

Deferred Compensation Plan BOARD REPORT 12-42

Date: July 9, 2012
To: Board of Deferred Compensation Administration
From: Staff
Subject: Quarterly Communications Activity Report

*Board of Deferred
Compensation Administration
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Recommendation:

That the Board of Deferred Compensation Administration receive and file this quarterly communications activity update report.

Discussion

Following is a summary of projects for the second quarter of 2012:

A. CURRENT PROJECTS

1. Newsletter – Second Quarter 2012

Staff is currently finalizing the draft of the 2012 second quarter newsletter. The main feature of this issue is related to the Plan's efforts to voluntarily comply with recent U.S. Department of Labor rules regarding fee disclosures. The article will include a general description of the Plan and available services and provide an overview of associated costs. This issue additionally includes information related to options an employee can elect when nearing retirement, such as enrolling for "catch-up" contributions or accrued leave deferrals. The newsletter and quarterly statements will be mailed out to participants at the end of July.

2. Eligible Non-Participant Fee Disclosure/Communication

The recent DOL rules regarding fee disclosures require covered plans to send out fee information to eligible non-participants. As discussed at the June Board meeting, staff intends to provide this fee disclosure in the form of a communication piece to eligible non-participants in the City to also encourage participation and provide education regarding the Plan. Staff has finalized a timeline for the project, targeting the end of August for mail out; development of the concept and design for this material is underway.

3. Deferred Compensation Plan Check-Up List

Staff is currently developing an idea related to a deferred compensation "health" checklist. Staff hopes to create a method through which participants will be reminded to perform periodic "check-ups" on their Plan account selections –

contribution amounts and method, beneficiary selections, investment option elections, etc. Staff recently met with the Plan's new communications consultant, Buck Consultants, to discuss several ideas. One of the central thoughts is to provide a Plan kit – a plastic expanding pocket file or binder with Plan information that participants will hopefully keep and refer back to. Staff plans to also provide periodic document updates and remind participants to refer back to or file documents in the Plan kit.

4. DCP Bond Fund Fact Sheet

The new DCP Bond Fund is an equal blend of two bond funds, the Vanguard Total Bond Market Index Fund – Institutional Plus and the PIMCO Total Return Fund – Institutional. These two funds were previously available as separate investment options, and each fund had paid a monthly dividend which participants saw as a separate line item on their quarterly statements and transaction histories. A handful of participants expressed concern as the new blended fund no longer detailed the dividend payout each month. The DCP Bond Fund now accounts for dividend income and any changes in the underlying funds' share prices in its daily unit value. Staff is currently working on updating the DCP Bond Fund fact sheet in order to include this information.

5. Retiree Loans

Retirees will soon be able to request loans from their Deferred Compensation Plan accounts. Great-West is currently working internally to have this feature go live by August 2012. Staff is developing a communication piece that will include information on how to request the loan and a basic question and answer section.

6. Retirement Calculator

The retirement calculator will be a tool that allows a participant to see his or her potential defined benefit alongside what they have saved through the Deferred Compensation Plan. Staff is currently reviewing the logic (for the various retirement calculations) and general design and layout of the tool, which will be sent to Great-West for prototype development and design.

7. Plan Online Enrollment

This project is currently pending technical issues that Great-West is aware of and in the process of correcting. At such time the issues are resolved, new participants will be able to enroll in the Plan online. Staff is finalizing a draft of communication piece regarding the new feature.

8. Online Distributions

Great-West and staff are working through the technical aspects of allowing participants to request distributions online. Currently, Great-West has provided staff with screen-shots of a sample distribution request for staff's review. Staff will continue to work with Great-West to ensure this process works effectively for the Plan's participants.

9. Plan Communication Pieces - New Developments

- 20/20 Retirement Vision

This piece will encourage participants to consider \$20 pre-tax and \$20 post-tax contributions, based around the theme of having 20/20 retirement vision. It will also demonstrate how savings can grow, both pre-tax and after-tax, and how these different “buckets” each have their own advantages. The flyer will be a variation of the Plan’s current \$25 flyer, which demonstrates how a participant’s account can grow starting with \$25 contributions and periodic escalation.

- After You Retire

Staff is finalizing a one-page flyer intended for employees that are retiring. The piece is a basic fact sheet for important items retirees should be aware of when considering their account post-retirement and how to access their DCP funds. The flyer was created in response to retired employees coming back to work in a part-time capacity and discovering they were unable to take a distribution from their DCP account. A participant may only initiate distribution if they are terminated in all capacities from City payroll.

10. Plan Communication Pieces - Updates

- KeyTalk/Web Highlights Flyer

Staff is currently reviewing a revised KeyTalk/Web flyer that now includes tips on how to navigate through the KeyTalk voice-response system. These flyers are available at the public counter at City Hall.

- Plan Highlights

Staff and Great-West are reviewing the Plan Highlights document to make updates as necessary, mostly adding in language related to the Roth option introduced last year.

- Loan Highlights

Staff is currently working with Great-West to revise the Plan’s Loan Highlights guide to include questions related to defaults and late payments. This will be a more comprehensive, user-friendly guide and educational tool to assist participants in determining how to avoid or handle a late loan payment or defaulted loan.

B. UPCOMING PROJECTS

1. “Go Green” Campaign

Staff will be working with Great-West and possibly Buck Consultants in order to strategize an effective communications plan to encourage more participants to sign-up for online accounts and electronic quarterly statements.

2. “Meet Your Great-West Representative” – Online Calendar

Staff and Great-West have had initial discussion regarding a calendar, to be available on the participant website, which will indicate where a Great-West counselor will be providing services. On any given day, participants will be able to

see if services might be provided at a nearby location or where a specific counselor will be.

3. Website Conversion

In November 2011, Great-West demonstrated to staff a new website layout that is starting to be rolled out to its plan sponsors. The new layout is expected to be rolled out for the City's Plan site approximately late 2012. Staff will be working with Great-West to provide for appropriate customization.

4. Periodic Participant Survey

Staff will be exploring the idea of creating a periodic participant survey that asks the same questions in order to gauge participant knowledge and opinion over time. Possible areas the survey will cover are investment behavior/knowledge, retirement planning behavior/knowledge, confidence in the Deferred Compensation Plan and/or employee's retirement plan, etc.

5. Webinars

Staff is exploring the feasibility of developing webinars and other electronic media to use as new communication and educational tools.

C. REVIEW OF PROJECTS COMPLETED

1. Investment Menu Change – Hartford Update

For the recent investment menu change implementation that occurred April 20, 2012, detailed packets were sent out to participants during the week of March 12, 2012, and informational meetings were held throughout the City for the first two weeks in April. Staff had been working with Hartford, the investment manager for the outgoing large-cap Hartford Capital Fund, to provide access to the same share class through the self-directed brokerage for participants who sought to continue their investment. After staff coordinated the availability of the fund, updates to the the related documents and a news notice were posted online in early June.

2. Newsletter – First Quarter 2012

The First Quarter newsletter was sent to Plan participants in late April 2012. It included information regarding different contribution options within the Plan and important dates regarding the Board elections for the Active DWP Participant Representative and Retired Participant Representative seats.

3. Awards

The Plan submitted entries for the 2012 NAGDCA Leadership Awards and the 2012 Pension & Investments Innovator Awards.

4. Plan Communication Pieces - Updates

- Enrollment Form

The enrollment form was updated in order to reflect the new DCP branded funds and revised investment menu.

- Annual Limits Flyer
This flyer was updated as it had contained suggested paycheck amounts that were appropriate only at the beginning of the calendar year.

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