

DEFERRED COMPENSATION PLAN BOARD REPORT 13-12

Date: March 19, 2013
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

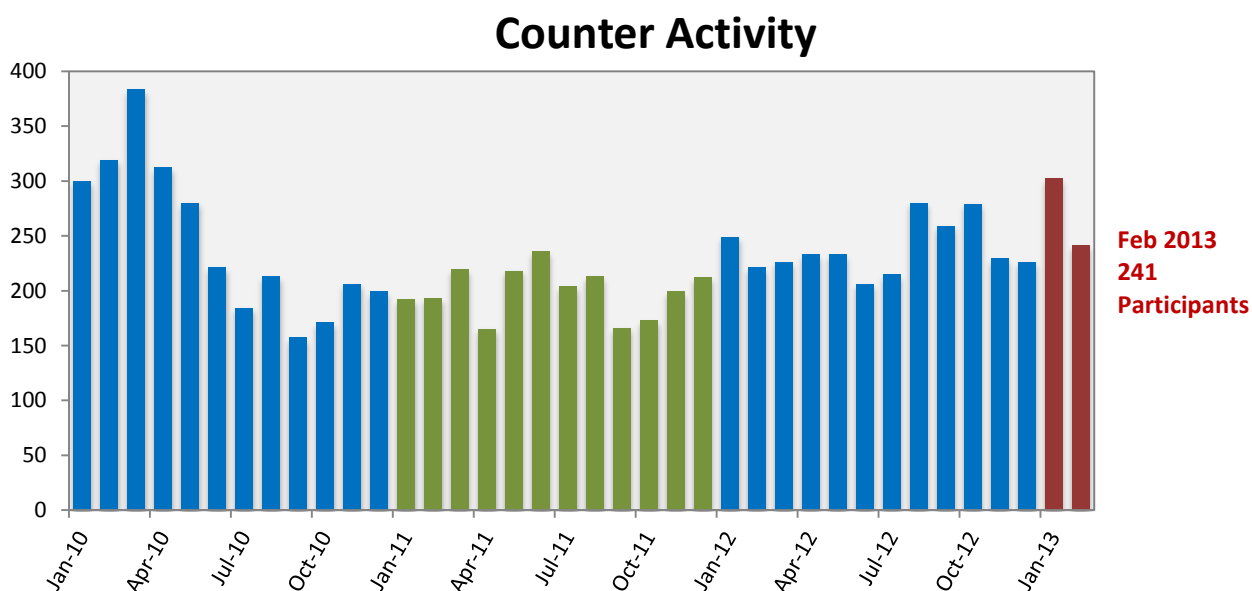
Recommendation:

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 February 2013. During the month of February, 241 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 January 2010 through February 2013:

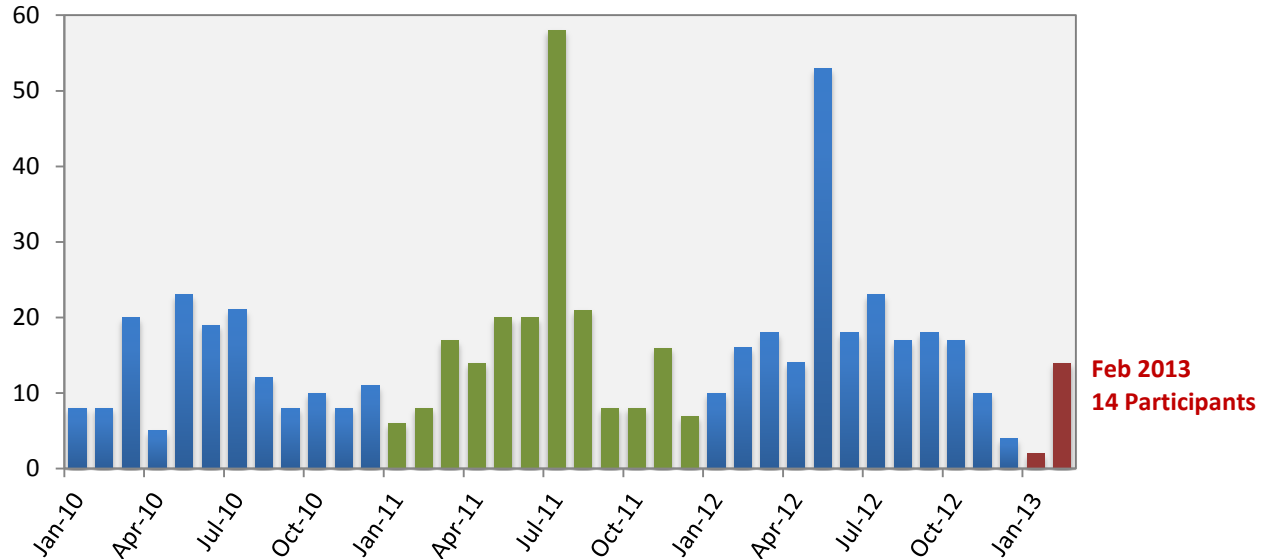


Accrued Leave Activity

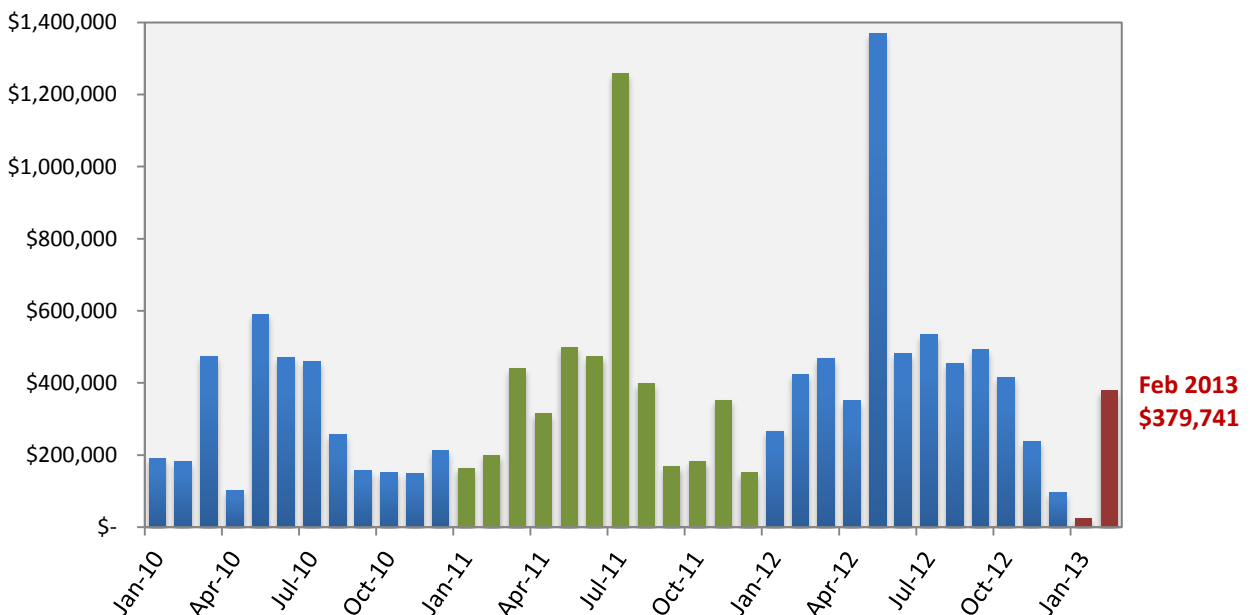
Staff has compiled the following results of Accrued Leave enrollment for the month of February 2013. During the month of February, 14 participants elected to enroll in Accrued Leave and **\$379,741** was contributed into the Plan from their Accrued Leave payouts.

Following are accrued leave activity results from January 2010 to February 2013:

Participants with Accrued Leave

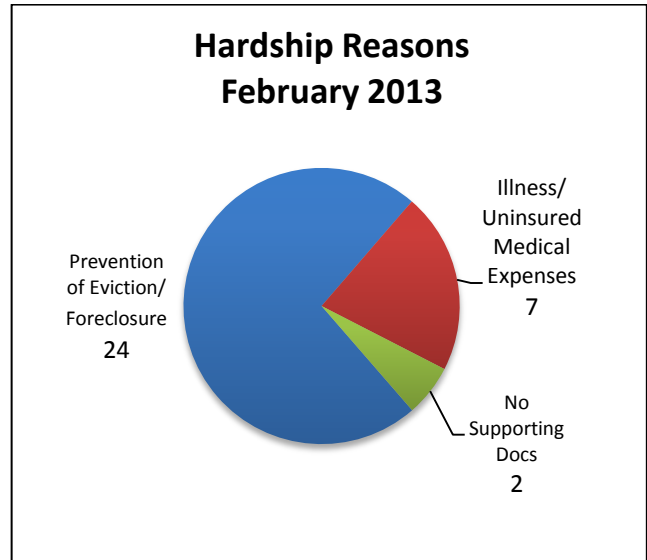
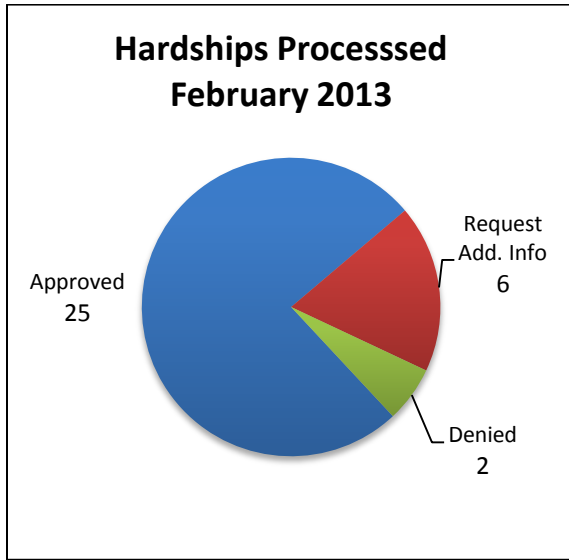


Accrued Leave Deferral Amounts



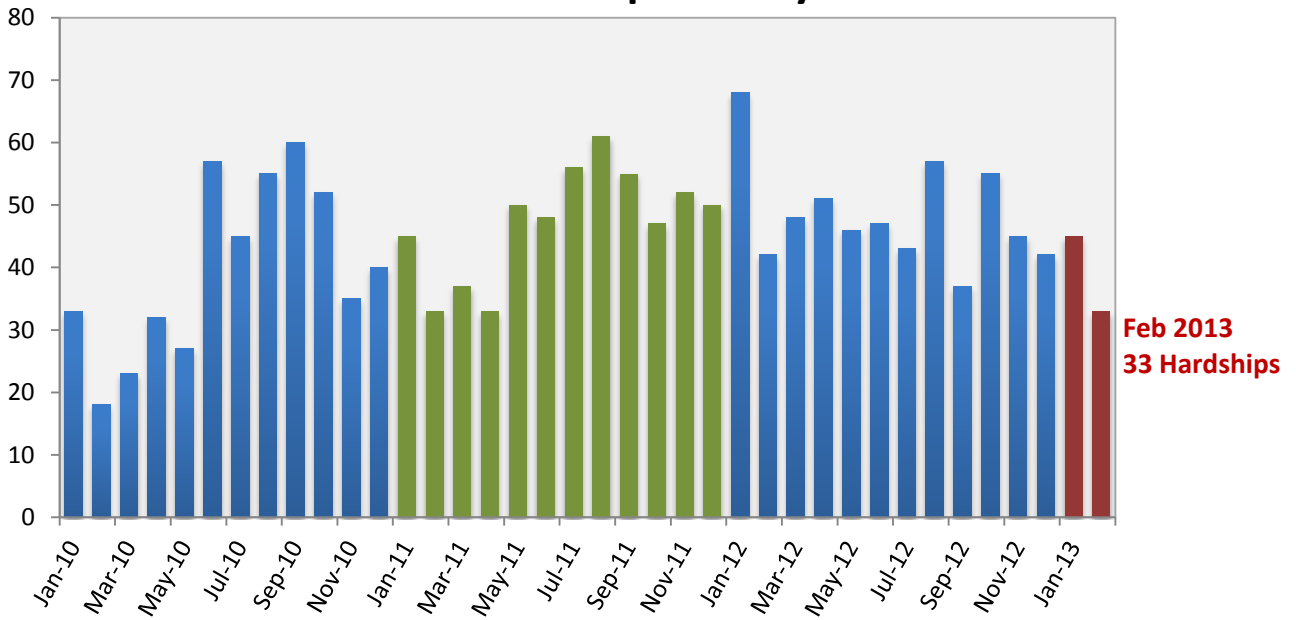
Hardship Activity

Staff has compiled the following results of hardship processing with Great-West for the month of February 2013. During the month of February, 33 hardship cases were submitted to Great-West. There were 25 cases approved, 6 cases pending further documentation, and 2 cases that were denied. The dollar amount for hardships withdrawn from the plan in February 2013 was approximately **\$172,817**.



Following are hardship activity results from January 2010 to February 2013:

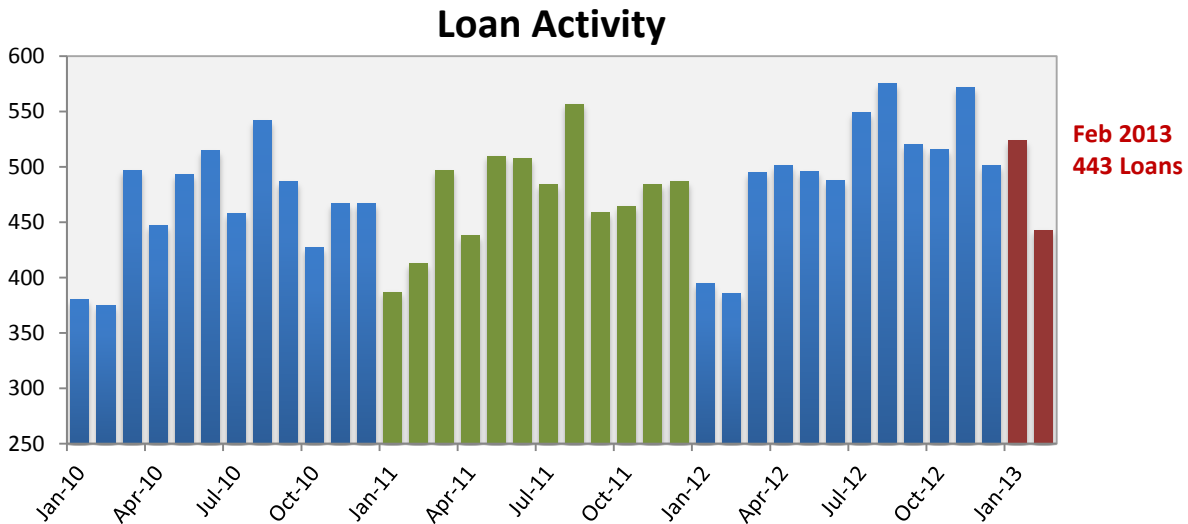
Hardship Activity



Loan Activity

For Active Employees

Staff has compiled the following results of new loans acquired by active employees for the month of February 2013. During the month of February, 443 active employees elected to obtain a new loan and **\$5,843,313** was withdrawn from the Plan for their loan payouts.



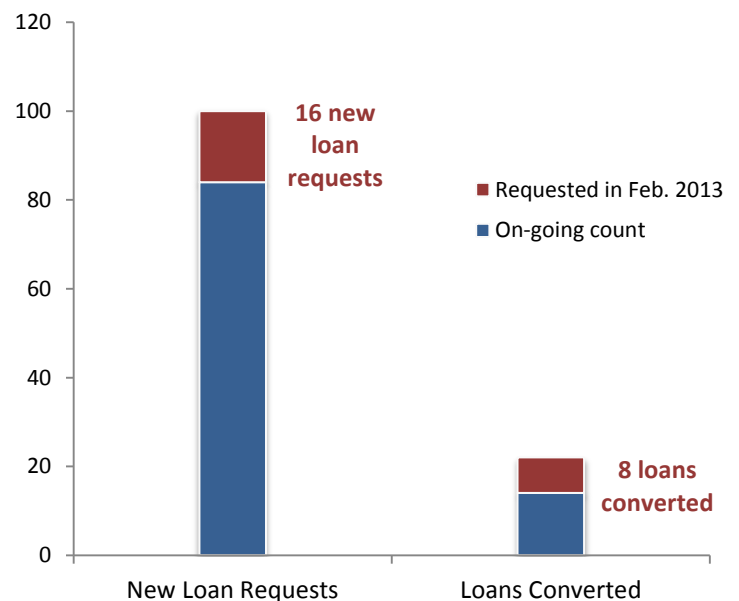
For Retirees or Terminated Employees

In October 2012, the Plan introduced the availability of loans for participants who are retired or otherwise separated from City service. 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. Additionally, employees who have active loans may, upon retirement or separation of service, request conversion to a retiree loan in order to continue payments rather than requesting a loan offset.

In February 2013, staff processed 16 new loan requests and 8 requests for loan conversion. **To date, staff has processed a total of 100 requests for retiree loans and 22 requests for conversion.**

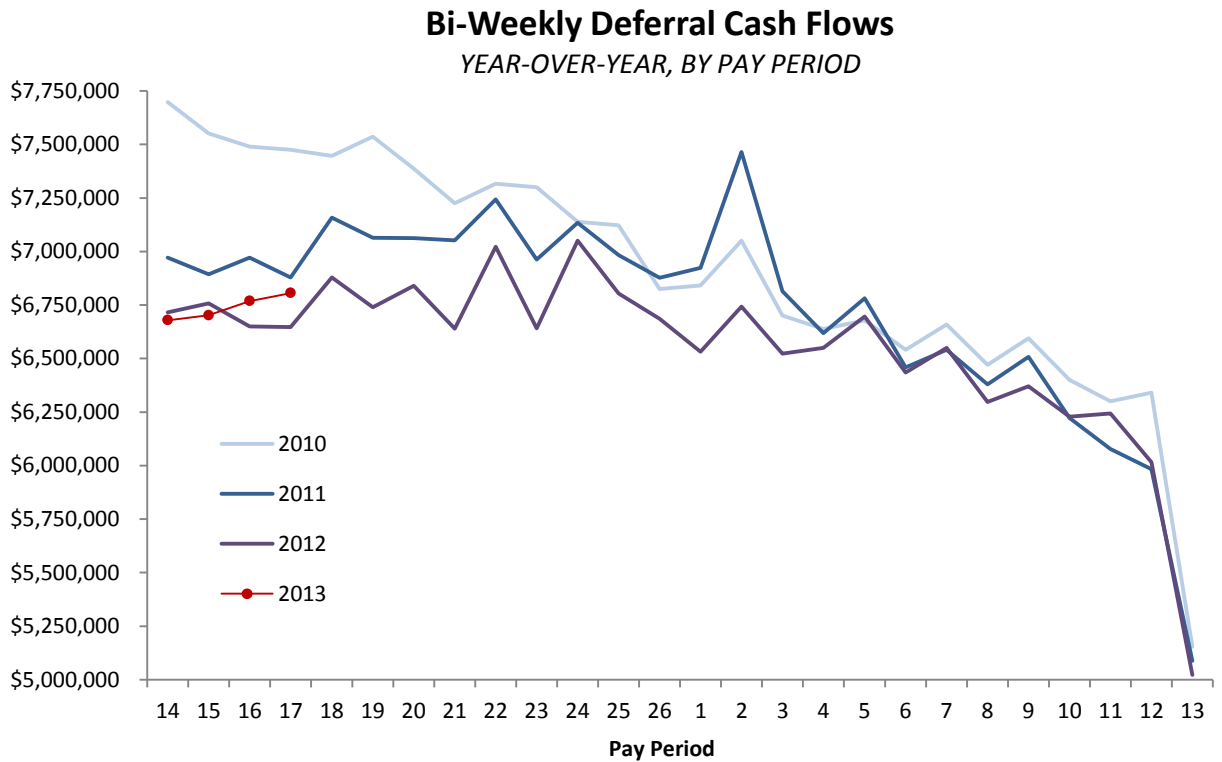
Retiree Loan Count

since Oct. 2012



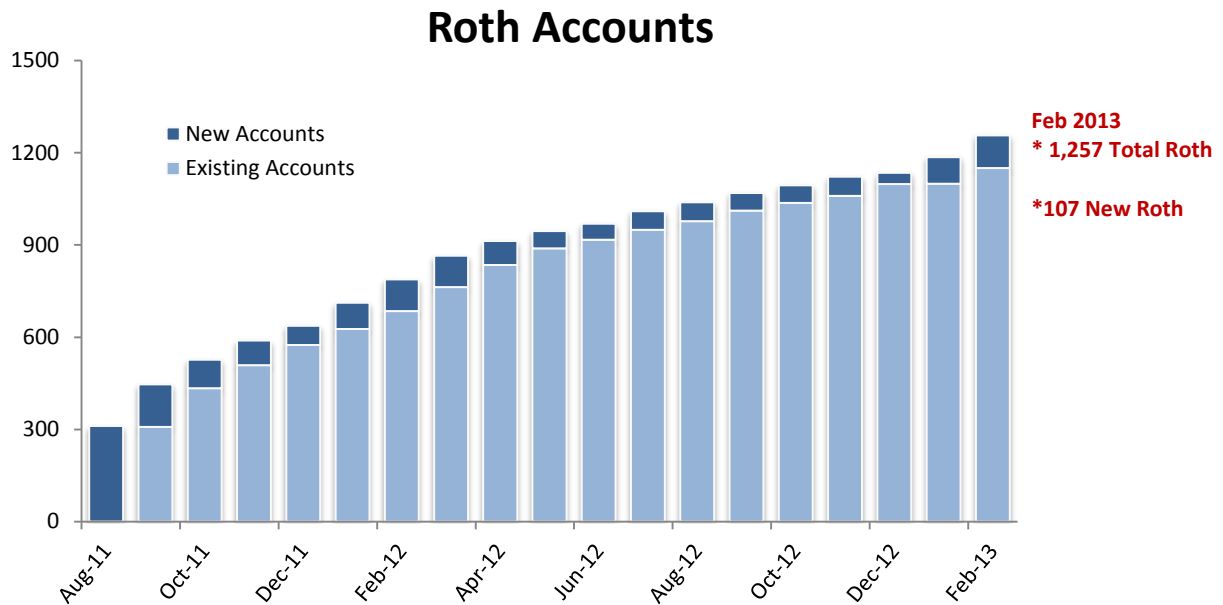
Deferral Tracking

Staff has compiled the following results of bi-weekly deferral cash flows for the month of February 2013 for the City of Los Angeles and Department of Water and Power (DWP). During the month of January, the City and DWP deferred **\$13,574,693** into the Deferred Compensation Plan. This compares to **\$13,296,253** in February 2012, which constitutes a **2.1% increase**, year-over-year.



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 February 2013, there were 107 new Roth accounts established. There are currently a total of 1,257 Roth accounts. This constitutes a **4.4%** participation rate of the 28,514 employees contributing to the plan¹. The chart below illustrates the number of new Roth deferral accounts since August 2011.



¹ There are 28,514 employees contributing to the Plan as of 12/31/2012 (Great-West Quarterly Report).

PROJECT UPDATE
(reflects project activity for period 2/1/13 through 2/28/13)

DCP						
Legend:						
G = Governance						
C = Communications						
P = Procurements/Contracts						
A = Administration						
COMPLETED PROJECTS: FEBRUARY 2013						
#	STATUS		PROJECT	DUE DATE	COMPLETED	NOTES
1	Completed	G	Board Report - Staff Report	02/28/13	2/28/2013	N/A
2	Completed	C	Enrollment Form - Updated for 2013 Limits	02/28/13	2/6/2013	N/A
3	Completed	C	Quarterly Communications/Admin Meeting	02/28/13	2/21/2013	N/A
4	Completed	G	Board Report - Behavioral Finance Review	02/28/13		N/A
PENDING PROJECTS						
#	STATUS		PROJECT	DUE DATE	COMPLETED	NOTES
1	PENDING	G	Board Report - Bank of America Contract Amendment	03/31/13		Pending
2	PENDING	G	Board Report - Plan Document Revisions (Loans)	03/31/13		Pending
3	PENDING	G	Board Report - Historical Contribution History	03/31/13		Pending
4	PENDING	G	Board Report - Contractor Evaluation Policy	03/31/13		Pending
5	PENDING	G	Board Report - Covered Calls and Protective Puts w/in SDBO	03/31/13		Pending
6	PENDING	G	Board Report - DROP Mailing	03/31/13		Draft materials developed and now being revised
7	PENDING	C	Draft Citywide Memo re Marketing by Non-Contracted Financial & Benefit Services Providers	03/31/13		Pending
8	PENDING	C	DCP Mid-Cap Fund Sheet Update	03/31/13		Update to underlying fund - Vanguard Institutional Plus
9	PENDING	C	SDBO Fund Sheet Update	03/31/13		Update for addition of PCRA Roth
10	PENDING	G	Board Report - Staff Report for March 2009	03/31/13		Pending
11	PENDING	G	Minutes - 2/19/13 Meeting	03/31/13		Pending
12	PENDING	A	Retirement Calculator - Develop Prototype w/Great-West	03/31/13		Pending
13	PENDING	C	"Tune-Up My Account" Web-Interactive Tool, initial draft	03/31/13		Pending
14	PENDING	C	Newsletter - 1st Quarter 2013	03/31/13		Pending; to mail first week of April

15	PENDING	A	Online Distribution Functionality	03/31/13		Great-West reviewing functionality
16	PENDING	P	Finalize Consulting Contract w/Mercer Consulting	03/31/13		Under Development
17	PENDING	P	Great-West Contract Amendment Extension PSP Services 2012-2016	03/31/13		Pending
18	PENDING	G	Review of CA Governmental Plan - Demographic Files	03/31/13		Pending
19	PENDING	C	Board Report - EZ Enrollment Form	03/31/13		Pending
20	PENDING	G	Investments Committee Meeting: Investment Policy Statement - Termination	03/31/13		Pending
21	PENDING	G	Annual Report - DCP	04/30/13		
22	PENDING	G	Annual Reports 2011 and 2012 - PSP	04/30/13		Pending
23	PENDING	C	Board Report - Social Media Options	04/30/13		Pending
24	PENDING	C	Online Distribution Communications Document	04/30/13		Pending
25	PENDING	C	Quarterly Communications/Admin Meeting	04/30/13		Pending
26	PENDING	G	Board Report - review of consistency of access to separating City employees	04/30/13		Pending
27	PENDING	C	Create Catch-Up Flyer Incorporating Roth	04/30/13		Pending
28	PENDING	C	Loan Highlights Flier Revisions	04/30/13		Pending
29	PENDING	G	Board Report - Contribution History & Rollovers	04/30/13		Pending
30	PENDING	G	Board Report - SAS Form from Great-West	04/30/13		Pending
31	PENDING	A	Domestic Partners Research and Discussion with City Attorney and California Peers	04/30/13		Pending
32	PENDING	C	Revise Distribution Form	04/30/13		Pending
33	PENDING	C	Revise Enrollment Guide	04/30/13		Pending
34	PENDING	G	Board Report - Retirement/Pension System Retired Loan Payments	04/30/13		Pending
35	PENDING	C	Board Report - Quarterly Communications Report	04/30/13		Pending
36	PENDING	G	Board Report - Quarterly Contract Update	04/30/13		Pending
37	PENDING	G	Board Report - Staff Report	04/30/13		Pending
38	PENDING	G	Minutes - 3/19/13 Meeting	04/30/13		Pending

39	PENDING	G	Review and report back on City of New York financial advice program	05/31/13		Pending
40	PENDING	G	Board Report - Merrill Lynch - Communication to Outside Vendors	05/31/13		Pending
41	PENDING	G	Beneficiary Addresses	05/31/13		Pending
42	PENDING	G	Review and report back on PIMCO hedge fund strategy	05/31/13		Pending
43	PENDING	C	Communications Plan: List of alternative DC publications and outlets (LACERS, Pensions, Union pubs, etc.)	05/31/13		Pending
44	PENDING	G	Board Report - Proxy Share Voting	05/31/13		Pending
45	PENDING	C	DROP Brochure Ad	05/31/13		Pending
46	PENDING	C	DROP Brochure	05/31/13		Pending
47	PENDING	C	Notification of Participants - Catch-Up Eligibility	05/31/13		Pending
48	PENDING	C	Pre-Audit Testing - Phase II	05/31/13		Pending
49	PENDING	C	Revise Pension Savings Plan Highlights	05/31/13		Pending
50	PENDING	G	Retirement Plan Summit	05/31/13		Pending
51	PENDING	G	Revisit Plan Audit	05/31/13		Pending
52	PENDING	A	PSP Account Consolidation	05/31/13		Pending
53	PENDING	G	Research adding other Plan type in order to increase savings opportunities (from 8/21/12 BDCA meeting)	05/31/13		Pending
54	PENDING	G	Statistical Project: Refined Count of Non-Contributing Participants	05/31/13		Pending
55	PENDING	G	Board Report - Transition Manager Procurement	05/31/13		Pending
56	PENDING	C	DCP Glossary	05/31/13		Pending
57	PENDING	G	Deemed IRA Implementation	06/30/13		Pending
58	PENDING	C	Eddy 2013 Awards	06/30/13		Pending
59	PENDING	C	Online Enrollment Communications Document	06/30/13		Pending
60	PENDING	A	Online Enrollment Functionality	06/30/13		Staff tested web functionality, errors identified; Great-West reviewing
61	PENDING	C	Website Conversion	06/30/13		Pending
62	PENDING	C	DCP Bi-Monthly Newsletter	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
Personnel			
Chief Personnel Analyst	Chief Personnel Analyst	20%	Alejandrina Basquez
Senior Personnel Analyst II	Senior Personnel Analyst II	60%	Steven Montagna
Senior Personnel Analyst I	n/a	100%	Vacant
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
City Attorney			
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