

# DEFERRED COMPENSATION PLAN BOARD REPORT 12-60

Date: December 10, 2012

To: Board of Deferred Compensation Administration

From: Staff

Subject: Staff Report – Completed & Pending Projects & Activity Report

Members  
 Eugene K. Canzano, Chairperson  
 John R. Mumma, Vice-Chairperson  
 Cliff Cannon, First Provisional Chair  
 Tom Moutes, Second Provisional Chair  
 Sangeeta Bhatia, Third Provisional Chair  
 Michael Amerian  
 William Raggio  
 Robert Schoonover  
 Margaret M. Whelan

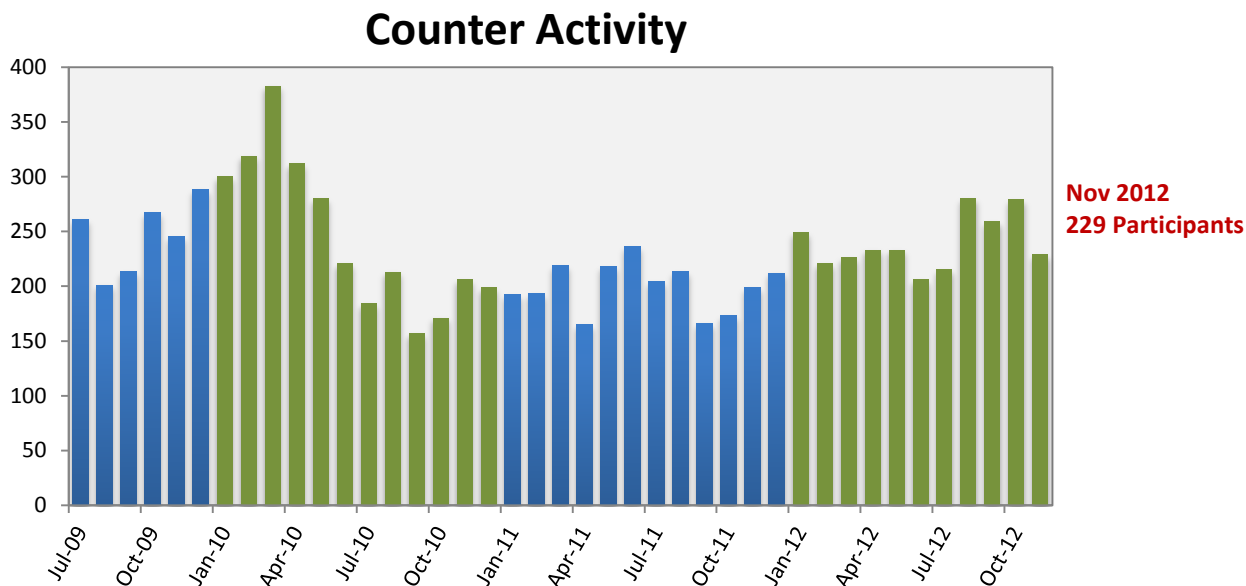
Recommendation:

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

Activity Reports:

**Counter Activity Employee Benefits Division**

Staff has compiled the following results of Counter Activity flow for the month of November 2012. During the month of November, 229 participants visited the Employee Benefits Division to discuss their Deferred Compensation accounts with the Great-West representatives and/or staff. Following are counter activity results from July 2009 through November 2012:

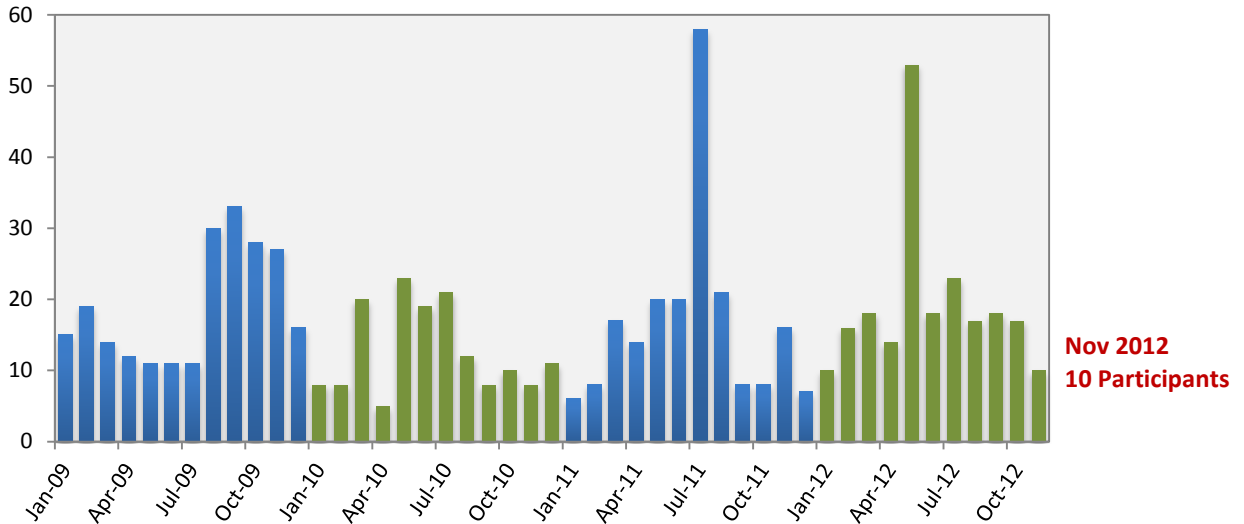


### Accrued Leave Activity

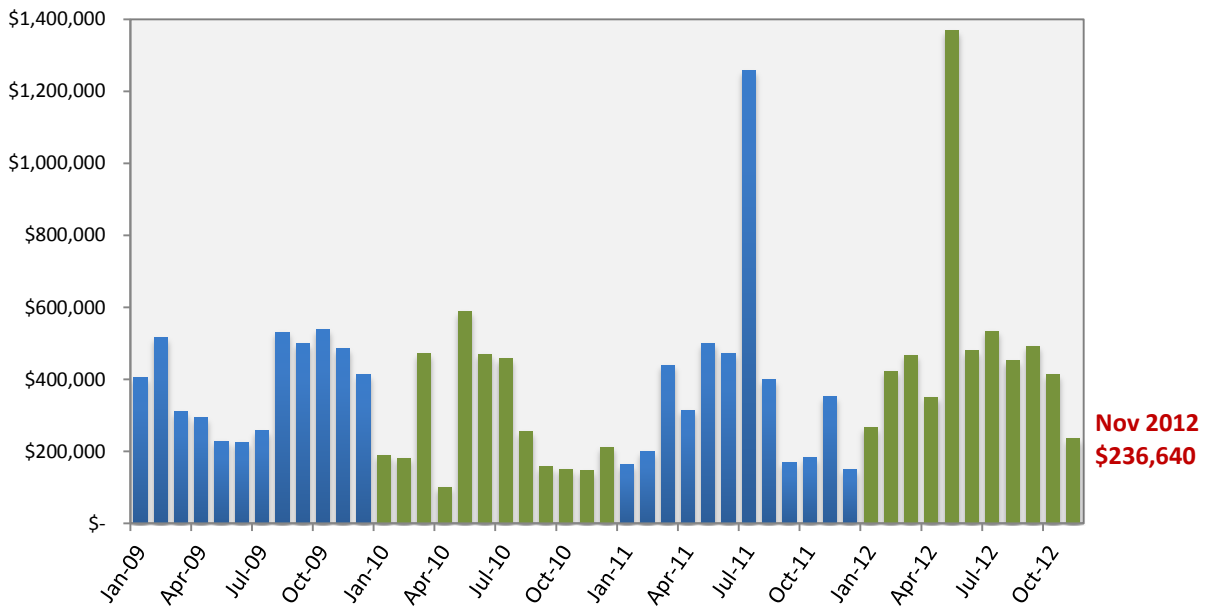
Staff has compiled the following results of Accrued Leave enrollment for the month of November 2012. During the month of November, 10 participants elected to enroll in Accrued Leave and **\$236,640** was contributed into the Plan from their Accrued Leave payouts.

Following are accrued leave activity results from January 2009 to November 2012:

### Participants with Accrued Leave

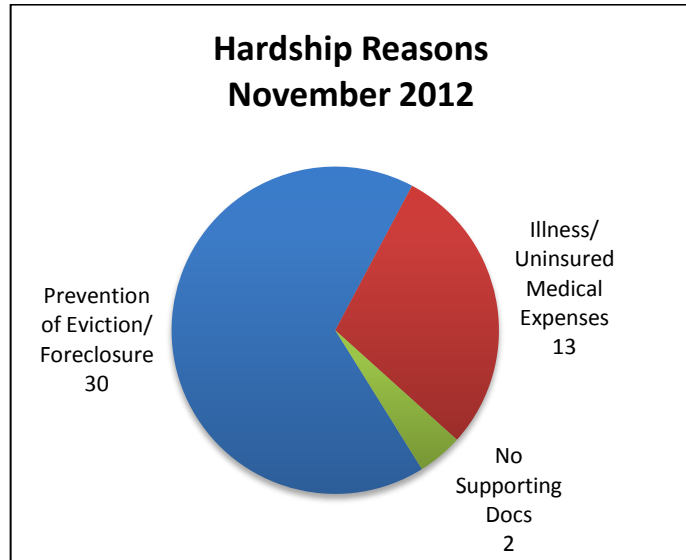
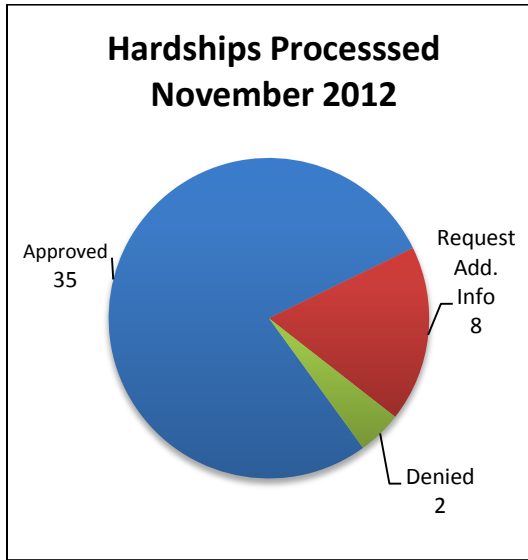


### Accrued Leave Deferral Amounts



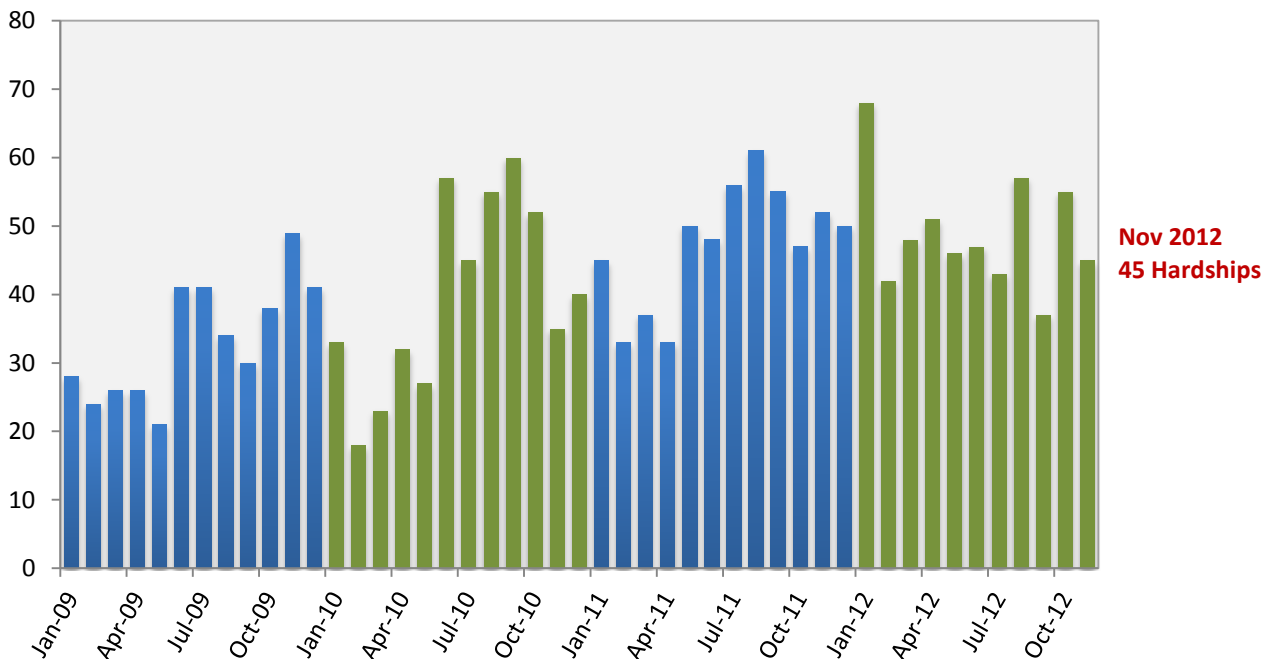
## Hardship Activity

Staff has compiled the following results of hardship processing with Great-West for the month of November 2012. During the month of November, 45 hardship cases were submitted to Great-West. There were 35 cases approved, 8 cases pending further documentation, and 2 cases that were denied. The dollar amount for hardships withdrawn from the plan in November 2012 was approximately **\$196,425**.



Following are hardship activity results from January 2009 to November 2012:

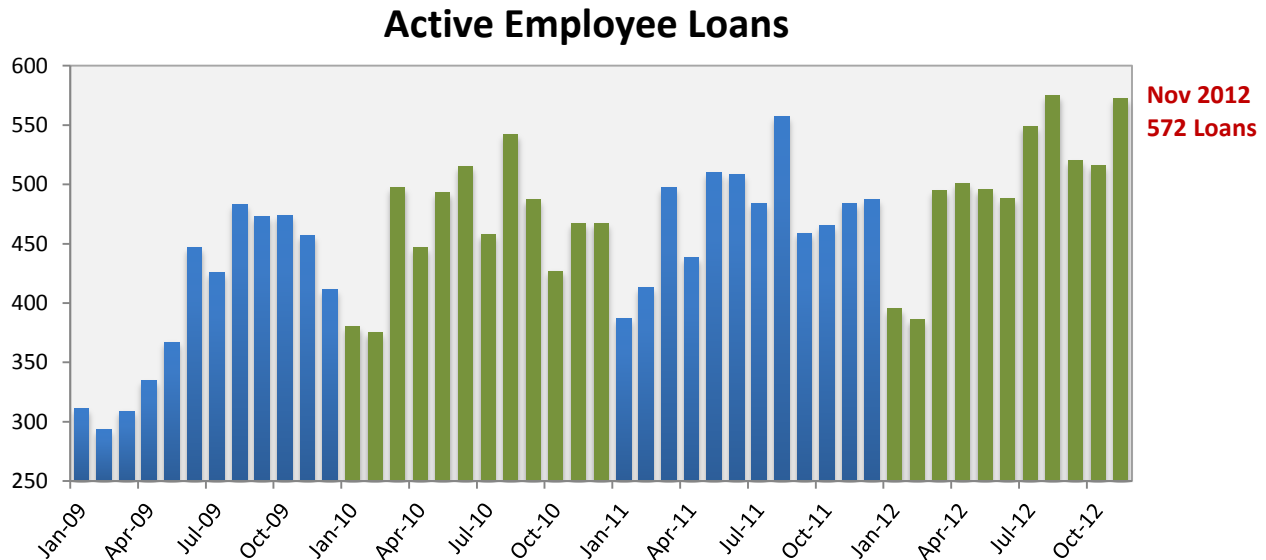
## Hardship Activity



## Loan Activity

### For Active Employees

Staff has compiled the following results of new loans acquired by active employees for the month of November 2012. During the month of November, 572 active employees elected to obtain a new loan and **\$6,640,397** was withdrawn from the Plan for their loan payouts.



### For Retirees or Terminated Employees

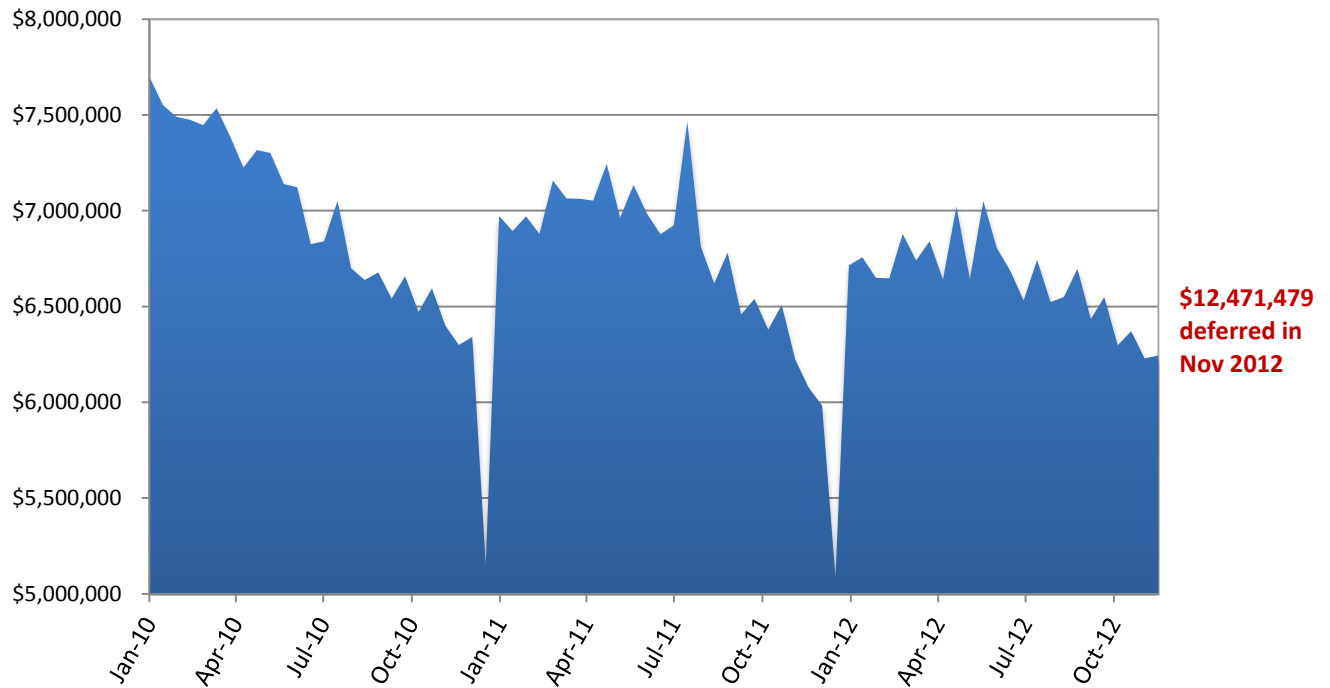
The Plan introduced the availability of loans for participants who are retired or otherwise separated from City service beginning late October 2012. Participants electing this option may pay back the amount borrowed from their account in monthly installments, either by check or by automated payment from their bank account.

Since the launch of the program through the end of November 2012, staff has approved **38 new loans**. Additionally, 6 participants elected to convert their loans upon retirement/separation in order to continue paying back to their accounts rather than offsetting the balance of the loan.

### Deferral Tracking

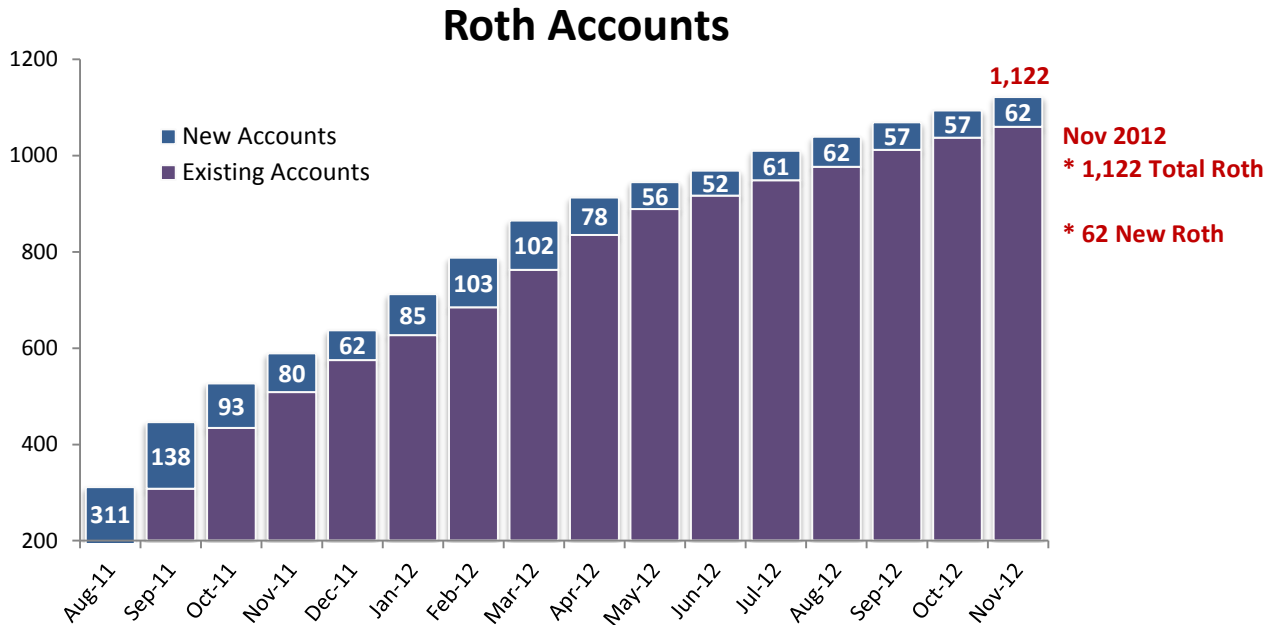
Staff has compiled the following results of bi-weekly deferral cash flows for the month of November 2012 for the City of Los Angeles and Department of Water and Power (DWP). During the month of November, the City and DWP deferred **\$12,471,479** into the Deferred Compensation Plan. This compares to **\$18,808,174** in November 2011; please note that there were three pay days during this month.

### Bi-Weekly Deferral Cash Flows



## Roth Accounts

The Roth deferral option was made available to participants starting July 2011, with actual deferrals being made by August 2011. For the month of November 2012, there were 62 new Roth accounts established. There are currently a total of 1,122 Roth accounts. This constitutes a **3.9%** participation rate of the 28,529 employees contributing to the plan<sup>1</sup>. The chart below illustrates the number of new Roth deferral accounts since August 2011.



<sup>1</sup> There are 28,529 employees contributing to the Plan as of 9/30/2012 (Great-West Quarterly Report).

**PROJECT UPDATE**  
(reflects project activity for period 11/01/12 through 11/30/12)

DCP						
Legend:						
G = Governance						
C = Communications						
P = Procurements/Contracts						
A = Administration						
COMPLETED PROJECTS: NOVEMBER 2012						
#	STATUS		PROJECT	DUE DATE	COMPLETED	NOTES
1	Completed	G	Board Report - Quarterly Reimbursements for 06/30/12	11/30/12		N/A
2	Completed	G	Minutes 10-16-12 Meeting	11/30/12		N/A
3	Completed	G	Board Report - EIN Request	11/30/12		N/A
4	Completed	G	Board Report - Staff Report for October	11/30/12		N/A
5	Completed	G	Board Report - Web Conversion Update	11/30/12		N/A
6	Completed	C	Board Report - Fee Disclosure to Non-Participants Communications & Special Mailing	11/30/12		N/A
7	Completed	C	Quarterly Communications/Admin Meeting	11/30/12		Held 11/15/12
	Completed	C	Focus Group - Website Conversion	11/30/12		Held 11/29/12
		C	Web Notice - Mutual Fund Fee Credits	11/30/12		
PENDING PROJECTS						
#	STATUS		PROJECT	DUE DATE	COMPLETED	NOTES
1	PENDING	G	Board Report - Plan Document Revisions (Loans)	12/31/12		Pending
2	PENDING	G	Board Report - Strategic Plan V	12/31/12		Pending
3	PENDING	G	Board Report - Retirement Calculator Update	12/31/12		Pending
4	PENDING	G	Board Report - Historical Contribution History	12/31/12		Pending
5	PENDING	G	Board Report - Contractor Evaluation Policy	12/31/12		Pending
6	PENDING	G	Board Report - Covered Calls and Protective Puts w/in SDBO	12/31/12		Pending
7	PENDING	G	Board Report - Staff Report for November	12/31/12		N/A
8	PENDING	G	Minutes 11-20-12 Meeting	12/31/12		N/A
9	PENDING	C	2013 Annual Limits - Flyer and Web	12/31/12		
10	PENDING	C	Draft Citywide Memo re Marketing by Non-Contracted Financial & Benefit Services Providers	12/31/12		Pending

11	PENDING	A	Retirement Calculator - Develop Prototype w/Great-West	01/31/13		Pending
12	PENDING	A	Online Distribution Functionality	01/31/13		Great-West reviewing functionality
13	PENDING	P	Consulting Contract - Mercer Consulting	01/31/13		Pending
14	PENDING	P	Great-West Contract Amendment Extension PSP Services 2012-2016	01/31/13		Pending
15	PENDING	G	Board Report - DROP Mailing	01/31/13		Draft materials developed and now being revised
16	PENDING	C	Board Report - Quarterly Communications Report	01/31/13		
17	PENDING	G	Minutes - 12/18/12 Meeting	01/31/13		Pending
18	PENDING	G	Board Report - Staff Report for December	01/31/13		N/A
19	PENDING	G	Investigate other Plans that provide full demographic files	01/31/13		Pending
20	PENDING	G	Board Report - Investment Services RFP	01/31/13		Pending
21	PENDING	C	Board Report - EZ Enrollment Form	01/31/13		Pending
22	PENDING	G	Investments Committee Meeting: Investment Policy Statement - Termination	01/31/13		Pending
23	PENDING	G	Annual Report 2011 - PSP	01/31/13		Pending
24	PENDING	C	4Q 2012 Newsletter	01/31/13		Pending
25	PENDING	C	Board Report - Social Media Options	01/31/13		Pending
26	PENDING	C	DCP Bi-Monthly Newsletter	01/31/13		Pending
27	PENDING	C	DCP Participant Photos/Stats for Newsletter	01/31/13		Pending
28	PENDING	C	Meet Your Rep Online Calendar	01/31/13		Pending
30	PENDING	C	Online Distribution Communications Document	02/28/13		Pending
31	PENDING	C	Quarterly Communications/Admin Meeting	02/28/13		Pending
32	PENDING	G	Board Report - review of consistency of access to separating City employees	02/28/13		Pending
33	PENDING	C	Create Catch-Up Flyer Incorporating Roth	02/28/13		Pending
34	PENDING	C	Loan Highlights Flier Revisions	02/28/13		Pending
35	PENDING	G	Board Report - Contribution History & Rollovers	02/28/13		Pending
36	PENDING	G	Board Report - In-Kind Transfers from SDBO	02/28/13		Pending
37	PENDING	G	Board Report - SAS Form from Great-West	02/28/13		Pending



38	PENDING	A	Domestic Partners Research and Discussion with City Attorney and California Peers	02/28/13		Pending
39	PENDING	C	Revise Distribution Form	02/28/13		Pending
40	PENDING	C	Revise Enrollment Guide	02/28/13		Pending
41		G	Board Report - Retirement/Pension System Retired Loan Payments	02/28/13		Pending
42	PENDING	G	Minutes - January 2013 Meeting	02/28/13		Pending
43	PENDING	G	Board Report - Staff Report for January	02/28/13		N/A
45	PENDING	G	Review and report back on City of New York financial advice program	02/28/13		Pending
46	PENDING	G	Board Report - Merrill Lynch - Communication to Outside Vendors	02/28/13		Pending
47	PENDING	G	Beneficiary Addresses	02/28/13		Pending
48	PENDING	G	Review and report back on PIMCO hedge fund strategy	02/28/13		Pending
49	PENDING	C	Communications Plan: List of alternative DC publications and outlets (LACERS, Pensions, Union pubs, etc.)	02/28/13		Pending
50	PENDING	G	Board Report - Auto Glide-Path for Asset Allocation Funds	02/28/13		Pending
51	PENDING	G	Board Report - Proxy Share Voting	02/28/13		Pending
52	PENDING	C	DROP Brochure Ad	01/31/13		Pending
53	PENDING	C	DROP Brochure	01/31/13		Pending
56	PENDING	C	Notification of Participants - Catch-Up Eligibility	03/31/13		Pending
57	PENDING	C	Pre-Audit Testing - Phase II	03/31/13		Pending
58	PENDING	C	Revise Pension Savings Plan Highlights	03/31/13		Pending
60	PENDING	G	Retirement Plan Summit	03/31/13		Pending
61	PENDING	G	Revisit Plan Audit	03/31/13		Pending
62	PENDING	A	PSP Account Consolidation	03/31/13		Pending
63	PENDING	G	Research adding other Plan type in order to increase savings opportunities (from 8/21/12 BDCA meeting)	03/31/13		Pending
64	PENDING	G	Statistical Project: Refined Count of Non-Contributing Participants	03/31/13		Pending
65	PENDING	G	Board Report - Transition Manager Procurement	03/31/13		Pending
66	PENDING	G	Deemed IRA Implementation	03/31/13		Pending
67	PENDING	C	Eddy 2013 Awards	03/31/13		Pending

29	PENDING	C	Online Enrollment Communications Document	03/31/13		Pending
68	PENDING	A	Online Enrollment Functionality	03/31/13		Staff tested web functionality, errors identified; Great-West reviewing
54	PENDING	C	Website Conversion	06/30/13		Pending

**Staffing Summary** – Following is a summary of staff positions supporting the Deferred Compensation Plan:

Position Authority	Incumbent Class	Est. Percent Reimbursed by DCP	Staff Member
<b>Personnel</b>			
Chief Personnel Analyst	Chief Personnel Analyst	20%	Alejandrina Basquez
Senior Personnel Analyst II	Senior Personnel Analyst II	60%	Steven Montagna
Management Analyst II	Management Analyst II	90%	Natasha Gameroz
Management Analyst II	Personnel Analyst II	90%	Esther Chang
Benefits Specialist (prior incumbent left under ERIP)	Clerk Typist	90%	Claudia Guevara
<b>City Attorney</b>			
Assistant City Attorney	Assistant City Attorney	25%	Curt Kidder
Legal Assistant	Legal Assistant	40%	Vicky Williams

### Committee Membership

Plan Governance & Administrative Issues Committee
<i>Eugene Canzano, Chair</i> Cliff Cannon John Mumma Margaret Whelan

Investments Committee
<i>John Mumma, Chair</i> Sangeeta Bhatia Tom Moutes

Submitted by: \_\_\_\_\_  
Esther Chang

Reviewed by: \_\_\_\_\_  
Steven Montagna

Approved by: \_\_\_\_\_  
Alex Basquez