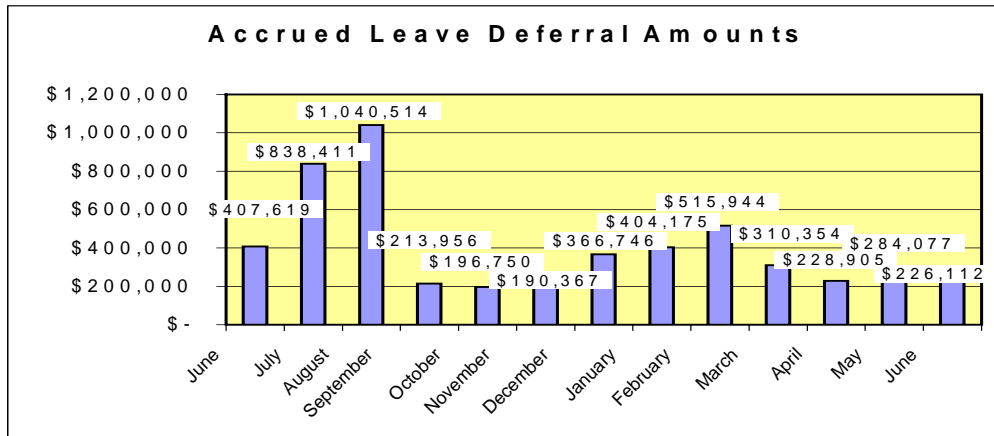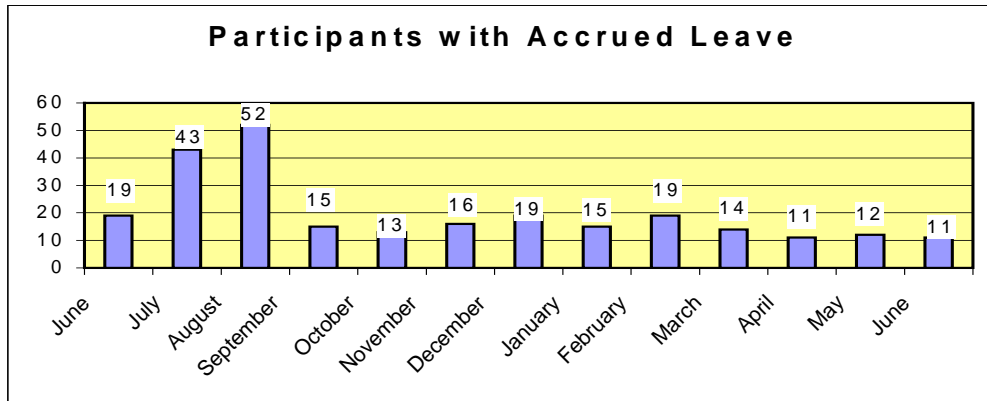|		
Date:	July 13, 2009	
To:	Board of Deferred Compensation Administration	
From:	Staff	
Subject:	Staff Report: Pending Projects & Information Items	

Recommendation:
That the Board of Deferred Compensation Administration receive and file the following information.

Pending Projects & Information Items:

- **Personnel Department Staffing –** Comments from Board member and Personnel Department General Manager Maggie Whelan regarding staffing and the Deferred Compensation Plan.

- **Russell 2000 Contract –** A series of discussions involving the vendor, staff, and the City Attorney's Office occurred the final two weeks of June, 2009, and execution of this contract appears imminent.

- **Galliard Contract –** Following a series of discussions involving the vendor, staff, and the City Attorney's Office over the the final two weeks of June, 2009, this contract will be approved/executed the week of July 13-17.

- **City Council Report –** A report back to Personnel Committee regarding the financial status of the Deferred Compensation Plan was submitted on July 6, 2009. Councilmember Dennis Zine, Chair of the Committee, has requested regular updates until general economic conditions show signs of stabilizing.

- **Pre-Audit Testing Report –** Board Report 09-34 regarding pre-audit testing will be placed on the Board's August agenda since the lead staff person for this project will not be able to attend the July meeting.

- **Early Retirement Program and Accrued Leave –** Should the City move forward with the Early Retirement Incentive Program as it is presently proposed, it is anticipated that there will be increased activity in the Accrued Leave Deferral Option, which allows participants to defer post-severance accrued vacation and sick time into the Deferred Compensation Plan. Although employees are not expected to be able to defer any incentive payments into the Plan (this is based on advice provided by the Plan's consultant and which the City Attorney's Office is presently verifying),
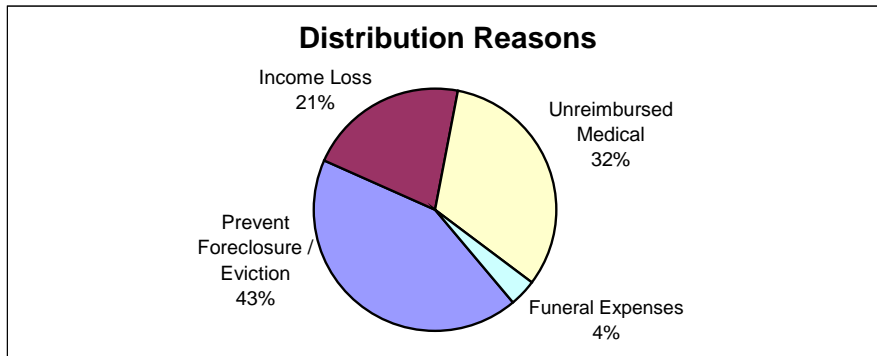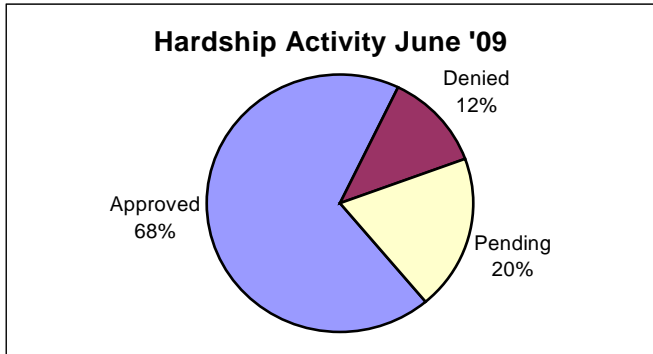
mid-year separations will likely result in many retiring participants attempting to use accrued leave to take full advantage of the annual limits they're subject to.

▪ **Accrued Leave Activity** – Staff has compiled the following results of Accrued Leave enrollment for the month of June 2009. During the month of June, eleven participants elected to enroll in Accrued Leave and $226,112 was contributed into the Plan from their Accrued Leave payouts. Following are accrued leave activity results from June 2008 to June 2009:
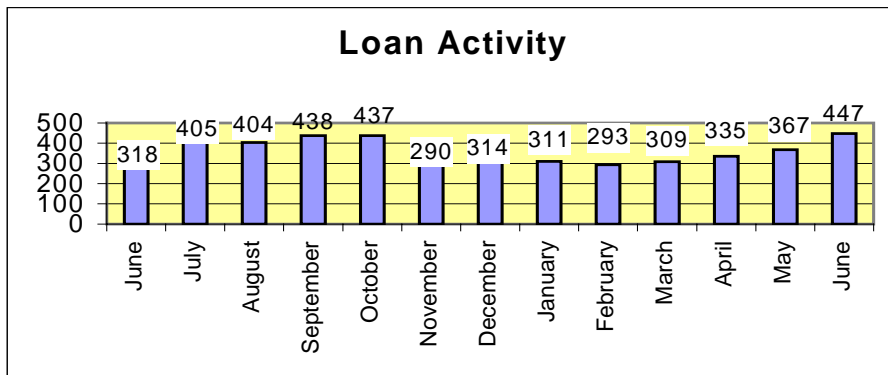
Participants with Accrued Leave

Month	Participants
June	19
July	43
August	52
September	(no bar shown)
October	15
November	13
December	16
January	19
February	15
March	19
April	14
May	11
June	12

Accrued Leave Deferral Amounts

Month	Amount
June	$407,619
July	(no label)
August	$838,411
September	$1,040,514
October	$213,956
November	$196,750
December	$190,367
January	$366,746
February	$404,175
March	$515,944
April	$310,354
May	$228,905
June	$284,077 / $226,112

Hardship Activity – Staff has compiled the following results of hardship processing with Great-West for the month of June 2009. During the month of June, forty-one hardship cases were submitted to Great-West. Twenty-eight cases were approved, five denied, and eight were pending further documentation.
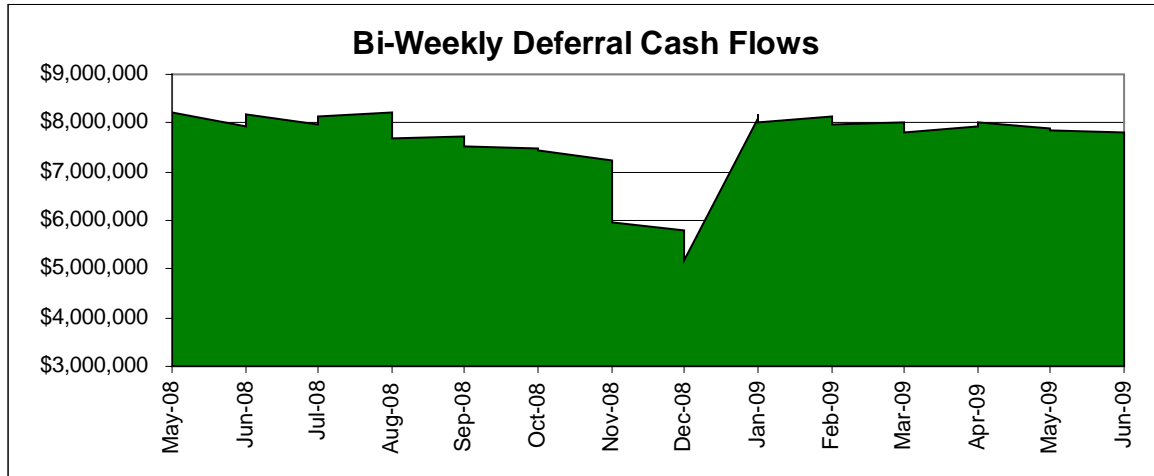
Following are hardship activity results for the month of June:

Hardship Activity June '09

Denied
12%

Approved
68%

Pending
20%

Distribution Reasons

Income Loss
21%

Unreimbursed
Medical
32%

Prevent
Foreclosure /
Eviction
43%

Funeral Expenses
4%

Loan Activity – Staff has compiled the following results of new loans acquired for the months of June 2008 – June 2009. During the month of June, 447 participants elected to obtain a new loan and $4,326,903 was withdrawn from the Plan from their loan payouts.

Loan Activity

Month	Value
June	318
July	405
August	404
September	438
October	437
November	290
December	314
January	311
February	293
March	309
April	335
May	367
June	447

Deferral Tracking - Staff has compiled the following results of bi-weekly deferral cash flows for the months of May 2008 – June 2009 for the City of Los Angeles and Department of Water and Power. During the month of June, the City and Department of Water and Power deferred $15,534,525 into the Deferred Compensation Plan. The Plan will monitor these statistics ongoing in monthly staff reports in order to gauge the impact of the recession, furloughs, etc. on participant contributions to the Plan.

Bi-Weekly Deferral Cash Flows

Submitted by: _____
                            Natasha Zuvich

Reviewed by: _____
                            Steven Montagna

Approved by: _____
                            Alejandrina Basquez