

DEFERRED COMPENSATION PLAN BOARD REPORT 13-28

Date: July 8, 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:

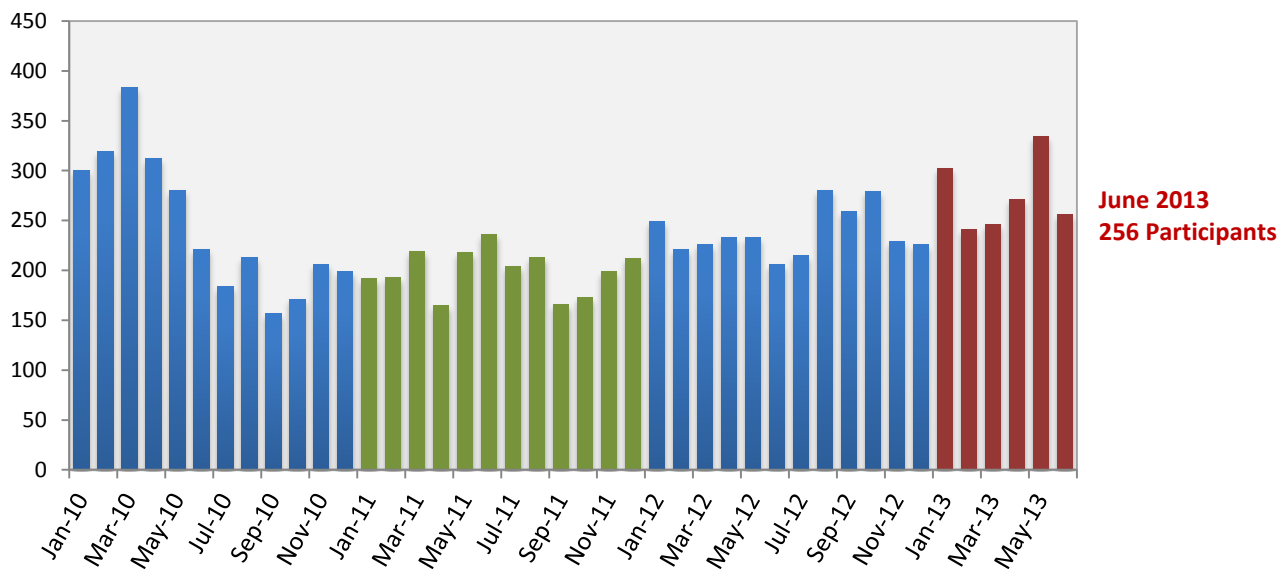
That the Board of Deferred Compensation Administration receive and file the following information.

Activity Reports:

Counter Activity Employee Benefits Division

Staff has compiled the following results of Counter Activity flow for the month of June 2013. During the month of June, 256 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 June 2013:

Counter Activity

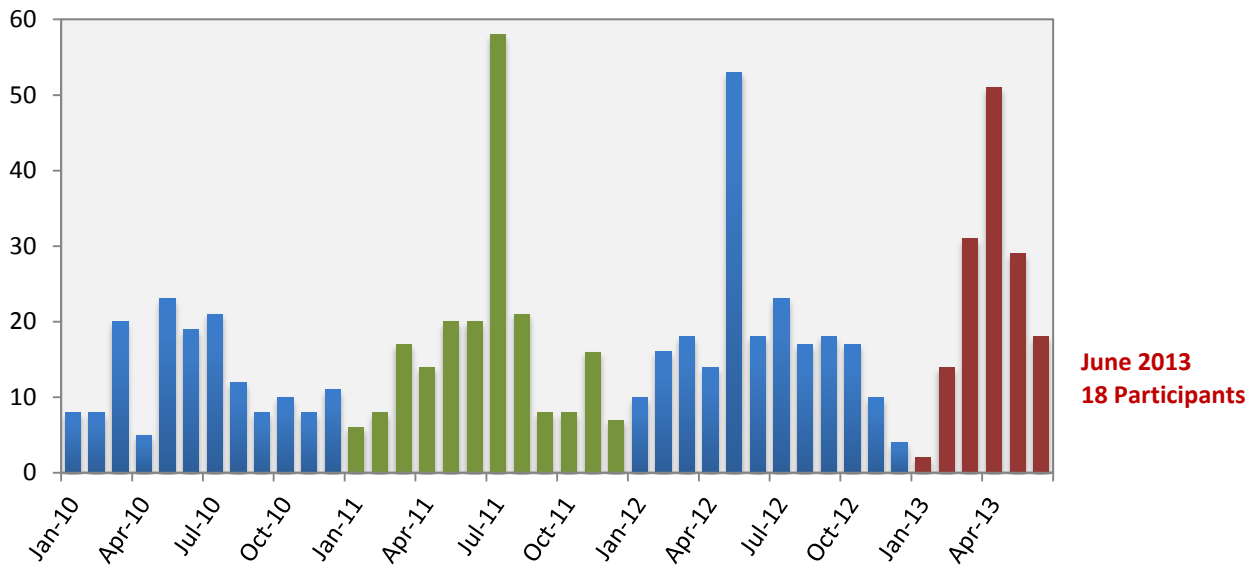


Accrued Leave Activity

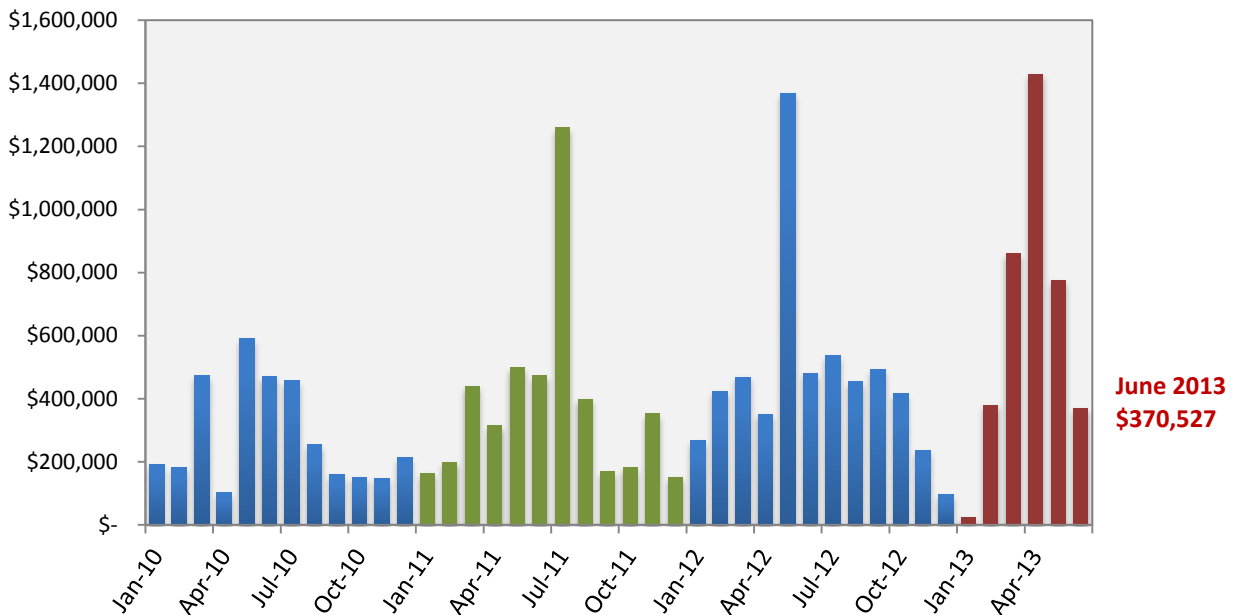
Staff has compiled the following results of Accrued Leave enrollment for the month of June 2013. During the month of June, 18 participants elected to enroll in Accrued Leave and **\$370,527** was contributed into the Plan from their Accrued Leave payouts.

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

Participants with Accrued Leave



Accrued Leave Deferral Amounts

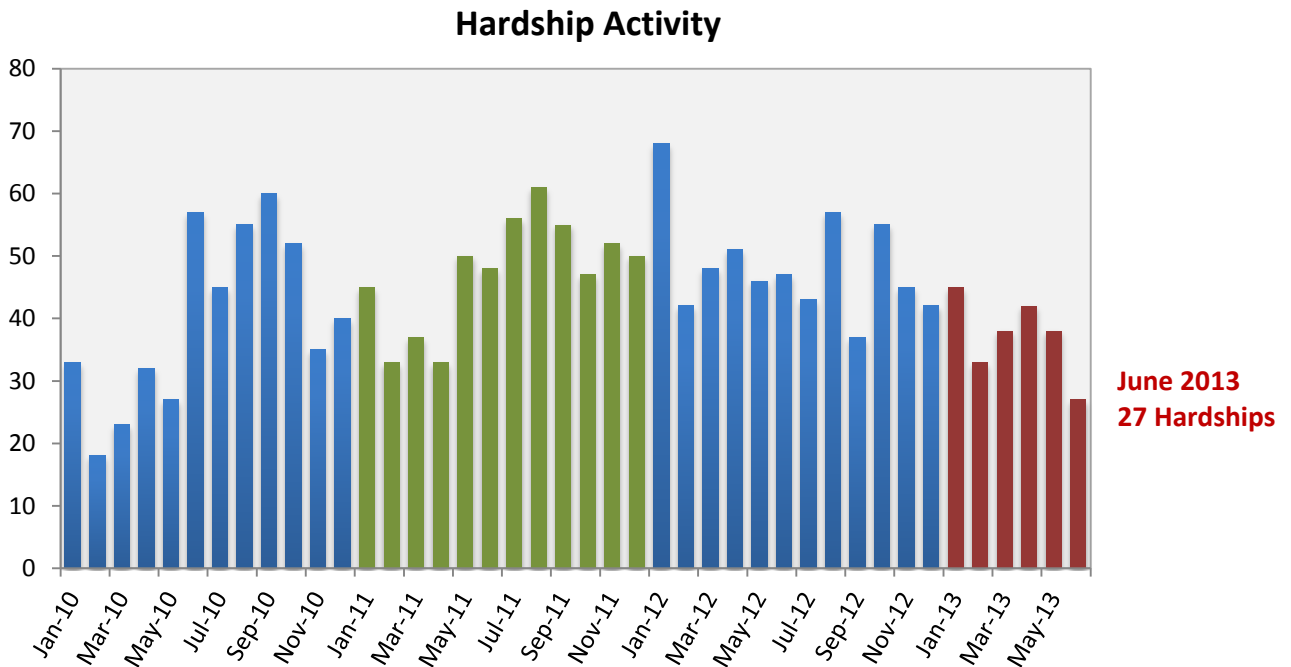


Hardship Activity

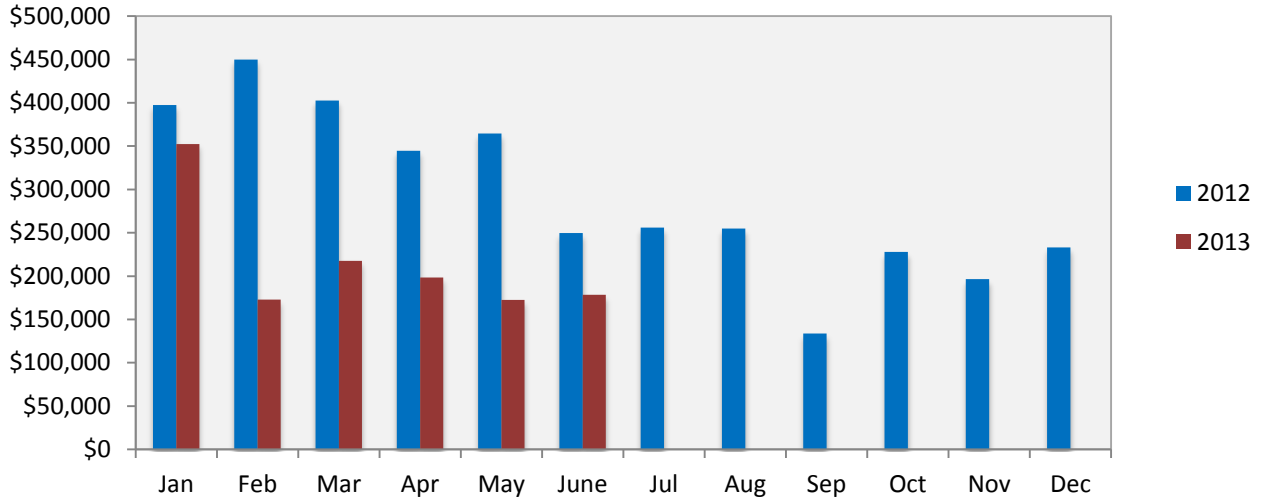
Staff has compiled the following results of hardship processing with Great-West for the month of June 2013. During the month of June, 27 hardship cases were submitted to Great-West. There were 22 cases approved and 5 cases pending further documentation. The dollar amount for hardships withdrawn from the plan in June 2013 was approximately \$178,261.



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



Hardship Dollars Disbursed

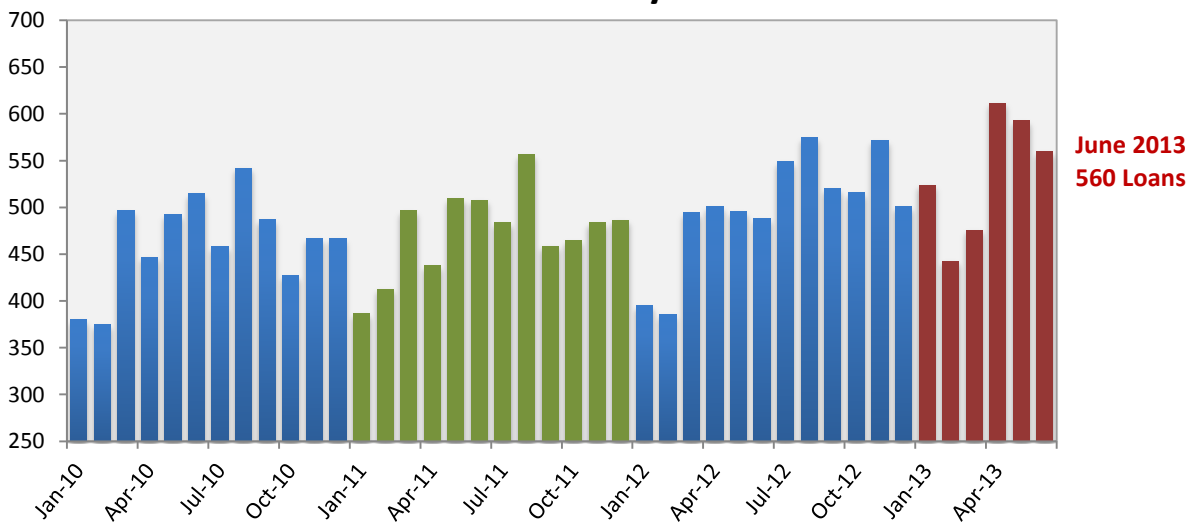


Loan Activity

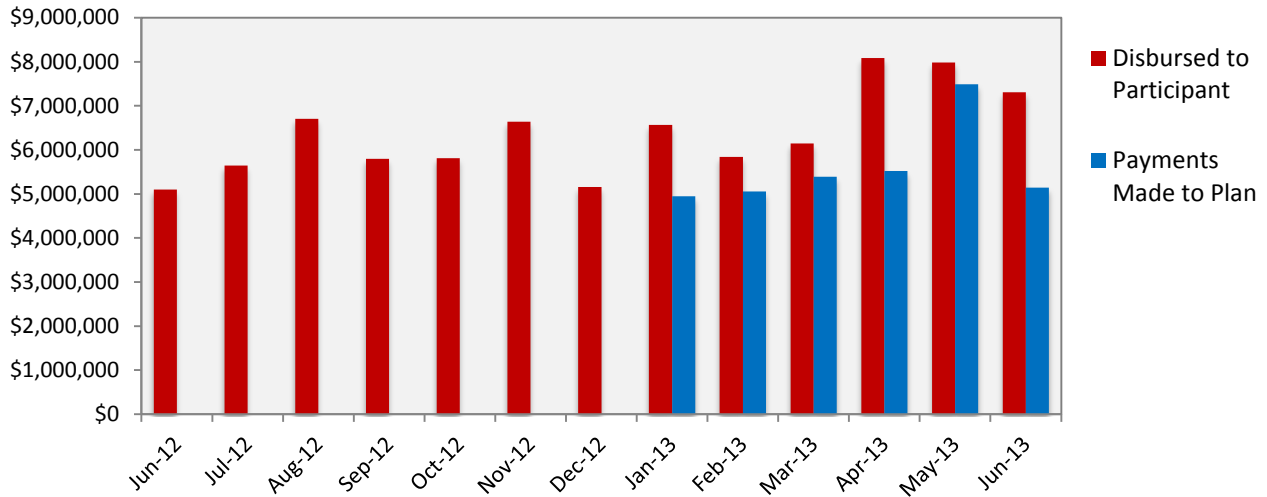
For Active Employees

Staff has compiled the following results of new loans acquired by active employees for the month of June 2013. During the month of June, 560 active employees elected to obtain a new loan and **\$7,310,473** was withdrawn from the Plan for their loan payouts.

Loan Activity



Loan Dollars



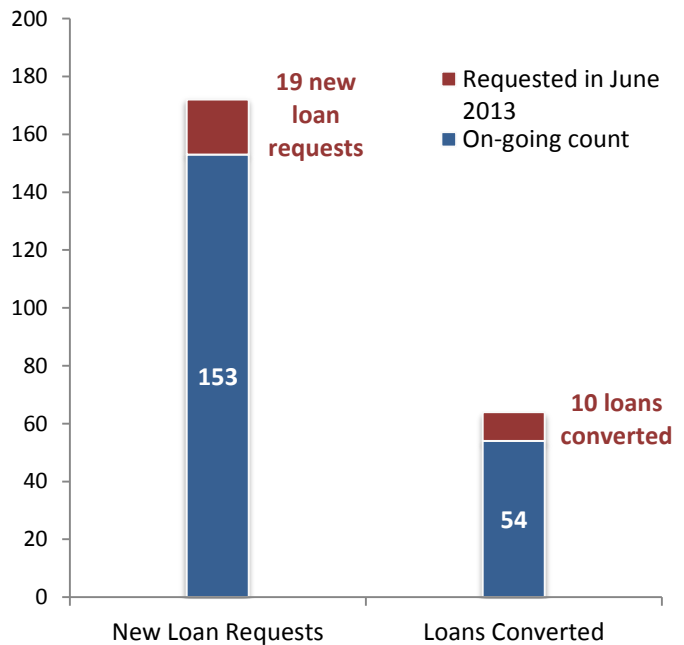
For Retirees or Terminated Employees

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 June 2013, staff processed 19 new loan requests and 10 requests for loan conversion. **To date, staff has processed a total of 172 requests for retiree loans and 64 requests for conversion.**

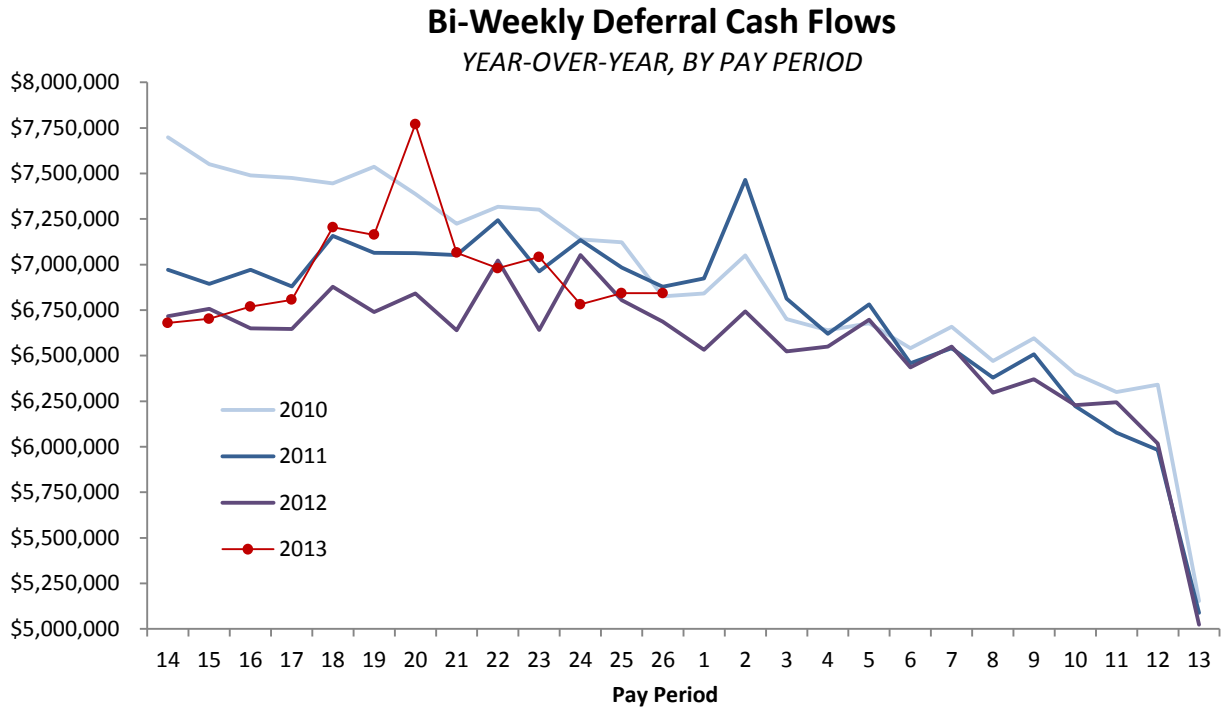
Retiree Loan Count

since Oct. 2012



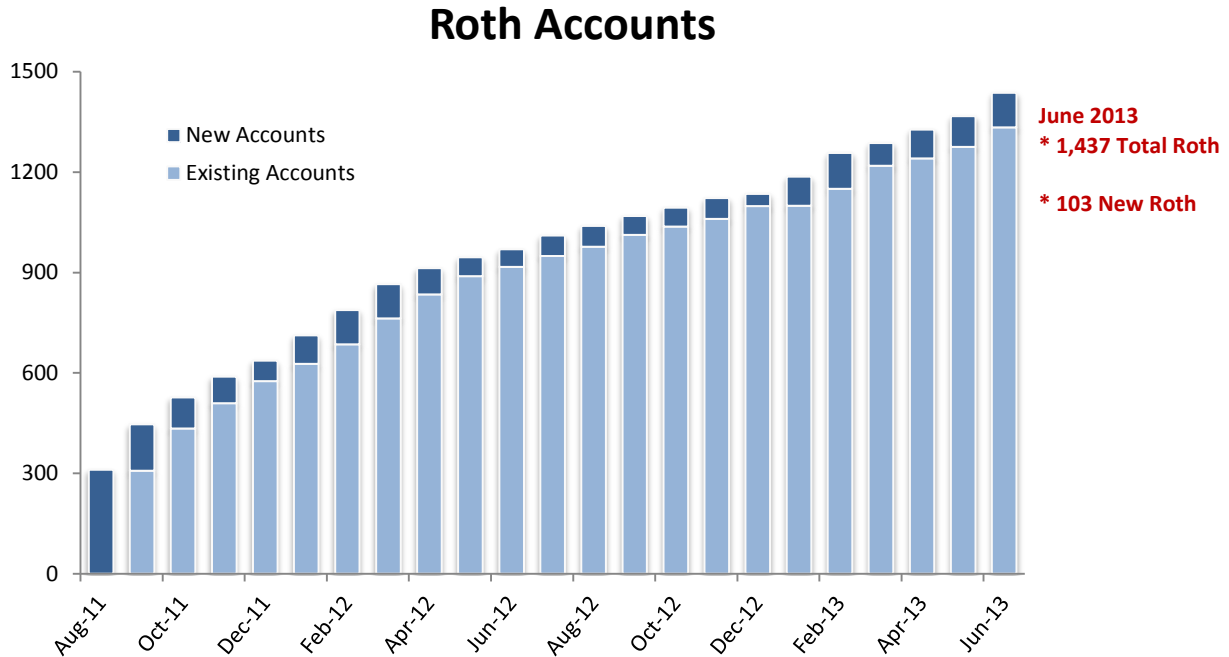
Deferral Tracking

Staff has compiled the following results of bi-weekly deferral cash flows for the month of June 2013 for the City of Los Angeles and Department of Water and Power (DWP). During the month of June, the City and DWP deferred **\$13,684,622** into the Deferred Compensation Plan. This compares to **\$13,490,867** in June 2012, which constitutes a **1.4% 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 June 2013, there were 103 new Roth accounts established. There are currently a total of 1,437 Roth accounts. This constitutes a **5.0%** 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 06/01/13 through 06/31/13)

DCP						
Legend:						
G = Governance						
C = Communications						
O = Operations						
A = Administration						
COMPLETED PROJECTS: JUNE 2013						
#	STATUS		PROJECT	DUE DATE	COMPLETED	NOTES
1	Completed	C	Quarterly Communications/Admin Meeting	06/30/13	6/1/2013	Held May 30, 2013
2	Completed	C	"Tune-Up My Account" - Participant Focus Group	06/30/13	6/27/2013	Held June 27, 2013
3	Completed	G	BDCA Minutes April 2013	06/30/13	6/7/2013	Completed
4	Completed	G	Board Report 13-20: Retirement Income Calculator	06/30/13	6/7/2013	Completed
5	Completed	G	Board Report 13-21: Conference Training	06/30/13	6/7/2013	Completed
6	Completed	G	Board Report 13-22: Staff Report	06/30/13	6/7/2013	Completed
PENDING PROJECTS						
#	STATUS		PROJECT	DUE DATE	COMPLETED	NOTES
1	PENDING	A	Retirement Calculator - Board Member Testing	07/31/13		Pending; scheduled for Special Meeting on July 16, 2013
2	PENDING	A	Finalize Consulting Contract w/Mercer Consulting	07/31/13		Pending Mayor's Office Approval
3	PENDING	G	Board Report - Covered Calls and Protective Puts w/in SDBO	07/31/13		Pending
4	PENDING	G	Minutes - June 2013 BDCA Meeting	07/31/13		Pending
5	PENDING	G	Board Report 13-23 Training Programs	07/31/13		Pending
6	PENDING	G	Board Report 13-24: Committee Referrals	07/31/13		Pending
7	PENDING	G	Board Report 13-25: Quarterly Budget Review	07/31/13		Pending
8	PENDING	C	Board Report 13-26- Quarterly Communications Update	07/31/13		Pending
9	PENDING	G	Board Report 13-27 - Quarterly Contract Status Update	07/31/13		Pending
10	PENDING	G	Board Report 13-28 - Staff Report June 2013	07/31/13		Pending
11	PENDING	C	Newsletter - 2013 Second Quarter	07/31/13		Pending
12	PENDING	C	"Tune-Up My Account" - Develop prototype	07/31/13		Pending
13	PENDING	C	Retirement Calculator - Retirement Systems Testing	07/31/13		Pending

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

39	PENDING	G	Board Report - Quarterly Contract Update	10/31/13		Pending
40	PENDING	G	Beneficiary Addresses Implementation	10/31/13		Pending
41	PENDING	C	DCP Glossary	11/30/13		Pending
42	PENDING	G	Review and report back on City of New York financial advice program	11/30/13		Pending
43	PENDING	G	Review and report back on PIMCO hedge fund strategy	11/30/13		Pending
44	PENDING	C	Communications Plan: List of alternative DC publications and outlets (LACERS, Pensions, Union pubs, etc.)	11/30/13		Pending
45	PENDING	G	Board Report - Proxy Share Voting	11/30/13		Pending
46	PENDING	C	DROP Brochure Ad	11/30/13		Pending
47	PENDING	C	DROP Brochure	11/30/13		Pending
48	PENDING	C	Notification of Participants - Catch-Up Eligibility	11/30/13		Pending
49	PENDING	C	Pre-Audit Testing - Phase II	11/30/13		Pending
50	PENDING	C	Revise Pension Savings Plan Highlights	11/30/13		Pending
51	PENDING	G	Revisit Plan Audit	11/30/13		Pending
52	PENDING	A	PSP Account Consolidation	11/30/13		Pending
53	PENDING	G	Research adding other Plan type in order to increase savings opportunities (from 8/21/12 BDCA meeting)	11/30/13		Pending
54	PENDING	G	Statistical Project: Refined Count of Non-Contributing Participants	12/31/13		Pending
55	PENDING	G	Board Report - Transition Manager Procurement	12/31/13		Pending
56	PENDING	G	Deemed IRA Implementation	12/31/13		Pending
57	PENDING	C	Eddy 2013 Awards	12/31/13		Pending
58	PENDING	C	Online Enrollment Communications Document	12/31/13		Pending
59	PENDING	A	Online Enrollment Functionality	12/31/13		Staff tested web functionality, errors identified; Great-West reviewing
60	PENDING	C	Website Conversion	12/31/13		Pending
61	PENDING	C	DCP Bi-Monthly Newsletter	12/31/13		Pending
62	PENDING	G	Retirement Plan Summit	12/31/13		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