

DEFERRED COMPENSATION PLAN BOARD REPORT 13-22

Date: June 10, 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
 Ray Ciranna
 Robert Schoonover
 Margaret Whelan

Recommendation:

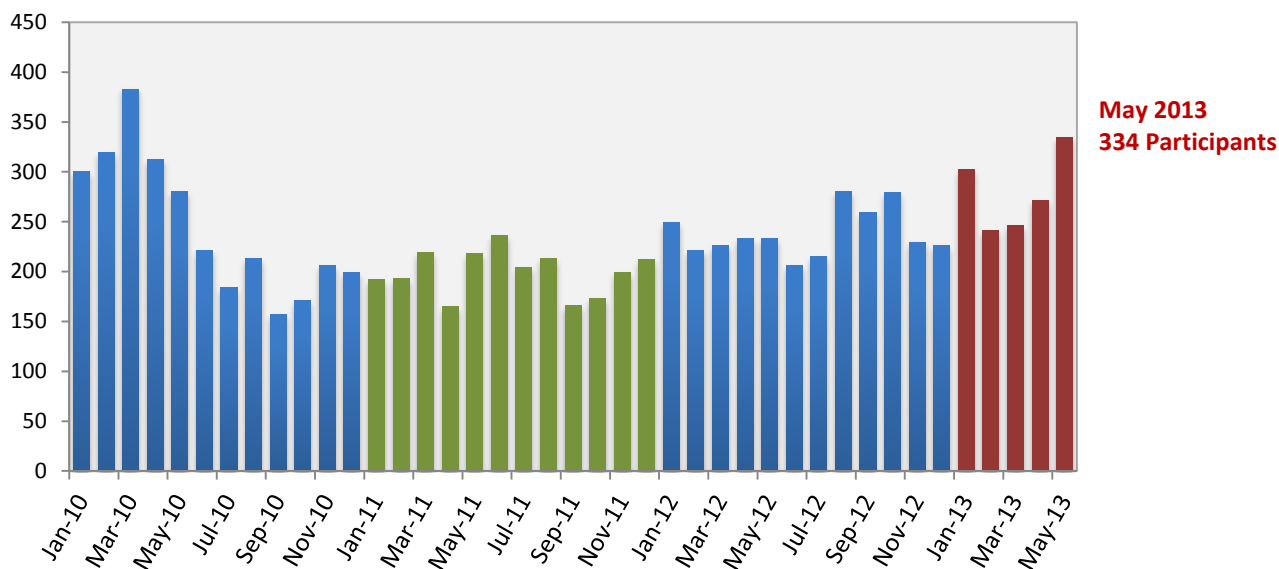
That the Board of Deferred Compensation Administration receive and file the following information.

Activity Reports:

Counter Activity Employee Benefits Division

Staff has compiled the following results of Counter Activity flow for the month of May 2013. During the month of May, 334 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 May 2013:

Counter Activity

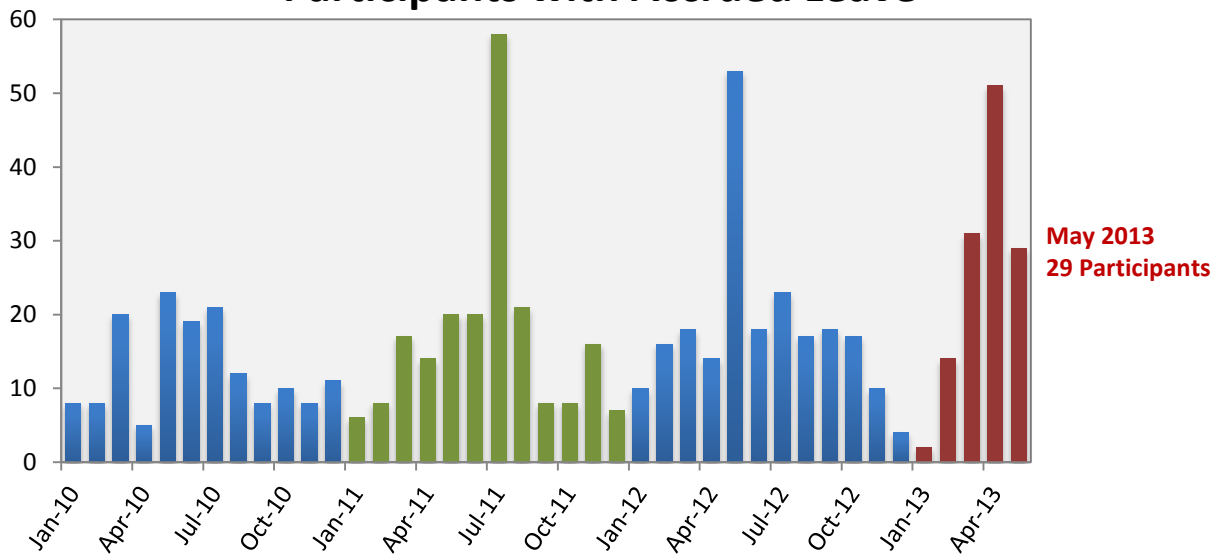


Accrued Leave Activity

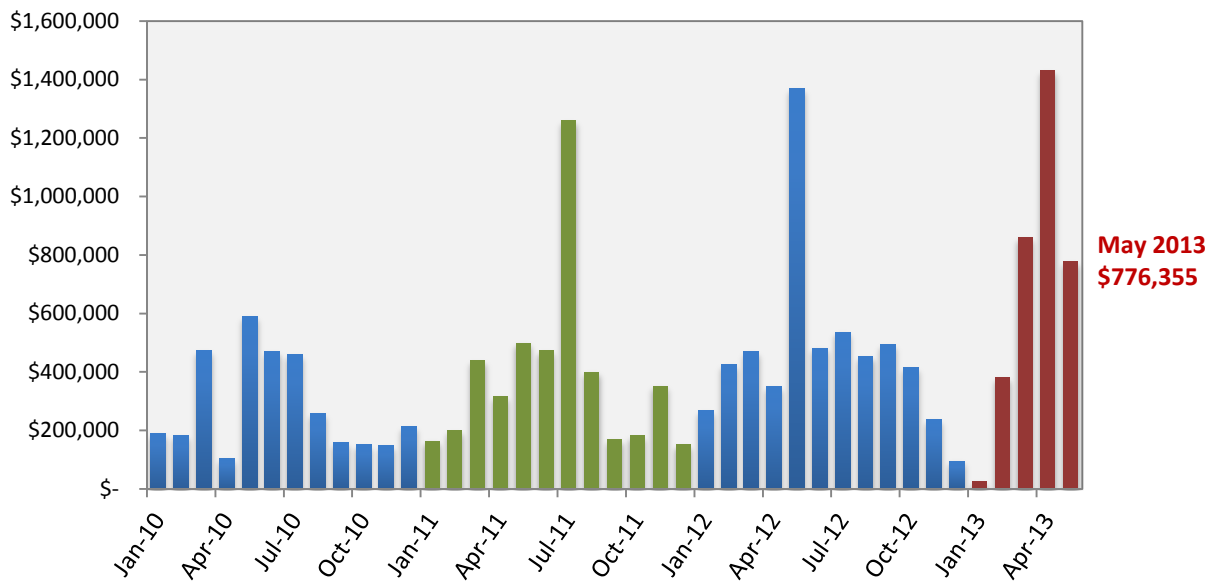
Staff has compiled the following results of Accrued Leave enrollment for the month of May 2013. During the month of May, 29 participants elected to enroll in Accrued Leave and **\$776,355** was contributed into the Plan from their Accrued Leave payouts.

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

Participants with Accrued Leave

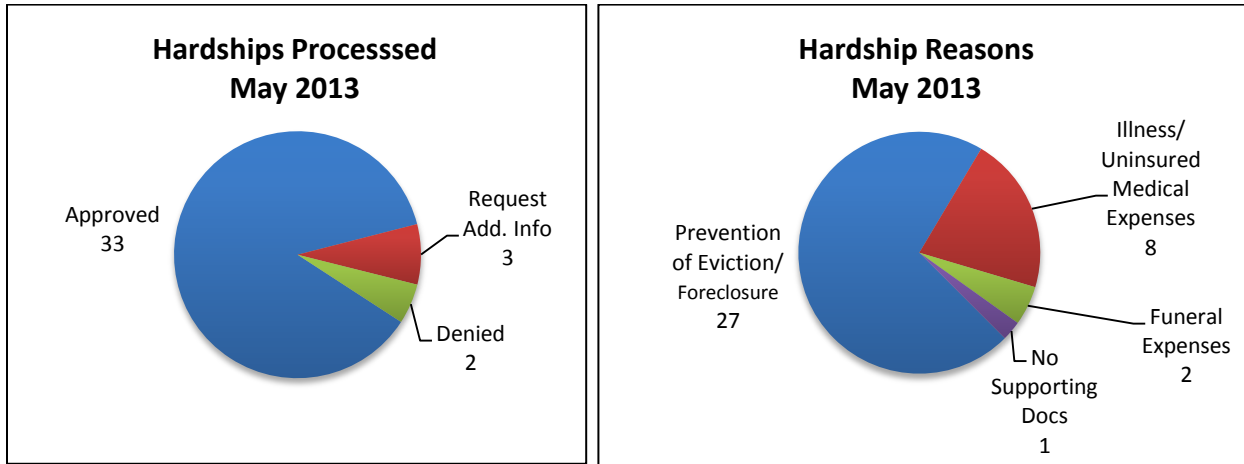


Accrued Leave Deferral Amounts

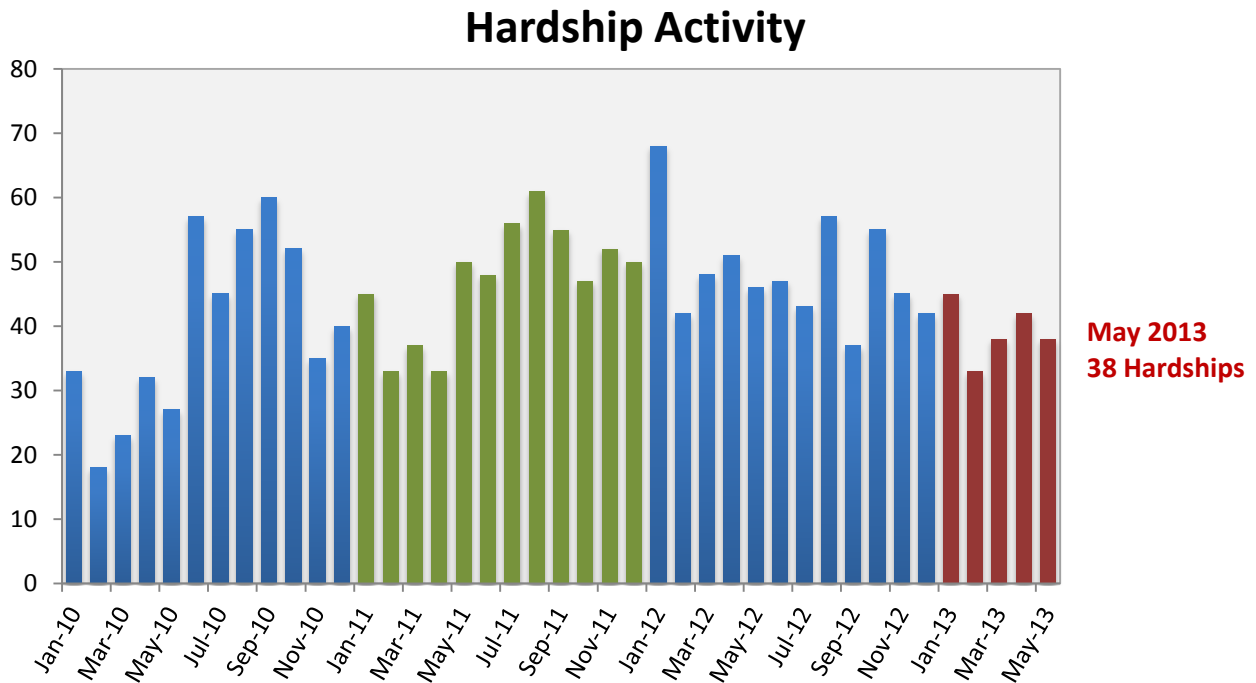


Hardship Activity

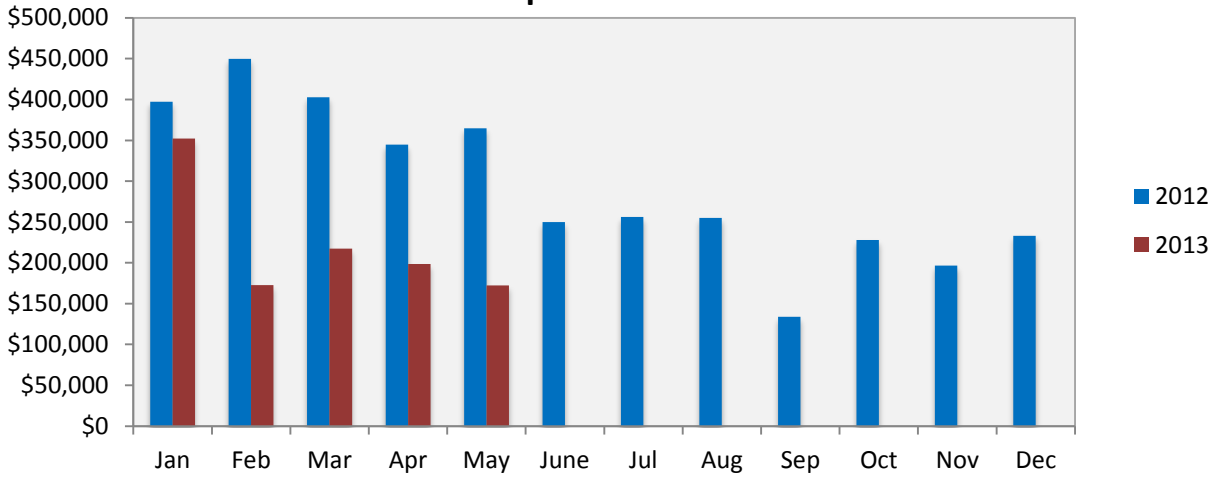
Staff has compiled the following results of hardship processing with Great-West for the month of May 2013. During the month of May, 38 hardship cases were submitted to Great-West. There were 33 cases approved, 3 cases pending further documentation, and two cases that were denied. The dollar amount for hardships withdrawn from the plan in May 2013 was approximately **\$172,433**.



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



Hardship Dollars Disbursed

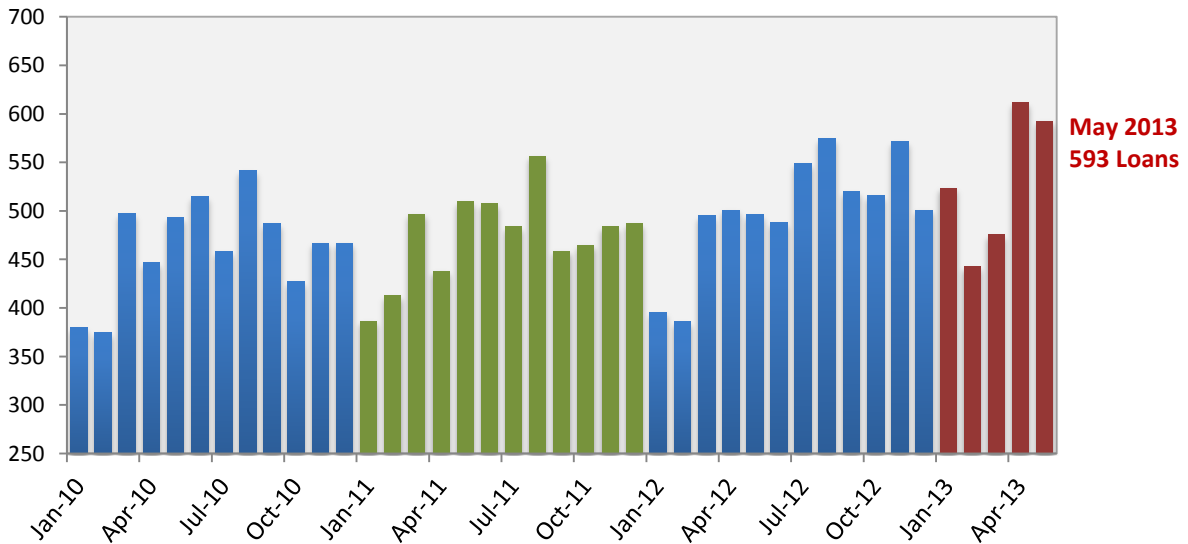


Loan Activity

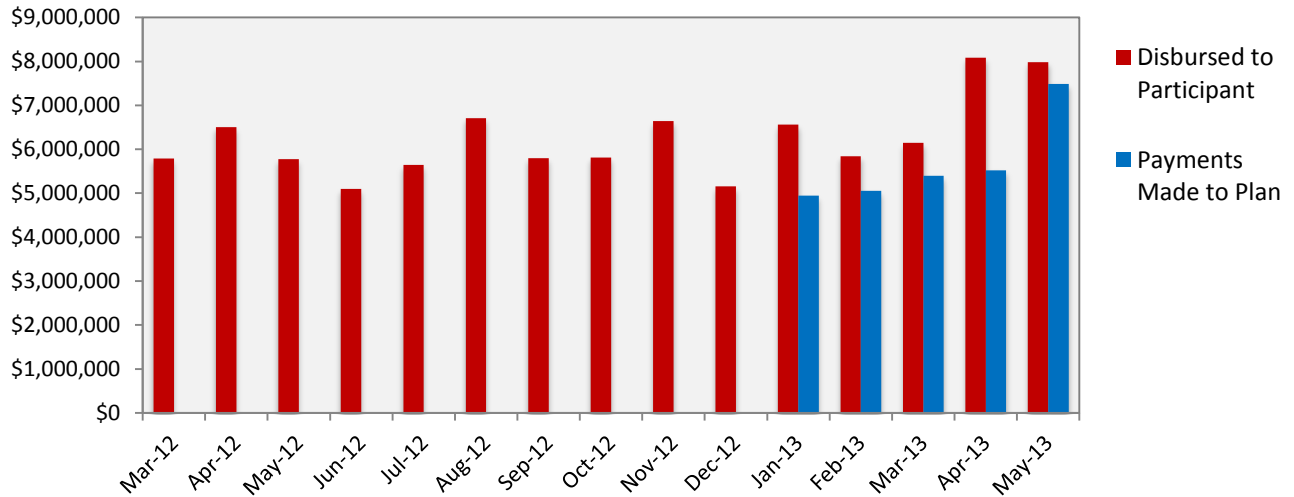
For Active Employees

Staff has compiled the following results of new loans acquired by active employees for the month of May 2013. During the month of May, 593 active employees elected to obtain a new loan and **\$7,982,865** was withdrawn from the Plan for their loan payouts.

Loan Activity



Loan Dollars



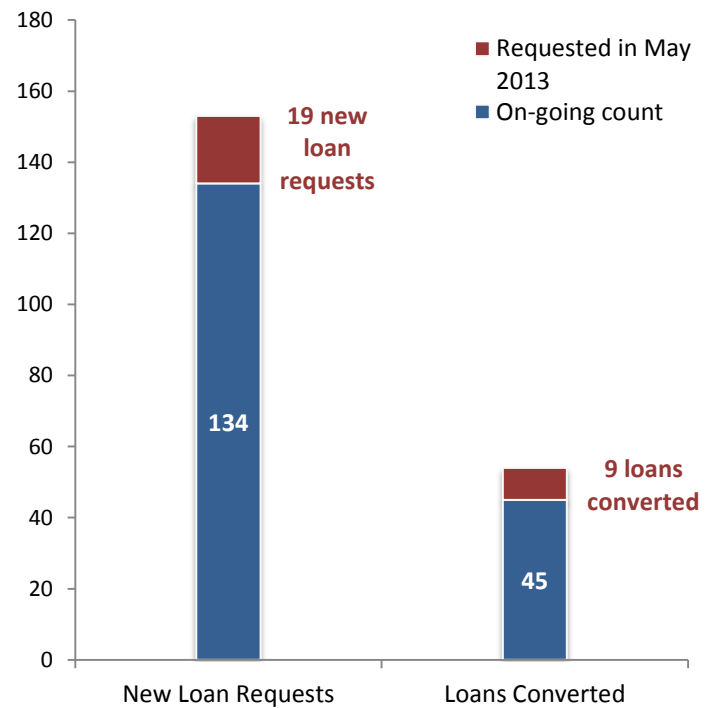
For Retirees or Terminated Employees

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 May 2013, staff processed 19 new loan requests and 9 requests for loan conversion. **To date, staff has processed a total of 153 requests for retiree loans and 54 requests for conversion.**

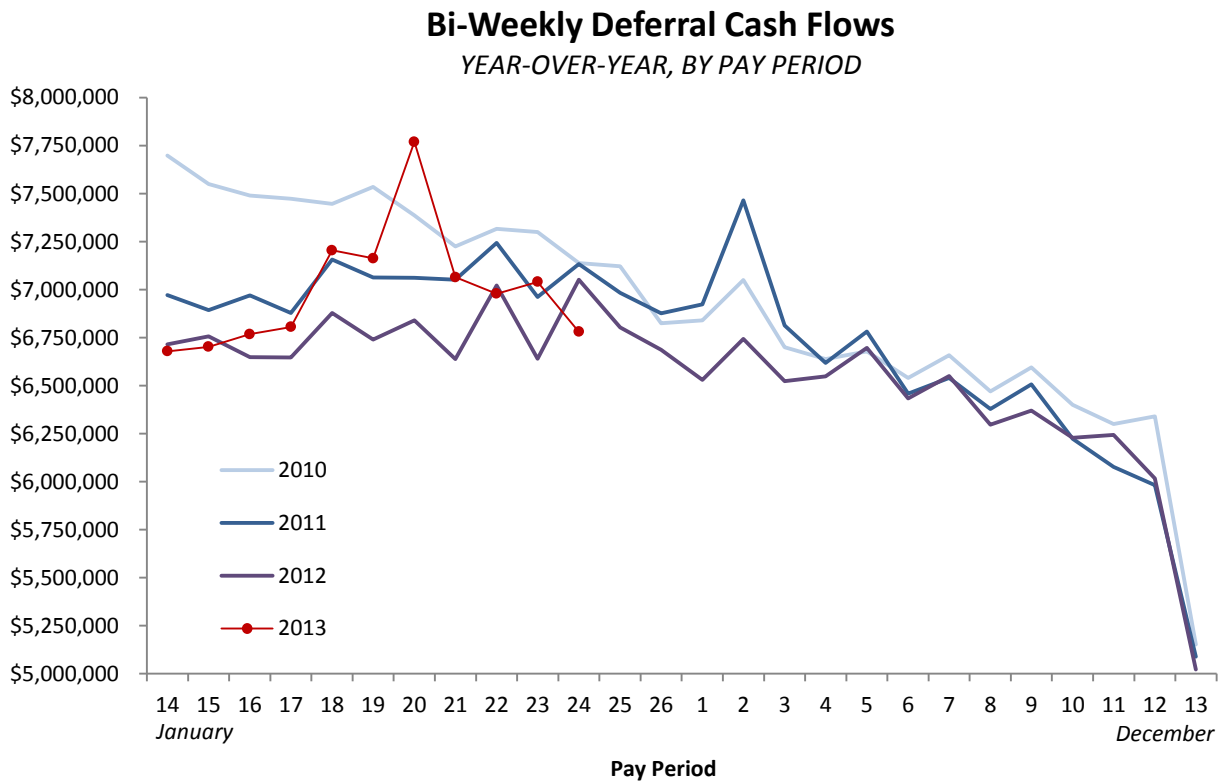
Retiree Loan Count

since Oct. 2012



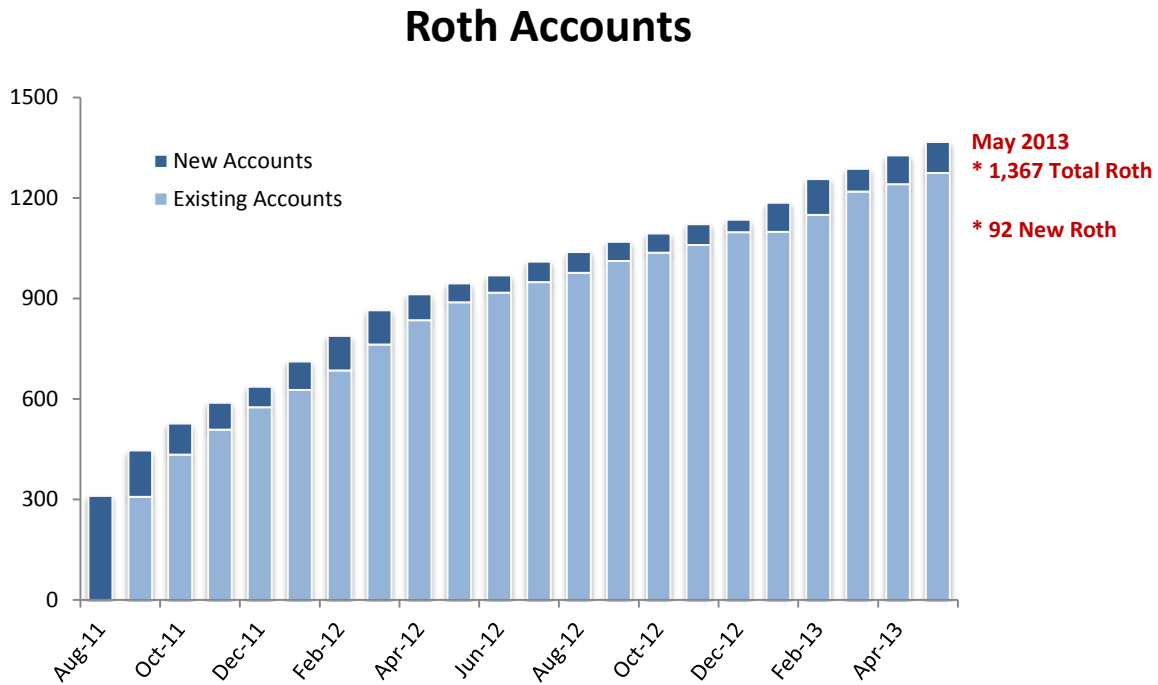
Deferral Tracking

Staff has compiled the following results of bi-weekly deferral cash flows for the month of May 2013 for the City of Los Angeles and Department of Water and Power (DWP). During the month of May, the City and DWP deferred **\$20,801,443** into the Deferred Compensation Plan. This compares to **\$20,714,134** in May 2012, which constitutes a **0.4% 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 May 2013, there were 92 new Roth accounts established. There are currently a total of 1,367 Roth accounts. This constitutes a **4.8%** participation rate of the 28,467 employees contributing to the plan¹. The chart below illustrates the number of new Roth deferral accounts since August 2011.



¹ There are 28,467 employees contributing to the Plan as of 3/31/2013 (Great-West Quarterly Report).

PROJECT UPDATE
(reflects project activity for period 04/01/13 through 5/31/13)

DCP						
Legend:						
G = Governance						
C = Communications						
O = Operations						
A = Administration						
COMPLETED PROJECTS: APRIL/MAY 2013						
#	STATUS		PROJECT	DUE DATE	COMPLETED	NOTES
1	Completed	G	Minutes - 03/19/13 Board Meeting	04/30/13	4/30/2013	Completed
2	Completed	G	2012 DCP Annual Report	04/30/13	4/30/2013	Completed
3	Completed	C	Board Report - Calculator & Tune-Up Update	04/30/13	4/30/2013	Completed
4	Completed	G	Board Report - NAGDCA Legislative Update	04/30/13	4/30/2013	Completed
5	Completed	A	Board Report - Quarterly Budget Review 12/31/12	04/30/13	4/30/2013	Completed
6	Completed	C	Board Report - Quarterly Communications Update	04/30/13	4/30/2013	Completed
7	Completed	G	Board Report - Quarterly Contract Status Update	04/30/13	4/30/2013	Completed
8	Completed	G	Board Report - Staff Report March 2013	04/30/13	4/30/2013	Completed
9	Completed	C	SDBO Fund Sheet Update	07/31/13	5/31/2013	Completed
10	Completed	C	Newsletter - 1st Quarter 2013	04/30/13	5/31/2013	Completed
11	Completed	A	CEM Survey	05/31/13	5/31/2013	Completed
12	Completed	A	Retirement Calculator - Participant Prototype Testing	05/31/13	5/31/2013	Completed
13	Completed	C	"Roadmap to Retirement" - Develop concept imagery (travel checklist draft)	05/31/13	5/31/2013	Completed
14	Completed	C	"Tune-Up My Account" Web-Interactive Tool, design layout	05/31/13	5/31/2013	Completed
PENDING PROJECTS						
#	STATUS		PROJECT	DUE DATE	COMPLETED	NOTES
1	PENDING	A	Retirement Calculator - Board Member Testing	06/30/13		Pending
2	PENDING	A	Finalize Consulting Contract w/Mercer Consulting	06/30/13		Pending Mayor's Office Approval
3	PENDING	C	Quarterly Communications/Admin Meeting	06/30/13		Pending
4	PENDING	A	Retirement Calculator - Participant & Board Testing	06/30/13		Pending
5	PENDING	C	"Tune-Up My Account" - Participant Focus Group	06/30/13		Pending
6	PENDING	G	Board Report - Covered Calls and Protective Puts w/in SDBO	06/30/13		Pending
7	PENDING	C	Newsletter - 2013 Second Quarter	06/30/13		Pending

8	PENDING	C	"Tune-Up My Account" - Develop prototype	07/31/13		Pending
9	PENDING	A	Retirement Calculator - Finalize Prototype	07/31/13		Pending
10	PENDING	G	Bank of the West - Draft Contract Amendment	07/31/13		Pending
11	PENDING	G	Board Report - Plan Document Revisions (Loans)	07/31/13		Pending
12	PENDING	G	Board Report - Historical Contribution History	07/31/13		Pending
13	PENDING	G	Board Report - Contractor Evaluation Policy	07/31/13		Pending
14	PENDING	G	Board Report - DROP Mailing	07/31/13		Draft materials developed and now being revised
15	PENDING	C	Draft Citywide Memo re Marketing by Non-Contracted Financial & Benefit Services Providers	07/31/13		Pending
16	PENDING	A	Online Distribution Functionality	07/31/13		Great-West reviewing functionality
17	PENDING	C	"Tune-Up My Account" - Finalize prototype	08/31/13		
18	PENDING	A	Great-West Contract Amendment Extension PSP Services 2012-2016	08/31/13		Pending
19	PENDING	G	Review of CA Governmental Plan - Demographic Files	08/31/13		Pending
20	PENDING	C	Board Report - EZ Enrollment Form	08/31/13		Pending
21	PENDING	G	Investments Committee Meeting: Investment Policy Statement - Termination	08/31/13		Pending
22	PENDING	G	Annual Reports 2011 and 2012 - PSP	08/31/13		Pending
23	PENDING	C	Board Report - Social Media Options	09/30/13		Pending
24	PENDING	C	Online Distribution Communications Document	09/30/13		Pending
25	PENDING	G	Board Report - review of consistency of access to separating City employees	09/30/13		Pending
26	PENDING	C	Create Catch-Up Flyer Incorporating Roth	09/30/13		Pending
27	PENDING	C	Loan Highlights Flier Revisions	09/30/13		Pending
28	PENDING	G	Board Report - Contribution History & Rollovers	09/30/13		Pending
29	PENDING	G	Board Report - SAS Form from Great-West	09/30/13		Pending
30	PENDING	O	Domestic Partners Research and Discussion with City Attorney and California Peers	09/30/13		Pending
31	PENDING	C	Revise Distribution Form	09/30/13		Pending

32	PENDING	C	Revise Enrollment Guide	09/30/13		Pending
33	PENDING	G	Board Report - Retirement/Pension System Retired Loan Payments	09/30/13		Pending
34	PENDING	G	Board Report - Quarterly Contract Update	10/31/13		Pending
35	PENDING	G	Beneficiary Addresses Implementation	10/31/13		Pending
36	PENDING	C	DCP Glossary	10/31/13		Pending
37	PENDING	G	Review and report back on City of New York financial advice program	10/31/13		Pending
38	PENDING	G	Review and report back on PIMCO hedge fund strategy	10/31/13		Pending
39	PENDING	C	Communications Plan: List of alternative DC publications and outlets (LACERS, Pensions, Union pubs, etc.)	10/31/13		Pending
40	PENDING	G	Board Report - Proxy Share Voting	10/31/13		Pending
41	PENDING	C	DROP Brochure Ad	10/31/13		Pending
42	PENDING	C	DROP Brochure	10/31/13		Pending
43	PENDING	C	Notification of Participants - Catch-Up Eligibility	10/31/13		Pending
44	PENDING	C	Pre-Audit Testing - Phase II	10/31/13		Pending
45	PENDING	C	Revise Pension Savings Plan Highlights	10/31/13		Pending
46	PENDING	G	Revisit Plan Audit	10/31/13		Pending
47	PENDING	A	PSP Account Consolidation	10/31/13		Pending
48	PENDING	G	Research adding other Plan type in order to increase savings opportunities (from 8/21/12 BDCA meeting)	10/31/13		Pending
49	PENDING	G	Statistical Project: Refined Count of Non-Contributing Participants	10/31/13		Pending
50	PENDING	G	Board Report - Transition Manager Procurement	10/31/13		Pending
51	PENDING	G	Deemed IRA Implementation	10/31/13		Pending
52	PENDING	C	Eddy 2013 Awards	10/31/13		Pending
53	PENDING	C	Online Enrollment Communications Document	10/31/13		Pending
54	PENDING	A	Online Enrollment Functionality	10/31/13		Staff tested web functionality, errors identified; Great-West reviewing
55	PENDING	C	Website Conversion	10/31/13		Pending
56	PENDING	C	DCP Bi-Monthly Newsletter	10/31/13		Pending
57	PENDING	G	Retirement Plan Summit	10/31/13		Pending

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

Position Authority	Incumbent Class	Function	Est. Percent Reimbursed by DCP	Staff Member
Personnel				
Chief Personnel Analyst	Chief Personnel Analyst	Division Chief	20%	Alejandrina Basquez
Senior Personnel Analyst II	Senior Personnel Analyst II	Plan Manager	60%	Steven Montagna
Senior Personnel Analyst I	n/a	Administration	100%	Vacant
Management Analyst II	Management Analyst II	Operations	90%	Paul Makowski
Management Analyst II	Personnel Analyst II	Communications	90%	Esther Chang
Benefits Specialist (prior incumbent left under ERIP)	Clerk Typist	Participant Services	90%	Claudia Guevara
City Attorney				
Assistant City Attorney	Assistant City Attorney	Board Counsel	25%	Curt Kidder
Legal Assistant	Legal Assistant	Participant Legal Services	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