

Deferred Compensation Plan

BOARD REPORT 16-32

Date: October 11, 2016

To: Board of Deferred Compensation Administration

From: Staff

Subject: Staff Report – Projects & Activity Report

*Board of Deferred
Compensation Administration
John R. Mumma, Chairperson
Michael Amerian, Vice-Chairperson
Cliff Cannon, First Provisional Chair
Raymond Ciranna, Second Provisional Chair,
Wendy G. Macy, Third Provisional Chair
Linda P. Le
Thomas Moutes
Robert Schoonover
Don Thomas*

Recommendation:

That the Board of Deferred Compensation Administration receive and file staff's update on Plan projects and activities during September 2016.

Discussion

This report provides updates and informational items relative to the following:

A. CURRENT/UPCOMING PROJECTS & BOARD MEETING CALENDAR

Projects – Personnel Department staff are responsible for four primary functions relative to executing the City's Deferred Compensation Plan: communications, operations, administration, and governance. Below are certain key projects that staff has been working on:

Communications

- National Retirement Security Week: Staff is concluding its work on the following components of the campaign:
 - ✓ Proclamation signed by the Mayor
 - ✓ Development of Microsite
 - ✓ Postcard printing and mailing to retirees
 - ✓ E-mail and online notices/web banner to all Plan participants, including an article in the 3Q newsletter
 - ✓ Financial Wellness exercise for active and retiree participants
- 3Q 2016 Newsletter: Staff completed its review of content for articles to be included in the 3Q newsletter, which will be distributed at the end of October. Content includes an overview of National Retirement Security Week, a year-end planning to do list, as well as an article that highlights the reasons and incentives for retired participants to keep their money saved and invested with the Plan.

Operations

- *Participant Services:* Staff continues to assist participants with questions and issues related to loan administration, distributions, contributions, special catch-up enrollment, and accrued leave deferrals.

Administration

- *Travel Policy Review and Update:* Staff is currently preparing a proposal for recommendations to improve Plan travel administration. Staff is tentatively planning to report back to the Board at its next meeting to provide clarification as to which entity has final administrative authority over Plan expenditures as well as address the feasibility/merits of creating an independent travel policy.
- *Union Bank:* As previously indicated to the Board, the addition of Union Bank as a third provider for the Plan's blended FDIC option, which was previously scheduled to take place October 1, has been postponed. This was a result of late developing challenges with Union Bank and its execution of an operational trade agreement with Empower. Union Bank had previously approved language for the agreement developed between the two entities. However, shortly before implementation new legal counsel for Union Bank made significant changes to the language and was not subsequently timely in attending an important telephonic meeting to resolve the outstanding issues. Based on this, staff contacted the Board Chairperson and after discussion made the decision to postpone implementation. As of the writing of this report, the Trade Agreement issues have not been resolved and City contract language is still being negotiated. Given this, and as part of ensuring that both the Board and staff are confident in Union Bank's organizational reliability, no transfer of assets will take place until such time as all contractual agreements have been fully resolved and this item has been returned to the Board for final review and agreement as to a new transition date. Notice was provided on the participant website and a custom communication was generated to approximately 20 participants who would have (due to their large holdings in this option) seen an increase in their level of FDIC insured assets had the change taken place.

A summary of all completed and upcoming projects for Division staff is provided as Attachment A.

Meeting Calendar – Staff maintains a calendar of upcoming Board meetings and proposed topics. This calendar includes the annual meeting plan and will be refined and updated as the Board meets and objectives/assignments are refined for the coming year. The current calendar is provided as Attachment B.

B. STAFFING AND COMMITTEE ASSIGNMENTS

Following is a summary of staff positions supporting the Deferred Compensation Plan:

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 Personnel Analyst II	Operations Manager	60%	Ana Chavez
Management Analyst II	Management Analyst II	Administration/Policy	90%	Matthew Vong
Management Analyst II	Management Assistant	Metrics/Communications	90%	Daniel Powell
Management Analyst II	Management Assistant	Governance/Special Projects	90%	Angela Yin
Benefits Specialist	Sr. Administrative Clerk	Participant Services	90%	Claudia Guevara
City Attorney				
Assistant City Attorney	Assistant City Attorney	Board Counsel	25%	Curt Kidder
Legal Assistant	Legal Assistant	Participant Legal Services	40%	Vicky Williams

Committee Membership – Following is the new committee roster as designated by the Board Chairperson, effective July 20, 2015:

Plan Governance & Administrative Issues Committee
John R. Mumma, Chair
Cliff Cannon
Linda P. Le
Michael Amerian

Investments Committee
Raymond Ciranna, Chair
Thomas Moutes
Michael Amerian
Don Thomas

C. Other Items

- **NAGDCA Conference Update:** The 2016 NAGDCA Annual Conference took place in Denver, Colorado beginning September 18 and ending September 21, 2016. This year's conference focused on measuring and creating success. Presentations and interactive sessions provided forums for discussion and exchange of ideas amongst Plan Sponsors as well as service providers. Highlights of the conference include:
 - **Communications Success Presentation:** Gary DeMoss with Invesco Consulting provided an interactive presentation focusing on the importance and relationships of language to participant interpretation and behaviors. Through an interactive exercise, he demonstrated the importance of formulating effective messaging in order to successfully engage participants as well as gain their trust and confidence.
 - **Regulatory Updates:**
 - **Determination Letter Program Update:** Effective 01/01/2017, IRS eliminates letter filing program for individually designed plans.
 - **Because of recent changes to the Defending Public Safety Employees' Retirement Act,** effective 12/31/2015, qualified public safety employees may begin withdrawing funds starting at age 50 without paying an early withdrawal penalty.

- Department of Labor Fiduciary Rule expands liability under ERISA with respect to fiduciaries who provide investment advice. Though ERISA does not apply to government plans, Plan advisors and investment managers may change their business practices for all clients, including government Plans.
- Technology & Engagement: Nathan Jaye, founder of Ziprz discussed how new and evolving technologies have led to an evolution of communication, in particular among the millennial generation. He noted that Plans, in the future, may very well engage participants with less written language, and more so via visual forms of communication. (e.g., Pictures, Video, Emojis, Symbols)

Submitted by: _____
Matthew Vong

Reviewed by: _____
Ana Chavez

Approved by: _____
Steven Montagna

DEFERED COMPENSATION

Legend:

G = Governance

C = Communications

O = Operations

A = Administration

COMPLETED PROJECTS: September 2016

#	STATUS		PROJECT	DUE DATE	COMPLETED?	NOTES
1	Completed	G	Board Report - Minutes	09/30/16	Y	For July
2	Completed	G	Board Report - Staff Report	09/30/16	Y	For July & August
3	Completed	G	Board Report - 2016 National Retirement Security Week Campaign Proposal	09/30/16	Y	
4	Completed	G	Board Report - DCP TPA RFP Selection Recommendation	09/30/16	Y	
5	Completed	C	National Retirement Security Week (NRSW) Microsite	09/30/16	Y	
6	Completed	C	NRSW Email Draft	09/30/16	Y	
7	Completed	C	NRSW 3Q Newsletter Article Draft	09/30/16	Y	
8	Completed	C	3Q 2016 Newsletter Article Draft review and revisions	09/30/16	Y	
9	Completed	C	FDIC - Fund Sheet Revision	09/30/16	Y	
10	Completed	O	Plan Payroll & Transaction Processing	09/30/16	Y	Ongoing
11	Completed	O	Participant & Payroll Issues Resolution	09/30/16	Y	Ongoing

PENDING PROJECTS

OCTOBER 2016

1	PENDING	G	Board Report - Minutes	10/31/16		For September
2	PENDING	G	Board Report - Staff Report	10/31/16		For September
3	PENDING	G	Board Report - Plan Governance Documents Review Schedule	10/31/16		Pending
4	PENDING	G	Board Report - Investment Issues Review Schedule	10/31/16		Pending

5	PENDING	G	Board Report - Quarterly Reimbursements, 1Q & 2Q 2016	10/31/16		Pending
6	PENDING	G	Board Report - DCP Plan Proposed Metrics	10/31/16		Pending
7	PENDING	G	Board Report - DCP FY 2017-18 Training/Travel Program	10/31/16		Pending
8	PENDING	G	Board Report - TPA Transition Update	10/31/16		Pending
9	PENDING	A	NAGDCA Travel PES reimbursements	10/31/16		Pending
10	PENDING	A	Union Bank - Contract Review by City Attorney	10/31/16		Pending
11	PENDING	A	Union Bank - Contract Review by Vendor	10/31/16		Pending
12	PENDING	A	Union Bank - Trading Agreement with Empower	10/31/16		Pending
13	PENDING	A	PSP TPA RFP - Posting	10/31/16		Pending
14	PENDING	C	New Employee Welcome Packet - Development	10/31/16		Pending
15		C	NRSW Campaign E-mail, Website & Postcard Development	10/31/16		Pending
16	PENDING	C	Investment Performance Document - Revisions	10/31/16		FNs to be updated for FDIC; review for other fund changes as well.
17	PENDING	C	Distribution Options Guide - Tax and Loan revisions	10/31/16		Pending
18	PENDING	C	3Q 2016 Newsletter - Formatting & Layout Review	10/11/16		Pending
19	PENDING	C	Catch Up - Form revisions	10/31/16		Pending
20	PENDING	O	Catch Up Unused Bucket - To fix amounts reset at 2015 end.	10/31/16		Pending. SOS Ticket #767404
21	PENDING	O	Plan Payroll & Transaction Processing	10/31/16		Ongoing
22	PENDING	O	Participant & Payroll Issues Resolution	10/31/16		Ongoing
NOVEMBER 2016						
23	PENDING	G	Board Report - Minutes	11/31/16		For September
24	PENDING	G	Board Report - Staff Report	11/31/16		For September
25	PENDING	G	Board Report - Participation & Communications	11/31/16		Pending
26	PENDING	G	Board Report - Travel Policy	11/31/16		Pending
		G	Board Report - Quarterly Reimbursements - 3Q 2016	11/31/16		

27	PENDING	A	Union Bank - Contract Approval from CAO/Mayor	11/31/16		Pending
28	PENDING	A	Union Bank - Contract Execution	11/31/16		Pending
29	PENDING	A	Governance Documents Review	11/31/16		Plan Document, Bylaws, Travel Policy - review of Board's authority, etc.
30	PENDING	C	Revise Pension Savings Plan Highlights	11/31/16		Pending
31		C	NRSW Campaign E-mail, Website & Postcard Rollout	11/31/16		Pending
32	PENDING	C	Accrued Leave - Flier and Form Revisions	11/31/16	y	Pending
33	PENDING	C	3Q 2016 Compliance Review	11/31/16		
34	PENDING	C	3Q 2016 Newsletter - Mail & Print	11/31/16		
35	PENDING	C	Catch Up - Form revisions	11/31/16		Pending
36	PENDING	O	Plan Payroll & Transaction Processing	11/31/16		Ongoing
37	PENDING	O	Participant & Payroll Issues Resolution	11/31/16		Ongoing
UPCOMING						
38	PENDING	G	Board Report - Beneficiary Campaign Summary	TBD		Pending
39	PENDING	G	Board Report - Distributions & Contributions - Retirees who return to work	TBD		Pending
40	PENDING	G	Report back recapping presentation on Financial Wellness from Strategic Planning Meeting	TBD		Pending
41	PENDING	G	Letter to City Council re 10% Early Distribution Penalty	TBD		Pending
42	PENDING	G	Board Report - Proxy Share Voting	TBD		To add to Gov Review
43	PENDING	G	PSP Program Review - Proposal for Terminated Accounts	TBD		Pending
44	PENDING	G	Loan Policy Document	TBD		Pending
45	PENDING	G	Board Report - Historical Contribution History	TBD		Pending
46	PENDING	G	Board Report - SAS Form	TBD		Pending
47	PENDING	G	Review of CA Governmental Plan - Demographic Files	TBD		Pending
48	PENDING	G	Board Report - Contractor Evaluation Policy	TBD		Pending
49	PENDING	G	Board Report - Retirement/Pension System Retired Loan Payments	TBD		Pending
50	PENDING	G	Investments Committee Meeting: Investment Policy Review - Termination	TBD		Pending

51	PENDING	G	Research adding other Plan type in order to increase savings opportunities (from 8/21/12 BDCA meeting)	TBD		Pending
52	PENDING	G	Deemed IRA	TBD		Pending
53	PENDING	G	Auto-Glide Investment Allocations	TBD		Pending
54	PENDING	G	Board Report - Transition Manager Procurement	TBD		Pending
55	PENDING	G	Revisit Plan Audit	TBD		Pending
56	PENDING	G	Board Report - 2014 PSP Annual Report	TBD		Pending
57	PENDING	C	Research - Video Content Development & Social Media Capabilities	TBD		Pending
58	PENDING	C	Website Tutorial/Education Videos	TBD		Pending
59	PENDING	C	Letter Notification to Participants RE: Catch-Up Eligibility ("Attained Age Letters")	TBD		Pending
60	PENDING	C	EZ Enrollment Form	TBD		Pending
61	PENDING	C	Enrollment Guide Revision	TBD		Pending
62		C	DROP Options Guide update-revisions	TBD		Pending
63	PENDING	C	Enrollment Form Revision Phase 2 (Auto escalation & PSP Rollover addition)	TBD		Pending
64	PENDING	C	DROP participant fee comparison graphic flier	TBD		Pending
65	PENDING	C	Roth 457 Intro Guide Revise/Redesign	TBD		Pending
66	PENDING	C	DCP Glossary	TBD		Pending
67	PENDING	C	Communications Plan: List of alternative DC publications and outlets (LACERS, Pensions, Union pubs, etc.)	TBD		Pending
68	PENDING	A	Budget procedural revisions	TBD		Pending
69		O	Catch Up Contribution changes allowed online	TBD		Pending
70	PENDING	O	PSP Account Consolidation	TBD		Pending
71	PENDING	O	Domestic Partners Research and Review with City Attorney and California Peers	TBD		Pending
72	PENDING	O	Online Enrollment Functionality	TBD		Pending
73	PENDING	O	Pre-Audit Testing - Phase II	TBD		Pending
74	PENDING	O	PST Retroactive Adjustments - Meeting w/ LACERS & Controller	TBD		Pending
75	PENDING	O	DCP Workprocesses Review & Documentation	Ongoing		Pending

BDCA UPCOMING AGENDA TOPICS

	Administrative Issues	Presentations/Training
Oct. 2016	DCP Proposed Metrics	Quarterly Investment & Economic Review (2Q 2016)
	DCP Committees - Issues & Schedule	
	Proposed DCP Training Program, FY 17-18	
	Quarterly Reimbursements, 1Q, 2Q 2016	
	TPA Transition Update	
Nov. 2016	TPA Transition Update	Quarterly Investment & Economic Review (3Q 2016) Fund Manager Presentation (Vanguard)
	Travel Policy	
	Goals & Metrics Update	
	Union Bank Update	
Dec. 2016	TPA Transition Update	TPA/Plan Statistics Review (3Q 2016)
	Quarterly Reimbursements, 3Q 2016	
	NRSW Campaign Follow Up	
	Goals & Metrics Update	
Jan. 2017	TPA Transition Update	Fund Manager Presentation (Galliard)
	2016 Meeting Attendance	
	Goals & Metrics Update	
	2017 Plan Year Budget	Fund Manager Presentation (FDIC Banks)
	2017 Board Elections - Overview	
Feb. 2017	TPA Transition Update	Quarterly Investment & Economic Review (4Q 2016)
	Quarterly Reimbursements, 4Q 2016	
	Goals & Metrics Update	
Mar. 2017	TPA Transition Update	TPA/Plan Statistics Review (4Q 2016)
	Goals & Metrics Update	
Apr. 2017	TPA Transition Update	
	2017 Board Elections - Update	
	DCP Annual Report 2016	
	Goals & Metrics Update	
May 2017	TPA Transition Update	Quarterly Investment & Economic Review (1Q 2017)
	2016-2017 Conference Training Preferences	
	Goals & Metrics Update	
June 2017	TPA Transition Update	TPA/Plan Statistics Review (1Q 2017)
	2017 Board Elections - Results	
	Goals & Metrics Update	