

Deferred Compensation Plan

BOARD REPORT 16-08

Date: February 6, 2016

To: Board of Deferred Compensation Administration

From: Staff

Subject: Strategic Priorities 2016

*Board of Deferred
Compensation Administration
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Michael Amerian, Vice-Chairperson
Cliff Cannon, First Provisional Chair
Raymond Ciranna, Second Provisional Chair
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Recommendation:

That the Board of Deferred Compensation:

- (a) Adopt staff's proposed strategic administrative and participant priorities for the City's Deferred Compensation Plan for 2016;
- (b) Refer consideration of new benchmarking and data management resource options to the Plan Governance & Administrative Issues Committee;
- (c) Refer review of the Plan's Investment Policy Statement to the Investments Committee; and
- (d) Refer review of the Plan Document and Bylaws to the Plan Governance & Administrative Issues Committee.

Discussion:

Staff has prepared a presentation for the Board regarding identifying strategic priorities for the Deferred Compensation Plan in 2016 (see attached). The purpose of engaging in a discussion with the Board regarding the Plan's priorities is to assist the Board and staff in identifying and meeting certain key objectives for driving success in both administrative as well as participant outcomes, and to address related decision-points regarding the allocation of Plan resources. The attachment details the following proposed administrative and participant priorities for 2016:

Administrative Priorities

- 1. Execute Third-Party-Administrator Search
- 2. Innovate Plan Marketing/Communications/Distribution Channels
- 3. Implement Automatic Enrollment Program
- 4. Evaluate Benefits of Benchmarking/Data Management Resources
- 5. Review/Update Investment Policy Statement, Plan Document & Bylaws

Participant Priorities

- 1. Promote Retirement Security Awareness/Conduct Participant Survey
- 2. Identify/Meet Participation Growth Targets
- 3. Identify/Meet Average Contribution Rate Growth Targets
- 4. Identify/Meet Rollover Retention Targets
- 5. Research Distribution Behaviors for Purpose of Creating Related Metrics

Development of these recommended priorities has arisen in concert with a number of significant recent initiatives from the Plan:

- (a) Metrics & Benchmarking** – The City’s Plan has been building its emphasis and focus around measuring success, both internally as measured against prior results as well as externally relative to peer results. This shift in thinking is moving the Plan towards a more outcomes-based approach to identifying priorities and challenging itself to reach for and improve upon success.
- (b) TPA RFP Development Process** - The development process for the Request for Proposal for Third Party Administrative (TPA) services has fostered greater focus around applying the Plan’s mission and success metrics to the TPA’s administrative and communications functions.
- (c) Communications Retreat** – On January 15, 2016, staff held a half-day communications retreat with the Board’s Communications Consultant (Segal). The purpose of the retreat was to determine how best to align Plan communication messaging, distribution channels, and Plan resources in support of the Plan’s mission.
- (d) Budget and Resources** – The Board’s action identifying the Plan’s indirect cost methodology has allowed staff to establish the Plan’s current and projected available long-term resources (see Board Report 16-09).

The combination of the deliberations and evaluation included within these separate processes now positions the Plan to develop a set of strategic priorities relative to its available resources. This report and presentation include not only the recommended priorities but also a number of recommended Board actions to move forward with certain key initiatives. These recommendations include the following:

- (a) Adopt staff’s proposed strategic administrative and participant priorities for the City’s Deferred Compensation Plan for 2016;
- (b) Refer consideration of new benchmarking and data management resource options to the Plan Governance & Administrative Issues Committee;
- (c) Refer review of the Plan’s Investment Policy Statement to the Investments Committee; and
- (d) Refer review of the Plan Document and Bylaws to the Plan Governance & Administrative Issues Committee.

These recommendations will be explained further in the attachment and the presentation to the Board.

Submitted by:

Steven Montagna