

Deferred Compensation Plan BOARD REPORT 13-26

Date: July 8, 2013
To: Board of Deferred Compensation Administration
From: Staff
Subject: Quarterly Communications Activity Report

*Board of Deferred
Compensation Administration
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 M. Whelan*

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 2013:

A. CURRENT PROJECTS

1. Roadmap to Retirement – Retirement Calculator, Account Tune-Up Tool

Staff continues to work on implementing the Retirement Calculator and the account tune-up tool, within the context of the new Plan concept, “Roadmap to Retirement.”

Retirement Calculator

Upon adjournment of the Special Meeting on July 16, 2013 for Board members to test the retirement calculator, staff will review the comments and make revisions as necessary. Staff will also be incorporating revisions as a result of participant focus groups that were held in May 2013.

Account Tune-Up Web Tool

In designing the account tune-up tool, staff and Great-West envisioned a “Retirement Travel Checklist” that would review six concepts that are pivotal in maintaining one’s Deferred Compensation Plan account.

Staff has currently been working on getting this tool developed. An initial draft of the web tool screens had been drafted and assessed in a participant focus group. Based on initial feedback, staff is revising the draft.

2. Newsletter – Second Quarter 2013

Staff is currently finalizing the newsletter for the second quarter of 2013. This issue will include an article about interest rates, a participant profile, an announcement regarding the ability for participants to request in-kind transfers, and a notice about

an upcoming Great-West retirement seminar. The newsletter and second quarter statements are expected to mail by the end of July.

3. Website Conversion

Great-West is rolling out a new website to its plan sponsors. The website conversion for the City of Los Angeles is scheduled to go live in November 2013.

Great-West has completed the initial build of the website and is currently working on finalizing the site for testing; staff has been advised that testing may begin once a few technical issues have been fixed.

4. Plan Communication Pieces – Updates

a) Enrollment Kit

Edits are being made to the Enrollment Kit to incorporate language regarding the Roth savings option. Great-West is currently reviewing for compliance purposes.

b) DCP Investment Menu Flier

A one-page flier showcasing investment menu options is under development. Completion is expected by the end of July.

5. Eligible Non-Participant Communication and Fee Disclosure

The Department of Labor (DOL) rules regarding fee disclosures require covered plans to send out fee information to eligible non-participants. The Plan is seeking to voluntarily comply with this legislation (as discussed at a prior Board meeting) and will be providing the fee disclosure in the form of a marketing piece to eligible non-participants in the City to also encourage participation and provide education regarding the Plan.

At its November 2012 meeting, the Board approved staff to move forward with the mailing of the fee disclosure packet to a small pilot group of eligible non-participants. On April 4, 2013, staff distributed materials to three small test groups. Staff will be reporting back to the Board with the findings next month.

6. Deferred Compensation Plan Glossary

Staff is working on an initial draft of a Plan glossary that will provide participants a reference for many terms that are frequently used in Plan communication materials. The creation of the glossary is a result of comments from participants who participated in a previous Plan focus group. Staff saw the need to address this concern and to better facilitate the process by which participants learn about and understand the Plan.

7. Online Enrollment

This project is currently pending technical issues in functionality that Great-West is aware of and in the process of correcting. Great-West has indicated this issue should be resolved in the second half of 2013. At such time as issues are resolved, new participants will be able to enroll in the Plan online.

8. Online Distribution

The current online distribution process that Great-West has for its plans allows limited distribution request capability. It processes requests only for full or partial distributions and rollovers, and only for participants who have only pre-tax dollars. The system does not allow electronic requests for periodic payments, purchase of service credit, or minimum distributions. Further, the system does not allow priority distribution if participants would like money to come out of a particular fund. Staff is working with Great-West to develop a near-term implementation plan and longer-term enhancement objectives.

B. UPCOMING PROJECTS

1. National Save for Retirement Week

Staff is researching options for National Save for Retirement Week, which is designated for October 20-26, 2013. Staff is exploring the feasibility of producing outreach media and scheduling informational events. Additionally, staff will incorporate announcements and introduction to the Plan's "Roadmap to Retirement" initiative, which includes the launch of the new website, the Retirement Income Replacement Projection Calculator, and the account maintenance web tool.

2. Custom DROP Informational/Marketing Materials

Sworn employees participating in DROP constitute a substantial percentage of the Plan's population. Staff will be looking at creating custom materials for this demographic to inform them of the benefits of the Plan. One of the main advantages the Plan offers is its low costs; outside investment management fees are generally significantly higher.

3. "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.

4. Periodic Participant Survey

Staff is exploring the idea of creating a periodic participant survey that asks certain key 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 will be exploring the feasibility of developing webinars and other electronic media to use as new communication and educational tools.

6. Social Media

At the 2012 NAGDCA conference, the State of Missouri presented information regarding a successful Social Media campaign they have developed. Staff will be conducting outreach to Missouri as part of exploring the potential for using Social Media in the City's Plan.

C. REVIEW OF PROJECTS COMPLETED

1. Newsletter - First Quarter 2013

Staff finalized the draft of the 2013 first quarter newsletter. This issue included an article on the age 70½ and what it means for one's retirement, an article announcing the change to the underlying fund for the DCP Mid-Cap Fund (to a less expensive share class), a note on retiree loans and periodic payments, and a participant profile. The newsletter and quarterly statements mailed to participants at the end of April.

2. DCP Mid-Cap Index Fund Fact Sheet

Edits were made to the DCP Mid-Cap Fund fact sheet to reflect: 1) the change to the underlying Vanguard fund to a lower cost share class that will lower the expense ratio for the DCP Mid-Cap Fund; and 2) a change in the fund's benchmark.

3. Website Updates

Revisions were made to the Board's website to update recent City and Great-West staff changes as well as other general updates.

4. Plan Communication Pieces - UPDATES

a. Three Legged Stool

This is a piece that was revised from the flyer made for the National Save for Retirement Week in 2012, which was an article about the three-legged retirement stool for City employees. References to National Save for Retirement Week were removed to create a general flyer that will be available for participants on the site for educational purposes.

b. Profile Portfolio

Staff and Great-West conducted the annual review of this flyer and made a few general updates.

c. When You Retire

This is a new informative piece for participants at retirement or after retirement. This one-page communication piece reminds participants of their distribution options, including the option of retiree loans, and makes note of required minimum distribution requirements at age 70½, options to convert or offset active loans, and the importance of keeping engaged with the Plan. Additionally, the piece includes language to inform participants that distributions cannot be taken when a participant comes back to work for the City in a part-time or intermittent capacity.

d. DROP Meeting Presentation

Great-West and staff reviewed and made general updates to this presentation.

Submitted by: _____
Esther Chang

Reviewed by: _____
Steven Montagna

Approved by: _____
Alejandrina Basquez