the last 90 days
- Exclude rollouts from beneficiaries
- Exclude QDRO accounts
- Exclude rollouts to other City Plans



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Text of Email:

The City of Los Angeles Deferred Compensation Plan is committed to supporting our retired participants in achieving and maintaining their retirement income security. In the last few months, our records indicate that you transferred your account balance to another provider. We would appreciate a few minutes of your time to help us better understand why you decided to transfer your account so that we can better understand the needs of our retiree population and how we can best support them. The survey is completely anonymous unless you elect to share your contact information at the end. Please click on the link below to take the survey:

Online Survey Questions:

Q1. Why did you transfer your account from the Deferred Compensation Plan? *Please select all that apply.*

- ☐ I believe I can better meet my investment objectives with another service provider
- ☐ Transferring allows me to work with a financial advisor who can offer investment advice
- ☐ Transferring allows me to work with a preferred self-directed brokerage provider
- ☐ I was dissatisfied with the City's Plan products and services
- ☐ I wanted to consolidate my assets with another employer-sponsored plan or provider
- ☐ I wanted lower investment fees
- ☐ Other: _____

Please indicate the extent to which you agree or disagree with the following statement.

Q2. Overall, I am satisfied with my decision to transfer my account from the Deferred Compensation Plan.

- ☐ Strongly Agree
- ☐ Somewhat Agree
- ☐ Neither Agree nor Disagree
- ☐ Somewhat Disagree
- ☐ Strongly Disagree

Please indicate the extent to which you agree or disagree with the following statement.

Q3. I am optimistic that I will have sufficient income to last through retirement.

- ☐ Strongly Agree
- ☐ Somewhat Agree
- ☐ Neither Agree nor Disagree
- ☐ Somewhat Disagree



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- ☐ Strongly Disagree

Q4. Are there changes or improvements to the Plan that may have made it more likely that you would maintain your account with the City?

- ☐ Yes
 - ☐ (If "yes") Please explain what changes or improvements might have prevented you from transferring.

- ☐ No

Q5. How can we improve the Plan for all Retirees?

Q6. May we contact you regarding this survey for follow-up or to participate in a focus group? (If "yes", name, phone number, and email address will be collected)

- ☐ Yes
- ☐ No

We appreciate your feedback. If you have questions or would like to provide additional feedback, please contact Plan administration at (213) 978-1586 or by email at perdcp@lacity.org.

Thank you for completing this survey!